

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

RESOURCES AND PERFORMANCE PANEL – AUDIT AND RISK COMMITTEE

Minutes of a Meeting of the Resources and Performance Panel – Audit and Risk Committee held on Tuesday 23 July at 8.22 pm, in the Committee Suite, King's Court, Chapel Street, King's Lynn

PRESENT:

Councillors P Beal (Chairman)
J Collop, P Cousins, I Gourlay, H Humphrey, J Loveless,
C Manning (Vice-Chairman), A Morrison, D Tyler, G Wareham and A Wright

Councillor N J Daubney, Leader and Portfolio Holder for Corporate/Strategic Issues and Resources

Councillor Mrs E Nockolds, Portfolio Holder for Well Being
(left the meeting at 8.30 pm)

Apologies for absence were received from Councillors D J Collis, T de Winton and M Langwade

ARC24: **MINUTES**

The Minutes of the Resources and Performance Panel – Audit and Risk Committee meeting held on 25 June 2013 were confirmed as a correct record.

ARC25: **DECLARATIONS OF INTEREST**

There were none.

ARC26: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC27: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC28: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC29: **MATTERS REFERRED TO THE COMMITTEE FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS COMMITTEE RECOMMENDATIONS/REQUESTS**

There were none.

ARC30: **ANNUAL REPORT OF BENEFIT INVESTIGATIONS UNIT**

The Fraud Investigations Manager presented the report which provided Members with information regarding the work undertaken during the 2012/2014 financial year and looked forward into 2013/2014.

The Committee was informed that the administration of the National Housing Benefits Scheme by the Council was the biggest single service provided by the Council. In 2012/2013 just over £52 million was paid to 14,671 claimants on low incomes to enable them to pay their rent and council tax payments.

Members were advised that every year, the Investigations Unit received fraud referrals from a number of sources. Each case was risk assessed for investigation.

The table set out at section 3 of the report detailed the number of referrals and investigations.

It was noted that 44 cases resulted in fraud being proven where formal action was taken, as the evidence gained was considered 'beyond all reasonable doubt.'

The Committee was advised that 16 cases were taken forward for prosecution and the sentences which were given were outlined in section 3.4 of the report. Prosecution cases had been reported within the press.

In addition to the cases outlined in 3.4, 16 cases were offered and accepted an Administrative Penalty. An Administrative Penalty was an alternative to prosecution at 30% of the total overpayment, which was added to the overpayment to be recovered.

The Fraud Investigations Manager explained that 12 other cases were offered and accepted a Simple Caution. The purpose of a Simple Caution was to deal quickly and simply with less serious offenders, to save unnecessary appearance in a criminal court and to reduce the chances of re-offending.

The table set out at section 3.4 detailed the number of cases investigated and their sources of referral were outlined at Appendix A.

The Fraud Investigations Manager advised that 197 (including the 44 prosecution, penalty and caution cases), resulted in a 'positive outcome/saving.'

It was noted that the Investigations Unit did still generate income in addition to the government funding through the costs awarded against proven cases and the repayments of overpayments of benefit. The table at section 4.3 detailed the overpayments identified for recovery.

In outlining the work plan, the Fraud Investigations Manager informed the Committee that the Benefit Investigations Unit Performance Measures for 2013/2013 were:

- 150 cases investigated with a positive outcome/saving.
- 50 fraud sanctions.

The Fraud Investigations Manager explained that Regulations had been made under Section 14 of the Local Government Finance Act 1992 (as amended) in exercise of The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 to bring in the necessary powers, offences and penalties, to allow local authorities to investigate and tackle potential fraudulent Local Council Tax Support Scheme claims. These were similar to existing rules in relation to Council Tax Benefit which ended on 31 March 2013. The amount of penalty as alternative to prosecution (Administrative Penalty) was 50% of the amount of the excess reduction, subject to a minimum amount of £100 and a maximum amount of £1,000.

The Committee was advised that the Government had amended rules through a fraud and error strategy and had introduced 5 new Loss of Benefit (LOB) levels, where offences occurred wholly after 1 April 2013, as follows:

Level 1 – Offences which resulted in an administrative penalty or caution would continue to result in a LOB penalty of 4 weeks.

Level 2 – For a first benefit fraud conviction the LOB penalty duration would increase from 4 to 13 weeks.

Level 3 – Where there are two offences, within a set time period of 5 years, with the latter offence resulting in a conviction, the LOB penalty would be for a period of 26 weeks.

Level 4 – A 3 year LOB penalty will be introduced where there were three offences within a set time period of 5 years, the last offence resulting in a conviction.

Level 5 - An immediate 3 year LOB for serious organised and identity fraud cases.

It was highlighted that the Loss of Benefit levels only applied to Department for Work and Pensions Social Security benefits and Housing Benefit only.

In response to questions from Councillor Humphrey relating to section 3.4, the Fraud Investigations Manager explained that there were a number of fraud management systems in place where potential cases were logged and which also provided an audit trail.

RESOLVED: The Committee noted the report.

ARC31: REVIEW OF THE EFFECTIVENESS OF THE AUDIT AND RISK COMMITTEE

The Audit Manager presented the report which provided Members with the results of the Review of the Effectiveness of the Audit and Risk Committee for 2012/2013.

Members were reminded that the Audit and Risk Committee was set up in 2006, with Terms of Reference drawn up in line with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Audit Manager outlined the review details as set out at section 2 of the report.

The Committee's attention was drawn to the following questions at Appendix 1.

Question 1.13 – Have all Member's Skills and Experiences been assessed and training given for identified gaps?

The Audit Manager advised that Democratic Services provided a training programme for all Councillors. Any Member therefore wishing to receive training on a particular subject could contact Democratic Services.

Question 2.3 – Does the Audit Committee consider how meaningful the Annual Governance Statement is?

The Audit Manager explained that a briefing session on the relevance of the Annual Governance Statement had been scheduled as the first item on the Agenda for the Audit and Risk Committee on 27 August 2013. At the invitation of the Chairman, all Councillors would therefore be invited to attend for this item.

Question 4.5 – Does the Audit Committee hold periodic private discussions with the Audit Manager?

AND

Question 5.2 – Does the Audit Committee hold periodic private discussions with the External Auditor?

The Audit Manager advised that the Terms of Reference of the Committee was currently being revised and would be brought to the next meeting for consideration.

The Committee was invited to ask questions/comments, a summary of which are set out below.

Councillor Cousins commented that appropriate training would be welcomed as he was a new Member of the Committee.

The Deputy Chief Executive explained that any relevant training could be requested through the Chairman. Training could be provided on a similar basis as the Budget Monitoring Report provided as part of the Resources and Performance Panel earlier in the evening.

Councillor Gourlay commented that perhaps consideration could be given to separating the Resources and Performance Panel and Audit and Risk Committee to allow meetings to be held on separate days. In response, the Internal Audit Manager explained that it had been a political decision to holding both meetings on the same evening. The Deputy Chief Executive advised that dependant on the business to be considered and to try and balance the work programmes, the Resources and Performance Panel and the Audit and Risk Committee had been rotated on previous occasions.

Councillor Humphrey stated that at least the Chairman and Vice-Chairman should hold private meetings with the Internal Audit Manager and the External Auditors as he had known it to happen in other authorities.

Councillor Humphrey also commented that in his opinion he felt that the report presented this evening did not address the effectiveness of the Committee. He referred to page 19 of the Agenda – Issues discussed at Meetings of the Audit and Risk Committee 2012-2013 and added that it would be useful if the comments raised by the Committee which could be found in the minutes were included. In response, the Audit Manager agreed to look at how this information could be included.

RESOLVED: The Committee noted the contents of the review and the resulting 'Actions Required.'

ARC32: **COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

RESOLVED: That the Committee's Work Programme be noted.

ARC33: **DATE OF NEXT MEETING**

Committee Members noted that the next meeting of the Resources and Performance Panel – Audit and Risk Committee would take place on **Tuesday 26 August 2013** in the **Committee Suite, King's Court, Chapel Street, King's Lynn.**

The meeting closed at 8.40 pm