

### **Response to specific queries raised by Audit Committee following their review of the draft accounts in June 2018 for which a written response was required**

- 1. Members noted that the cumulative provision for non-payment of Council Tax was in excess of £7 million. Members asked how long debt is allowed to accumulate and officers were asked to explain at what point bad debt is written off. Members asked to be provided with the details of the policy for managing bad debt, in particular the length of time bad debt is allowed to accumulate before being written off.*

There is no automatic write off period as a result of the period of time a Council Tax liability is outstanding. Whilst a prudent provision is made for non collection, the billing and collection of council tax is robustly and vigorously pursued in accordance with a corporate revenues manual and national regulations prescribed in the Local Government Finance Act 1992. Bills, reminders and summonses are issued regularly and promptly throughout the year.

When a charge payer is subject to court proceedings the Council has several options to recover the charge and will choose the most effective. Some debts can be subject to deductions from income support which can take several years to clear the balance.

Debts which cannot be collected as the debtor has moved and cannot be traced are written off as soon as all necessary checks are carried out. Similarly, write offs that arise through insolvency are processed as soon as all the relevant documentary evidence is received.

Once all recovery options have been exhausted, the necessary checks carried out and having consideration of the cost versus benefit of collection of smaller amounts, debts are promptly submitted for write off. This is done in accordance with the Council's financial procedure rules and constitution covering write off of debt, following production of supporting documentation. Write off procedures are reviewed as part of the Internal Audit Plan.

To put the amount of the provision into some context, the cumulative net Council Tax liability from 1993/94 to 2017/18 is over £2.2 billion.

- 2. Members noted that debtors described as 'other entities and individuals' amounted to £24.747 million. Members asked for further details of the categorisation of these debtors, specifically, whether there were any accounts which were responsible for large parts of this figure. The Corporate Director Resources agreed to provide an analysis of these debtors. The Deputy Chairperson requested that this be formally reported at the September meeting of the Committee.*

This note splits debtors at a point in time into various sectoral categories.

## 5.2 Appendix 4

The main categories of debtor included in this category in the audited accounts (net of any provision for bad debt assumed required) is shown in the table below along with examples of some of the significant amounts.

Category	Amount
Prepayments in 2017/18 for services to be received in 2018/19. Various e.g. Vehicle leases, rent, maintenance contracts, insurance premiums.	£3.7m
Manual debtors. Various e.g. advertising income, Music tuition fees, residential and domiciliary care, parking enforcement penalty charge notices	£4.4m
Customer Balances from invoicing system < £50k	£3.7m
Customer Balances from invoicing system > £50k	£4.2m
Housing Benefit overpayments to be recovered	£1.0m
Council Tax	£2.5m
Housing Rent	£0.4m
Other – Various Recoverable accounts; rechargeable repairs; staff car loans; share of joint committees	£4.2m

3. *Members asked whether information reported to Pension Committee is subsequently reported to Audit Committee, as the pension fund accounts for substantial expenditure. The Corporate Director Resources stated that these issues are not explicitly contained in the Audit Committee Terms of Reference and therefore won't be considered as a matter of course, but they will be included within Internal Audit reports. Members requested officers to consider whether Audit Committee should have awareness of Pension Committee reports and comment further at the September meeting of the Committee.*

The governance arrangements for the Pension Fund include meetings of the Pensions Committee, Investment Advisory Panel and Local Pension Board.

The Pensions Committee comprises 5 elected members of the Council. Meetings are public and all papers are published in advance on the Council web site except those which are exempt from publication.

The Investment Advisory Panel comprises 3 members of the Pensions Committee, an observer from Vale of Glamorgan Council, two independent advisors and the Corporate Director Resources. The Panel always meets in private but approved minutes are presented as confidential items to the Pensions Committee.

## **5.2 Appendix 4**

The Local Pension Board was established in 2015 in compliance with the Public Services Pensions Act 2013 and the LGPS Regulations. The Board is appointed by Full Council and comprises three employer representatives, three scheme member representatives and an independent chair. The role of the Board is to assist the Council to secure compliance with the LGPS Regulations and to ensure the efficient governance of the Scheme. The Board meets in private and currently minutes are not published.

As part of earlier deadlines for approval of the statement of accounts, a review of governance will take place as to whether Pensions Committee is best placed to review and approve the accounts of the Cardiff and Vale of Glamorgan Pension Fund.