

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
held on Tuesday 27 November 2012, at 5.30 pm, in The Committee Suite,
King's Court, Chapel Street, King's Lynn.**

PRESENT:

Councillors P Beal (Chairman),
J Collop, Mrs S Collop, D J Collis (*substitute for Councillor Mrs M Wilkinson*), C J Crofts,
H Humphrey, M Langwade, J Loveless, C Manning (Vice-Chairman),
A Morrison, D Tyler, A White and A Wright

Portfolio Holders:

Councillor N Daubney, Leader and Portfolio Holder for Resources
Councillor Mrs E Nockolds, Portfolio Holder for Health and Well Being

Apologies for absence were received from Councillors T de Winton (*arrived at 5.50 pm*)
and Mrs M Wilkinson

ARC59: **MINUTES**

The Minutes of the Resources and Performance Panel – Audit and Risk Committee meeting held on 23 October 2012 were confirmed as a correct record and signed by the Chairman.

ARC60: **DECLARATIONS OF INTEREST**

There were none.

ARC61: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC62: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC63: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC62: **MATTERS REFERRED TO THE PANEL FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS PANEL RECOMMENDATIONS/ REQUESTS**

The Committee noted the responses made by Cabinet at its meeting held on 30 October 2012 to the recommendations made by the Resources and Performance Panel – Audit and Risk Committee at its meeting held on 23 October 2012 in respect of the following item:

- Mid Year Treasury Report 2012/2013.

ARC63: **ANNUAL AUDIT LETTER 2011/2012**

In the absence of the Council's External Auditor, the Deputy Chief Executive presented the Annual Audit Letter 2011/2012.

The Committee was reminded that the External Auditors had already reported on the detailed findings from the audit work to those charged with governance in the following reports:

- Report to those charged with Governance (ISA (UK&I 260) ("ISA250 report").
- Audit report for the 2011/12 Statement of Accounts, incorporating the value for money conclusion.
- Report on the matters arising from the audit of the Statement of Accounts 2011/2012.

Members were advised that in 2011/2012, the following key issues had been identified from the audit of accounts:

Heritage Assets

The Council had been pro-active in seeking to address the new Code requirements by identifying relevant assets and then seeking valuations where applicable. However, 1,250 boxes of archive material had been identified by the Council, but not revalued, as the Council had originally considered the cost to outweigh the benefit of such a revaluation. Following the significant increase in value of some other related items that had been revalued, the Council reviewed the decision and concluded that revaluation would be prudent. A number of discussions had been held about the practicality of obtaining an acceptable revaluation by specialist valuers. Having explored a number of options, the Council had taken appropriate steps to employ specialist valuers to review those archived assets and a revaluation was obtained in September 2012.

The Deputy Chief Executive outlined the procedure the Council would take in valuing its assets over a five year period which would be discussed with the Council's newly appointed External Auditors.

Pension Fund Members

The Deputy Chief Executive explained that the Council would speak with the new auditors on the issue of Pension Fund membership numbers.

Economy, Efficiency and Effectiveness

Members were informed that the issues set out in the Annual Audit Letter had been reported to the Audit and Risk Committee at previous meetings.

Councillor Loveless referred to page 7 of the Agenda – Grant Claims and Certification “*We note that such errors are not uncommon in comparison to other local authorities due to the complex nature of benefit processes, but required further investigation by the Council.*” and enquired what the meaning of the sentence was. In response, the Revenues and Benefits Manager explained that this was likely to be a generic statement.

In response to questions from Councillor D J Collis on the sample assessments taken across the authority relating to valuation, the Deputy Chief Executive explained that these had been agreed with the External Auditors. A programme of revaluation was in place and the programme agreed over a 5 year period at a rate of one fifth per annum in order to update the valuation of the assets in the Council’s ownership.

Councillor Morrison expressed concern on the amount of blank space/pages in the Annual Audit Letter issued by the External Auditor. The Deputy Chief Executive explained that the letter was forwarded to the Council in pdf format and it was not possible for the officers to condense the report and reduce the number of pages. However, he would raise this issue with the Council’s new External Auditors.

Councillor Humphrey referred to the Summary of Recommendations which included 14 recommendations and asked if details were available. The Deputy Chief Executive undertook to check the details and publish the 14 recommendations on InSite.

RESOLVED: The Committee noted the report.

ARC64: **BENEFIT INVESTIGATIONS UNIT HALF-YEARLY REPORT**

The Fraud Investigations Manager informed Members that the purpose of the report was to advise the Audit and Risk Committee of the work undertaken by the Benefit Investigations Unit during the first half of the 2012/2013 financial year.

It was explained that in 2011/2012 nearly £51 million was paid to over 14,560 claimants on low incomes to enable them to pay their rent and council tax payments. The number of people currently claiming was 14,688, with an estimated benefit cost for 2012/2013 of £51,750,000.

The Fraud Investigations Manager drew the Committee's attention to the following sections of the report as set out below.

The work undertaken in the first half of 2012/2013

The number of referrals and investigations were set out at Section 3 of the report. The Committee was informed that the 11 cases which were taken forward for prosecution, the following sentences were received:

- 12 month Conditional Discharge.
- 12 month Conditional Discharge and £50 costs.
- 12 month Conditional Discharge and £100 costs.
- 90 hours unpaid work.
- £200 fine and £100 costs.
- 12 month Community Order and order to attend Women's Emotional Wellbeing course.
- 3 month curfew from 7 pm to 7 am and £100 costs.
- 6 week, weekend curfew from 9 am to 12 noon and 3 pm to midnight.
- 9 month prison sentence, suspended for 2 years, 150 hours unpaid work and £300 costs.

It was highlighted that prosecution cases had been reported within the press.

In addition to the above, 11 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 Committee was advised that in cases where an offence had been committed wholly, or an attempt was made, where an offence of benefit fraud had been committed, but the fraud was discovered and stopped before any overpayment of benefit was made, after 8 May 2012, the Council would offer a minimum penalty of £350 or 50% of the overpayment, which was greater (up to a maximum penalty of £2,000), as per the Welfare Reform Act 2012.

Of the 244 cases investigated, 71 cases completed, resulted in a 'positive outcome/saving.' The table at Section 3.5 of the report provided details of the 71 cases investigated and their sources of referral.

The financial implications set out at Section 4 of the report were outlined.

In conclusion, the Fraud Investigations Manager explained that following the localisation support for council tax, Regulations were being made to bring in the necessary powers, offences and penalties to allow local authorities to investigate and tackle potential fraudulent council tax support claims. The Regulations would be similar to existing rules in relation to council tax benefit which would end in April 2013.

In response to questions from Councillor Humphrey relating to paragraph 4.3

of the report, the Fraud Investigations Manager undertook to include the figures for the whole financial year in future reports.

Following questions from Councillor J Collop on monies not being recovered, the Fraud Investigations Manager explained that the aim was always to seek to recover the whole amount of the overpayment in accordance with the Council's current policy.

In response to further questions from Councillor J Collop, the Deputy Chief Executive advised that all attempts would be made to recover the overpayment. The Council would negotiate a sensible rate to be paid back per week by the claimant. Each case would be decided on its own merit. However, in some cases where it was not possible to identify the debtor and recover the amount outstanding, the debt would be written off.

Councillor Mrs S Collop asked how fraud could occur in the case of student loans. In response, the Fraud Investigations Manager explained that if the claimant had not declared that he/she was in receipt of a student loan, this would be considered as income.

Councillor J Loveless enquired if in cases where a simple caution had been given, would the claimant also be required to pay back the overpayment. In response the Fraud Investigations Manager explained that the caution was the same as a caution given by the Police. A caution would be given when the overpayment was below £2,000 and the claimant had admitted the offence during an interview under caution. The full amount of the overpayment would then be paid back to the Council.

RESOLVED: The Committee noted the report.

ARC65: **COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

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

ARC66: **DATE OF NEXT MEETING**

Committee Members noted that the next meeting of the Resources and Performance Panel – Audit and Risk Committee was scheduled to take place on **Wednesday 2 January 2013**.

The meeting closed at 5.56 pm