

## **AUDIT COMMITTEE**

**TUESDAY, 21 JANUARY 2020**

**PRESENT:-** Councillors Steve Weisinger (Chair), Nick Martin (Vice-Chair), Malcolm Davies, Roger Smith and Claire Crilly

Apologies for absence were received from Councillor Kevin Small.

### **30. The late Councillor Des Moffatt**

At the Chair's invitation, the meeting stood for a Minute's silence to pay respect to the late Councillor Des Moffatt, after which the Chair asked that the following be minuted.

"Before we move on to item 2, I would just like to take a moment regarding the late Cllr Des Moffatt. I have been on Audit Committee since May 2013. Audit Committee was formed in 2004 and Des was on it from the very start. His contribution to this committee has been huge and he went through all audits with a fine toothcomb.

No meeting where we had a treasury management report or update would go without either having a question on HRA or a suggestion from Des as to how to present it in a slightly different way.

Des will be missed at audit committee meetings but he will always be remembered for being a true gentleman an excellent councillor and a great self-made auditor."

### **31. Declarations of Interest**

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting. No declarations were made.

### **32. Public Question Time**

There were no public questions.

### **33. Minutes**

Resolved - That the minutes of the meeting held on 22th October 2019 be confirmed and signed.

### **34. Internal Audit report - Treasury Management**

The Head of Internal Audit submitted a report setting out the outcome of the annual audit of the Council's treasury management process. The report seeks to provide the Committee with assurance regarding the internal control arrangements in place within the treasury management process.

The Head of Internal Audit informed the Committee that the full report was attached at Appendix One. Members asked questions about the case highlighted where one person had been set up on a system with the ability to authorise their own

expenditure. The Head of Internal Audit and the Head of Finance – Technical, were able to confirm that this capability had not been used and a combination of new software and better training would serve to prevent such an error in the future.

Resolved – That the Internal Audit report – Treasury Management be noted.

### **35. Draft Treasury Management Strategy 2020/21**

The Corporate Director of Finance and Assets submitted a report setting out the Council's Treasury Management Strategy for 2020/21, including Prudential Indicators up to 2025/26, the Council's Annual Investment Strategy and the Minimum Revenue Provision Policy Statement.

In presenting the report, the Corporate Director of Finance and Assets and the Head of Finance highlighted the following points:

- Given the General Election, there has been a delay in obtaining the final figures as these are linked to the rest of the budget setting process, with the final report being submitted to Cabinet and Council in February 2020.
- Nevertheless, the overall policies would not change although there would be a variation in the actual numbers.
- The position as at December 2019 is accurate and the indicators set out in Appendix 1 – Annex 1 would not change.

The chair thanked officers for the report and their work throughout the year.

Resolved – (1) That the draft Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1 to the main report be noted.

(2) That the committee clerk circulate the final version after it has been published for Cabinet.

### **36. Internal Audit report - Empty Homes**

The Head of Internal Audit submitted a report into the Council's management of empty homes, which had been requested by the Audit Committee as part of its 2019/20 work programme.

The Head of Internal Audit introduced the report by drawing the Committee's attention to key findings, which were summarised in paragraph 3.6 of the report and set out in full in Appendix One. The Director of Housing gave an overview of the Council's actions and strategies to tackle empty homes. The Chair, with the Committee's consent, agreed that issues that would be discussed in a wider report to the Adults' Health, Adults' Care and Housing Overview and Scrutiny Committee scheduled for 28<sup>th</sup> January 2020 and would not be debated at this meeting to avoid duplication.

Members asked a series of questions that are summarised below, to which the Director of Housing along with the Housing Strategy & Development Manager responded at the meeting.

- Would Officers consider using “a stick” as well as “a carrot” to encourage landlords to let more vacant homes? Officers were investigating use of S.215 of the Town and Country Planning Act as well as working closely with

colleagues in Planning Enforcement.

- Were there sufficient resources available to this work? Officers confirmed that they were setting out the cost benefit analysis to show the full range of benefits to the Borough in bringing empty homes back into use.
- Would the Council consider wider use of Compulsory Purchase Orders along with using its wholly owned Swindon Housing Company to put empty homes back into service? Given the time necessary and costs involved, Officers stated that this option was part of the cost benefit analysis.
- Was there an understanding of why landlords were foregoing income by leaving properties empty? Officers found that there was a range of reasons with the most significant being cases where the owner was now in a long-term care facility. For other cases, Officers set out the offers made to take over and manage properties.
- How achievable is the 50 homes a year target? Officers believed this was realistic based on prior experience.

The Chair thanked both the officers who had undertaken the audit as well as those from the service area who had attended to respond to the Committee's questions.

Resolved – (1) That the report be noted

(2) That the Head of Internal Audit brings an update report back to this Committee in 12 months' time.

### **37. External Audit - progress report**

Barry Norris (Grant Thornton) submitted a report advising the Committee of the External Auditors' progress in respect of the delivery of their audit responsibilities. Mr Norris also introduced Sophie Morgan-Bower, who would be taking over the role previously filled by Steve Johnson.

Mr Norris introduced the report and drew the Committee's attention to an increase in the audit fees on account of new definitions of value for money from the Audit Office, the increased volume of work required to meet the higher expectations of the regulator, along with the more complex nature of this additional work. However, these were costs being applied to all councils, not just Swindon. The External Auditors drew the Committee's attention to the rare positive, unqualified findings for their inspections of housing benefit claims and teachers' pensions.

There were no questions from Members and the Chair thanked the External Auditors for their work and the report.

Resolved – (1) That the External Auditors' report be noted.

(2) That the receipt of the Annual Audit Letter and Plan be included on the agenda for the next meeting of this committee.

### **38. Fraud update report**

The Head of Internal Audit submitted a report with an overview of the work and results of the Corporate Fraud team up to 31<sup>st</sup> December 2019 and the outcome of internal investigations undertaken by Internal Audit in the same period.

The Head of Internal Audit introduced the report and invited the Committee to note

- The recoverable and notional savings the Corporate Fraud team had produced for the Council,
- The use of data-matching to identify potential housing benefit and council tax fraud
- The work with national fraud initiative.

Members asked a number of questions set out below, to which the Head of Internal Audit and the Corporate Director of Finance Assets responded at the meeting.

- Could officers provide more details on the Right to Buy fraud identified. Officers indicated that this was where applicants were not the tenants or where there had been sub-letting.
- How did the New Homes Bonus relate to fraud and the Council's income? Officers clarified that this affected the net new homes in the borough on which the bonus was paid, providing approximately £5m income per year. This could have been nearly £400k less without the preventative actions of the Corporate Fraud team.

Resolved – (1) That the report be noted

(2) That the Officers provide more information to the next meeting on the fraud relating to Right to Buy.

### **39. Head of Internal Audit - update report**

The Head of Internal Audit submitted a report with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in October 2019, to update Members with regard to progress towards the annual internal audit plan and other key issues.

In introducing the report, the Head of Internal Audit informed the Committee that the current progress was ahead of the targets set out in the programme. Members thanked officers for the report and noted that a report would be tabled in March on the Council's car-parking service.

Resolved – That the report be noted