



AUDIT and STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday 13th January 2016

PRESENT

MEMBERS

Councillor Jean Cunningham, in the Chair.

Councillors Gordon Birtwistle, Paul Campbell, Joanne Greenwood, Tony Harrison, Mathew Isherwood Ann Royle and Andy Tatchell

OFFICERS

Phil Moore	-	Head of Finance & Property Management
Ian Evenett	-	Internal Audit Manager
Chris Gay	-	Performance and Committees Manager
Imelda Grady	-	Democracy Officer

CO-OPTED MEMBERS

Colin Crowther
Louise Gaskell

ALSO IN ATTENDANCE

Karen Murray	-	Grant Thornton
Steve Watson	-	Worsthorne with Hurstwood Parish Council

19. Apologies

Apologies were received from Marianne Dixon and Councillor Margaret Lishman

20. Minutes

IT WAS AGREED

That the Minutes of the meeting held on held on 23rd September 2015 were agreed as a correct record and signed by the Chair.

21. Member Complaint Statistics and Standards Update

Members received the statistics relating to member complaints received during the period 2013-2016. It was noted that one complaint had been

withdrawn and the six others had required no further action.

Members were also informed of a vacancy on the Committee for a Parish Co-optee and agreed that expressions of interest for a replacement should be sought from the Parishes.

**IT WAS
AGREED**

- (1) That the report be noted; and
- (2) The process for the appointment of a parish co-optee to the Audit and Standards Committee be commenced.

22. Worsthorne with Hurstwood Parish Council Failure to prepare the Annual Return

Consideration was given to a report on an investigation into the failure of Worsthorne with Hurstwood Parish Council (WHPC) to prepare and submit an annual return for the year ended 31st March 2015 by the date required.

The matter had resulted in the external auditors BDO publishing a Public Interest Report which required the Parish Council to consider and decide on actions on its recommendations.

The Performance and Committees Manager updated members on the situation and confirmed that the Parish Council had now made a return submission to BDO after holding an emergency Parish Council meeting on 12th January 2016 to sign off the accounts.

It was further highlighted to Members that there was an issue in how Burnley Council managed on-going risk around grant payments, and whether grant conditions should be applied to future payments to ensure appropriate Parish Council governance.

Members considered the Council's relationship with parish councils and the need to give public assurance that public funds were being managed correctly.

Members asked that the Monitoring Officer write to Worsthorne with Hurstwood Parish Council on behalf of the Council to register its concerns about the governance of the parish and indicating that failure of the parish to submit its 2016/17 annual return in a timely manner would result in a proportion of the Council's grant allocation being withheld.

Members also asked that the Monitoring Officer send a general letter to all other parish councils reminding them of their governance obligations.

**IT WAS
AGREED**

- (1) That the Monitoring Officer be requested to write to Worsthorne with Hurstwood Parish Council registering the Council's concerns about the parish's governance arrangements and requiring it to submit future annual returns in a timely manner or risk having a

proportion of its grant allocation being withheld ;

(2) That the Monitoring Officer be requested to write reminding all other parish council of their governance obligations; and

(3) Note that the Director of Resources, in consultation with the Executive Member for Resources, might wish to meet with the Chair of the parish Council to consider the matter further.

23. Strategic Risk Register 2015/16

In advance of its consideration by the Executive, the Strategic Risk Register 2015/16 was submitted for comment and recommendation by the Committee.

The Internal Audit Manager advised that the format of the register had not altered but that there had been changes to the Council's senior management structure which had been reflected in changed lead responsibilities. He drew members attention to a correction on page 13 of Appendix A to give Lead Responsibility to the Chief Executive Officer. He also advised that the register would be further updated to reflect the changes to the strategic plan prior to its submission to the Executive.

In respect of risk prioritisation matrix Members asked if reference 9 Changes in demographic and increased deprivation and risk reference 10 Workforce, skills and capacity challenges was correctly placed.as it was felt that this risk should be going down. The Internal Audit Manager said he would pass on this comment for consideration by the Management Team and Executive

**IT WAS
AGREED**

That the Strategic Risk Register be recommended to the Executive for approval.

24. Protecting the English Public Purse - Fraud Risk Assessment 2015/16

Members considered a national report of the European Institute for Combating Corruption and Fraud (TEICCF) and received information on the progress made since the last report in January 2015.

The Protecting the English Public Purse(PEPP) report contained a check list for Councils to ensure that they had sound governance arrangements in place and identified significant areas of fraud which the council should consider. The report also highlighted the emerging risks and trends

The Committee discussed the following

- Potential fraudulent activities and assumptions made but with no firm evidence

- Whether the cost of conducting investigations was recouped

Officers advised that the Council did recover money from overpayments but that the cost of conducting investigations would be greater than the money recouped. There was no information available to provide up to date information on the likely overall cost of fraud to the Council.

Members were satisfied that the Council's management and arrangements for the fight against fraud and corruption was appropriate.

**IT WAS
AGREED**

That the report be noted.

25. National Fraud Initiative Report

Consideration was given to the performance of the National Fraud Initiative (NFI) for 2014/15.

In October 2014 the Council had provided a range of data to the NFI so that it could be matched to indicate areas in need of further investigation. Electoral Roll data had also been supplied in March 2015.

Members considered the following

- whether or not publicising the outcome of fraud prosecution cases would act as a deterrent
- whether information on the consequences of making false claims should be displayed at the Contact Centre
- the complexity of the housing booklet which claimants might not understand. It was felt that it would be more productive for the Contact Centre to advertise that staff were available to help claimants fill in the forms correctly

The Head of Finance and Property Management agreed to speak to the Head of Revenues and Benefits about these suggestions.

**IT WAS
AGREED**

That the report be noted.

26. External Audit Progress Report

Karen Murray submitted the External Auditor's progress report as at 31st December 2015, including a summary of emerging national issues which members were asked to consider. She drew members' attention to a change in the value for money criteria which now required the auditors to have regard to informed decision making, sustainable resource deployment and working with partners and other third parties. Members asked whether the revised timetable for earlier final accounts reporting could be met and Karen Murray and Phil Moore indicated that they felt it could assuming no significant additional reporting obligations required by statute or the local authority code of practice.

Appended to the report was the Annual Audit Letter 2014/15 which had been signed off by the external auditors. Work had now commenced on the 2015/16 audit and the action plan would be brought to the March meeting of the Committee.

Karen Murray confirmed that the audit of the Councils 2014/15 Housing Benefit claim relating to £36.5m of expenditure had been closed and the certification letter issued. She said that only one discrepancy of £218 had been identified which had to be included in the report but overall there were no significant areas arising from the certification work and that this reflected the high standards in the management of the Council's finances.

Members also noted and commented favourably on the references within the report to the high quality of the working papers supporting the preparation of the Council's Statement of Accounts.

**IT WAS
AGREED**

That the report be noted.

27. Internal Audit Progress Report

The Internal Audit Manager submitted a report detailing progress of internal audit activity for the period 1st July to 30th September 2015, where 8 audit reports had been completed.

The internal audit team continued to provide assistance to the transition of Council services to the strategic partner, to the Leisure Trust and input into the financial systems transformation projects.

**IT WAS
AGREED**

That the report be noted.

28. Work Programme 2015/16

The Work Plan for remainder of 2015/16 was outlined.

**IT WAS
AGREED**

That the Work Plan be agreed.