

Audit & Governance Committee

23rd January 2012

MINUTES

Present:

Councillor Bill Hartnett (Chair), Councillor Rebecca Blake (Vice-Chair) and Councillors Peter Anderson, Michael Braley, Andrew Brazier and William Norton

Also Present:

E Cave (Audit Commission)

Officers:

A Bromage (Worcestershire Internal Audit Shared Service), T Kristunas, J Pickering

Committee Services Officer:

D Sunman

24. APOLOGIES

Apologies for absence were received on behalf of Councillor Stephens.

25. DECLARATIONS OF INTEREST

There were no declarations of interest.

26. MINUTES

RESOLVED that

the minutes of the meeting of the Committee held on 15th November 2011 be confirmed as a correct record and signed by the Chair.

27. ANNUAL AUDIT LETTER 2010/11

The Committee received and considered the Annual Audit Letter for 2010/11 as prepared by the Council's external auditors.

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Chair

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The Letter provided a generally positive assessment of the Council's performance during the past financial year.

An unqualified opinion had been issued on the accounts of the authority in September 2011 and the Value for Money conclusion for the authority was also unqualified as the Council had been determined to have adequate arrangements to secure value for money.

The Letter noted that Bromsgrove District Council and Redditch Borough Council were part way through an ambitious programme of developing shared services and business transformation and that this was being carried out at a time of significant pressure on finances both because of the economic downturn and reductions in government support for local councils.

It noted that the timetable for completion of the programme for shared services had been brought forward and would be completed by April 2012. In addition the Business Transformation Project, which aims to significantly improve operational efficiency and customer service, would run alongside the implementation of the shared service programme. It was acknowledged that progress to date had been good but the accelerated timetable would be very challenging for both management and staff.

Members noted that the Letter for 2010/11 contained just two recommendations as follows:

- All savings for 2012/13 should be identified before the start of the financial year; and
- Council members should keep focussed on performance to ensure that it does not deteriorate.

The District Auditor updated the Committee on future provision of external audit services including the timetable for their introduction. She reported that all contracts were currently out to tender and that it was expected that the successful bidder would be identified in March for the West Midlands region. A period of consultation would then take place.

RESOLVED that

the recommendations included in the Annual Audit Letter 2010/11 be noted.

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28. INTERNAL AUDIT - PROVISIONAL AUDIT ANNUAL PLAN 2012/13

The Committee received a report which sought approval for the Provisional Internal Audit Operational Plan 2012/13 and also the Internal Audit Shared Service's set of key performance indicators for the same period.

Officers reported that the Internal Audit Operation Plan had been based on a resource allocation of 484 chargeable days.

RESOLVED that

the provisional programme of work, attached at Appendix 1 of the report, be approved.

29. BENEFITS FRAUD TEAM - ANNUAL REPORT

The Committee considered a report on the performance of the Benefit's Service Fraud Investigation Service for the period 1st April to 31st December 2011.

Members were informed that there are approximately 8000 live benefits claims at any one time with, on average, 99 new claims and 557 changes in circumstances decided each week.

Officers reported that between 1st April and 31st December 2011 there had been 882 fraud referrals received by the team. Of these 25% had been referred by the public, 40% through data matching between Housing Benefits and the Department of Work and Pensions (DWP) and the remainder from internal sources.

Results of the investigation of these referrals during the period were as follows:

- a) 256 positive closures during the period and 6 negative closures where fraud / error was not proven;
- b) 12 customers were prosecuted:
- c) Cautions were accepted by customers in 26 cases, with the DWP recording the caution in their records.
- d) Administrative penalties were accepted by customers in 3 cases;

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- e) 147 cases were closed as fraud / error proven with a change to entitlement and / or overpayment of benefit established.

Members were advised that the team had identified £170,363.15 in overpaid Housing Benefit and £49,305.18 in excess Council Tax Benefit.

Officers reported that, as part of the Government's Welfare Reform plans, it has been proposed that local authority fraud investigation staff be combined with those of the DWP and Inland Revenue and Customs into a Single Fraud Investigation with local authority investigation staff moving to the DWP between 2015 and 2017.

Additional proposals include:

- i) Abolition of cautions as a penalty for fraud and increased seizure of assets;
- ii) Introduction of a three year loss of benefit for those convicted of serious fraud;
- iii) Imposition of a minimum fraud penalty of £350 and introduction of a Civil Penalty of £50 for customer negligence;
- iv) Work closely with Crimestoppers; and
- v) Name and shame local fraudsters.

A further impact of the Welfare Reform Bill would be that Council Tax Benefit would not form part of the Universal Credit with local schemes being introduced from April 2013. Consultation was ongoing to identify what investigative powers would be required to detect and investigate fraud within local schemes.

RESOLVED that

- 1) **the report be noted; and**
- 2) **Officers circulate a definition of negligence to members of the Committee.**

30. TREASURY MANAGEMENT, PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION 2012/13

The Committee received a report which sought approval of the Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision Policy for 2012/13.

Members were informed that the report included a number of significant changes resulting from the Department for Communities

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and Local Government (CLG) requirements as part of Housing Revenue Account reforms.

RECOMMENDED that

the Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision Policy for 2012/13, be approved.

31. COMMITTEE WORK PROGRAMME 2012

The Committee received an updated Work Programme for 2012/13.

In response to a Member's query in relation monitoring of corporate risk, and the proposal for a new joint Corporate Risk Register in relation to shared services and business transformation, the Committee agreed that this task should be included on the Work Programme at the meeting of this Committee on 28th June 2012.

RESOLVED that subject to the comments in the preamble above,

- 1) the report be noted; and**
- 2) monitoring of the Corporate Risk Register be added to the agenda for the meeting of the Audit and Governance Committee on 28th June 2012.**

32. EXCLUSION OF THE PUBLIC

RESOLVED that

under S.100 I of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public be excluded from the meeting for the following matter on the grounds that it involves the likely disclosure of exempt information as defined in the relevant paragraphs 3 and 7 of Part 1 of Schedule 12 (A) of the said Act, as amended:

- Internal Audit - Interim Monitoring Report 2011/12 (As detailed in Minute 33 below)**

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33. INTERNAL AUDIT - INTERIM MONITORING REPORT 2011/12

The Committee received an Internal Audit Interim Monitoring Report for the period 1st April to 31st December 2011 together with a Revised Internal Audit Plan for 2011/12.

Officers gave assurances that sufficient resources had been allocated to ensure delivery of the Revised Internal Audit Plan for 2011/12.

RESOLVED that

the report be noted.

(During consideration of this item Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to exclude the press and public prior to any debate on the grounds that information would be revealed relating to the financial affairs (including the authority holding that information) and the prevention, investigation or prosecution of crime. However, there is nothing exempt in this record of the proceedings.)

The Meeting commenced at 7.00 pm
and closed at 8.45 pm

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Chair