

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 28 June 2010

PRESENT: Councillor Woods (Chair); Councillors Davies, J Lill, Palethorpe, Yates and Clarke for Hawkins, De Cruz for Wilson and Hollis for Collins.

1. APOLOGIES

Apologies were received from Councillors Perkins, Wilson, Collins and Hawkins.

2. MINUTES

The minutes of the last meeting held on 17th May 2010 were agreed as a true record.

3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

Cllr Hollis, Davies and Clarke declared a personal interest in item 6 Audit Committee Terms of Reference as members of the Constitution Working party.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. AUDIT COMMITTEE TERMS OF REFERENCE

The Assistant Head of Finance submitted a report and circulated papers. He confirmed that the changes to the Terms of Reference related to the change of the remit of the Audit Committee to approve the Statement of Accounts and Annual Governance Statement.

In response to a question, the Director of Finance and Support advised that to amend 9.22 of Article 9 to approve and influence would be a matter for Full Council on recommendations from the Constitution Working Party. The Terms of Reference had been the same for some time and the only key changes were the signing off of the accounts.

Councillor Clarke suggested that the purpose of the report should take into account the Constitution Working Party views and have clear lines for responsibility and reporting. He did not agree with any delegation which would take away from Council the right for the Annual Governance Statement and Statement of Accounts. The Constitution Working Party had also met on 25th January 2010 and considered the concept of an independent Chair for Audit Committee and their next meeting was on 29th June 2010.

It was suggested that the report be brought back to the next Audit Committee meeting if necessary after the Constitution Working Party had met on the 29th June 2010.

The Director of Finance and Support advised that the recommendation did not request any changes to be made as the Terms of Reference had already been approved by Council.

Resolved: That the report be noted.

7. REPORTS REQUESTED AT THE LAST COMMITTEE MEETING

7.1 HOUSING BENEFITS REVIEW AUDIT RECOMMENDATIONS

The Head of Revenues and Benefits submitted a report and elaborated thereon. He confirmed that there had been an increased level of debt which had been unprecedented to both the workload and the caseload of the Benefit Service. The Challenges were the housing benefit overpayments which tend to relate to vulnerable people and the higher priority debt for the council tax and rent arrears. The maximum recoverable for overpayments from claimants who received benefit entitlement was £10 per week to ensure that they did not get into more debt. Write off's were being considered at an earlier point and old debt and housing benefits debt were being reviewed. The caseload continued to increase and a small amount may be recovered.

The Head of Revenues and Benefits confirmed that people who were in high level of arrears were assessed and the repayments would be reduced to, say, £3.00 per week and that Revenues and Benefits work closely with the housing department. They now had targets to recover money back to the Council and worked with other teams to prevent the debt occurring in the first place. The Team Leaders could authorise any sign offs.

In response to a question, the Director of Finance and Support confirmed that the 2009/10 budget allowed for an officer to be appointed to recover debts and they would eventually pay for themselves. This has been approved by Council and Cabinet. Another member of staff has been moved into the Corporate Debt Recovery Team from within Revenues and Benefits to allow an even more joined-up approach. Data cleansing is a standard working practice but had not been carried out in the Council for some time. When the debt had been cleansed it would be known if it how much debt individuals owed to one area of the Council or a number of areas. The Council is wanting to treat people more fairly and is ensuring that all debt owed is considered together to balance the effect on the citizens with the need to maximise recovery.

The Internal Auditor confirmed that without data cleansing there is an issues that it is not possible to clarify how debt has built up and maintain evidence of the debt, which is essential for it to be recovered.

The Head of Revenues and Benefits confirmed that there is now a draft corporate debt policy which is adhered to and debt referral services are used. In the future they would be proactive and send notifications which offered debt advice and would be given a full financial means assessment to proceed with recovery.

Resolved: That the report be noted.

7.2 INTERNAL AUDIT REPORT HOUSING RENTS REVIEW 2009/10

The Housing Services Manager submitted a report and explained that the Committee had reviewed a number of internal audit reports that had attracted limited or no assurance ratings and had requested that this report be brought before the Committee. Weaknesses were identified as a result of the design of the controls used to operate the rents system and this was mitigated by manually inputting the data.

In response to a question, the Internal Auditor confirmed that he was satisfied with the controls put in place to rectify the problem. Usually the recommendation would be to investigate with the suppliers or look for mitigated or manual control.

The Housing Services Manager confirmed that the year to date performance was at £1.56 million which was £45,000 below last year and was the lowest it had been in the last 9 years. The Arrears had finished slightly above target and was the lowest end of year arrears for 8 years. People were evicted at the last resort and they visited all new tenants after 4 weeks of moving in and had carried out profiling arrears case study which had showed the 35-50 age group were more likely to fall into arrears. They had followed up on tenants of that age group. There had also been a significant improvement on all of the indicators.

In response to a question, the Housing Services Manager confirmed that they had anticipated reaching the £1.1 million target for current rent arrears although there was still further work to be done but had come a long way in the last four years. There were several campaigns which were ongoing and a letter drop was made to people more than £300 in arrears. Weekly figures for each area of the town were shared with the Portfolio Holders.

In view of the substitute members of the Committee the Director of Finance and Support clarified the remit of the Audit Committee. Furthermore, if Overview and Scrutiny wished to review the figures of people in rent arrears then it would have to be added on to its work plan and for members to request it. The progress which had been made was reasonable due to the current economic climate.

There was a further discussion on whether the Audit Committee should make a recommendation to Overview and Scrutiny to review the figures of people in rent arrears and whether the closure of the Housing Offices had made an impact on it. There was also a request for Members to receive further training on the Performance Plus system.

Resolved: That the Housing Services Manager to report back to the Committee on the impact of the closure of the Housing Offices, what the Council was doing to assist people in paying rent and on the implications of recent changes in payment options.

8. 2009/10 DRAFT ANNUAL GOVERNANCE STATEMENT

The Assistant Head of Finance submitted a report and elaborated thereon. This year there are three areas of significant control weaknesses which have to be shown in the Annual Governance Statement presented to the Committee which is a significant improvement on the previous year. The Annual Governance Statement and the supporting documentation and assurance statements would be available for the External Auditors during the audit period.

The Director of Finance and Support confirmed that the indicators were part of the monthly performance report to Cabinet and that the AGS restated all the aims of the LAA, which is best practise. The Council do not have input into all of them however, there were links with partners who did.

In response to a question, the Director of Finance and Support confirmed that the Government had abolished the CAA and it would be sometime in the future before it was known what would be in its place, if anything.

The Assistant Head of Finance confirmed he would check with the Borough Solicitor if the Standards Committee had agreed to the request to increase the number of independent members.

Councillor Woods referred to the Community Engagement Strategy. He felt that how the Council would engage with local people and other partners was still developing. A key part of this would be through the Neighbourhood Management Structure details of which should

be included in the revised Annual Governance Statement in September.

Councillor De Cruz requested that the aim for Northampton to have improved health, safer communities and cleaner environment also be included in the vision statement.

Councillor Clarke requested an update on the grounds maintenance be brought to the committee. The Internal Auditor confirmed that during the year control weaknesses were identified and it was recommended that they be included in the Annual Governance Statement as they were given limited assurance on the system. It was confirmed that a report on grounds maintenance would be brought to the Committee in October 2010.

Resolved:

- 1. That more detail on the Neighbourhood Management Structure be included in the revised Annual Governance Statement.**
- 2. That the Annual Governance Statement be approved for inclusion into the draft Statement of Accounts.**
- 3. That any appropriate changes to the Annual Governance Statement, following Audit Committee's comments, be included in a revised Annual Governance Statement to be brought back to Audit Committee in September.**

9. 2009/10 DRAFT STATEMENT OF ACCOUNTS

The Assistant Head of Finance submitted a report and elaborated there on. He confirmed that the Statement of Accounts were in line with the 2009 Statement of Recommended Practice and were the last to be presented in this manner. There is one significant accounting change this year relating to collection fund accounting, however this did not lead to change of resources available to the Council and details of the change could be located within the Statement of Accounts. He confirmed that the Councillors would be offered training on changes to the accounts as part of Councillor development.

In response to a question, the Assistant Head of Finance confirmed that the pension fund had a larger deficit due to people living longer, and if the current projected trend continued with the age profile of the pensioners and the projected economic conditions, then the Council would have to make larger contributions to the Pension Fund in the future.

Resolved:

- 1. That the draft Statement of Accounts 2009/10 be approved for publication and be made available to the External Auditors for audit.**
- 2. That the report be noted.**

10. THE AUDIT COMMISSION'S 2009/10 AUDIT OPINION PLAN

The External Auditor submitted a report which provided feedback on their risk assessment and in light of the work carried out by the Council's previous external auditors KPMG. The cost of the audit was based on the assumption that the level of risk is consistent with the findings of KPMG and that the quality of papers is as good as the previous year.

Councillor Woods commented that the risks identified had reduced dramatically. The External Auditor confirmed that if the level of work and risks reduces, they would be willing to discuss their fees. The announcement that the CAA has ceased will reduce work in the future. The savings needed in Government mean that the Audit Commission is potentially facing efficiency savings of around 30% which could be reflected in the fees.

The External Auditor advised of the potential conflict of interest outlined in the report and Audit Committee were satisfied that it appeared to be a low level risk and the individual was not in a position to influence the audit.

Resolved: That the plan be noted.

11. EXCLUSION OF PUBLIC AND PRESS

The Chair moved that the Public and Press be excluded from the remainder of the meeting on the grounds that there was likely to be disclosure to them of such categories of exempt information as defined by Section 100(1) of the Local Government Act 1972 as listed against such items of business by reference to the appropriate paragraph of Schedule 12A to such Act.

The Motion was Carried.

The meeting concluded at 20.21