

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 25 JUNE 2014

Present: Councillor T Neilson (Chairman)

Councillors A Bridges, J Cotterill, D De Lacy, D Everitt, D Howe, G Jones, A C Saffell and N Smith

Officers: Mr R Bowmer, Mrs M Meredith, Miss E Warhurst and Miss A Wright

External Audit: Councillor M Specht S Brown

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor C Large.

**2. DECLARATIONS OF INTEREST**

There were no interests declared.

**3. MINUTES**

Consideration was given to the minutes of the meeting held on 26 March 2014.

It was moved by Councillor N Smith, seconded by Councillor J Cotterill and

RESOLVED THAT:

The minutes of the meeting held on 26 March 2014 be approved as a correct record and signed by the Chairman.

**4. PROTECTING THE PUBLIC PURSE FRAUD BRIEFING 2013**

Ms S Brown, External Auditor, gave a presentation to Members. She stated that the purpose of the briefing was to make Members aware of their roles and responsibilities in respect of fraud and to clarify what actions were being taken by management to detect and prevent fraud. She advised that the Audit Commission completed a report on a regular basis and this was available on the internet. She referred to the summaries provided which provided the national and local picture and explained how these could be interpreted.

In response to a question from Councillor N Smith, the Head of Finance advised that Members could report any suspected cases of fraud to the Senior Auditor or the Monitoring Officer.

Councillor N Smith referred to a specific case he was aware of locally in respect of housing benefit fraud. The Head of Finance advised that there were slightly different arrangements in place as the Revenues and Benefits service was provided by the Leicestershire Partnership. He invited Councillor N Smith to provide him with the information which he would refer on an investigate.

In response to questions from Councillors N Smith and G Jones, the Head of Finance explained that internal fraud consisted of various types of fraud, which could include petty theft. He advised that the incidents referred to in the presentation related to recruitment issues which had been resolved prior to appointment by HR, and as such the incidents had no value associated with them.

Chairman's initials

Councillor G Jones asked if it would be useful for Ward Members to know how much was being paid in benefits in their ward to identify an increase in claims. The Head of Finance advised that it was not possible to provide detailed information and it was not within the remit of Members to make such enquiries in their Wards. He added that general information could be provided, however there may be a resource implication.

Councillor D Howe asked if the increase in social housing fraud was due to the bedroom tax. Ms S Brown responded that she would not expect that this would relate specifically to bedroom tax, and was more likely related to cases of benefit fraud. She added that there could be an impact but felt a particular link could not be demonstrated. The Head of Finance advised that the figures in the report were for the financial year 2012/13 and therefore prior to the underoccupancy reductions.

Councillor D Everitt referred to the graphs showing detection rates for housing benefit fraud and Council Tax discount fraud. He asked if housing benefit was being concentrated upon at the expense of Council Tax discount fraud, as there had been no cases detected. The Head of Finance explained that the largest Council Tax discount available was single person discount. He advised that everyone receiving this discount had been written to last year and validation checks had been made. He reported that the write out had been quite successful and had identified potential savings of £197,000. He added that as the District Council only retained a percentage of the Council Tax collected, this represented a saving of £29,000. He advised that these cases had not been classified as fraud and no prosecutions were made, however the write out had ensured that people were paying the correct amount. He added that the classification had perhaps been generous.

Councillor D De Lacy commented that he did not see the use of the suggestions of identifying benefits claimed by area, as this would simply show that deprived areas were claiming more. He added that this could have a detrimental effect. He commented that the graphs could be interpreted in two ways as illustrated by the previous point made.

Ms S Brown responded that contextually the graphs could be interpreted in many different ways and were intended to help Members understand the full picture. She added that having specific details was also helpful.

Councillor T Neilson advised Members that statistics on benefits claims were available on the internet.

## **5. STANDARDS AND ETHICS - QUARTER 4 REPORT**

The Head of Legal and Support Services presented the report to Members, highlighting that no complaints had been received in quarter four.

Councillor N Smith commented that this was good news.

Councillor T Neilson highlighted that the number of corporate complaints received had decreased from the previous year.

Councillor D De Lacy referred to the ethical indicators and in particular SE6. He asked why there had been such a significant increase in recommendations and why 8 of these had not been implemented. He requested an update on the status of those recommendations that had not been implemented.

The Senior Auditor referred Members to the progress report which gave details on the outstanding recommendations.

Councillor D De Lacy commented that there had been a significant increase in corporate complaints and asked if there was any detectable reason for this.

The Head of Legal and Support Services responded that she understood this was related to works to council properties. She agreed to send further information to Councillor D De Lacy after the meeting.

It was moved by Councillor T Neilson, seconded by Councillor A Bridges and

RESOLVED THAT:

The report be received and noted.

## **6. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

The Senior Auditor presented the report to Members, drawing their attention to the method that had been used in completing the review.

Councillor D De Lacy asked why the results of the assessment had not been available in March with the recommendations. He expressed concerns regarding the partial conformance with the standards in competence and proficiency, due professional care and professional development. He commented that staff seemed to need help and questioned whether internal audit were getting the support they needed. He accepted that the standards perhaps aimed high and commented that a partial score could mean anything between 10 and 90% compliance. He expressed concerns that the service was only 40% compliant with the national standards. He questioned whether the issue of resources needed to be addressed as the self assessment appeared to be damning.

The Head of Finance explained that new standards had been introduced in the last year and the bar had really been raised from the standards under CIPFA. He acknowledged that an action plan was needed in order to undertake an external assessment, which was not a requirement for 5 years, however the decision had been taken to complete this in March 2015. It was recognised that this was a small authority with limited resources and therefore he stressed the importance of setting realistic expectations. He added that there would be choices to be made by management and stated that feedback would be welcomed from Members in terms of what standards they wanted to see. He commented that the Council's performance was not too far abreast from other local authorities. He added that he was satisfied plans were in place. He advised Members that the Council also provided an audit service to Blaby District Council and they were more than happy to renew their contract. He stated that he would bring updates to the Committee on the action plan.

Councillor A C Saffell asked whether the internal auditor was the best person to look at all the issues listed as some of them were complex. He felt that external advice ought to be sought on computer security for example and that there were areas where specialist knowledge was required.

The Senior Auditor advised that specialist auditors were utilised where required, and confirmed that this was the case in respect of computer security.

## **7. INTERNAL AUDIT ANNUAL REPORT 2013/14**

The Senior Auditor presented the report to Members, drawing their attention to the audits completed to date in the current year.

Councillor N Smith commented that this seemed to be a report of two halves. He asked whether the outstanding issues would be resolved and in what timeframe.

Chairman's initials

The Senior Auditor referred Members to the list of recommendations, many of which were in progress or had been implemented. She advised that if a recommendation had been implemented, the issue had been resolved, and if it was in progress, she was confident that it would be resolved within the timescale.

Councillor D De Lacy questioned whether adequate assurance was enough and whether this suggested that resources were not adequate and staff were not correctly trained.

Councillor T Neilson commented that substantial assurance should be aimed for.

The Head of Finance stated that this was a changing picture and audits were undertaken at a certain point in time. He added that the audit requirements changed from one year to the next and as such, the information was not always comparable. He stated that the best possible compliance was aimed for, and if assurance was adequate, he was in a position to sign off the accounts. He acknowledged that there was always room for improvement, but that the Council provided a good audit service, and honest and open information. He added that external organisations had confidence in the service and the external audit opinion had been quite flattering in the last two years. He stated that he did not feel compelled at this time to request further resources, and there was no argument that internal audit were being deprived of resources.

Councillor T Neilson commented that there were areas showing improvements, such as debtors, licensing and treasury management.

It was moved by Councillor A C Saffell, seconded by Councillor N Smith and

RESOLVED THAT:

The report be noted.

## **8. INTERNAL AUDIT PROGRESS REPORT - MAY 2014**

The Senior Auditor presented the report to Members, highlighting the additional management comments requested at the previous meeting.

Councillor D De Lacy welcomed the alteration to the report and felt that the additional management comments were useful. He commented that he could see the problems highlighted in the assessment were being addressed. He felt that items 16-18 on the action plan should have been assigned a higher priority as these issues seemed fundamental.

The Senior Auditor advised that the ordering of the action plan was due to the required timing of some items.

It was moved by Councillor G Jones, seconded by Councillor A Bridges and

RESOLVED THAT:

The report be noted.

## **9. COMMITTEE WORK PLAN**

RESOLVED THAT:

The report be noted.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.24 pm

Chairman's signature