

**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 29 April 2014, at 5.30 pm, in The Committee Suite, King's Court, Chapel Street, King's Lynn**

**PRESENT:**

Councillors P Beal (Chairman)  
M Chenery (*substitute for Councillor de Winton*), J Collop, D J Collis, P Cousins,  
H Humphrey, C Manning (Vice-Chairman),  
D Tyler, A Wright and Mrs S Young

**Portfolio Holder:**

Councillor N Daubney, Leader and Portfolio Holder for Resources

**Also Present for ARC104:**

Councillors A Bubb, C Joyce, A Lawrence, J Loveless and Mrs S Smeaton

Apologies for absence were received from Councillors T de Winton, I Gourlay and G Wareham

ARC98: **MINUTES**

The Minutes of the Resources and Performance Panel – Audit and Risk Committee meeting held on 25 March 2014 were confirmed as a correct record and signed by the Chairman.

ARC99: **DECLARATIONS OF INTEREST**

There were none.

ARC100: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC101: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC102: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC103: **MATTERS REFERRED TO THE COMMITTEE FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS COMMITTEE RECOMMENDATIONS/REQUESTS**

There were none.

ARC104: **PRESENTATION ON ANTI-FRAUD BY THE AUDIT MANAGER**

The Audit Manager gave a PowerPoint presentation, which included the following:

- What is fraud?
- Why should it be a concern?
- What the Council do to avoid fraud?
- Sources of Information.
- Other interested parties.

The Fraud Investigations Manager was also present for this item.

Members were invited to comment/ask questions, a summary of which is set out below.

In response to questions from Councillor Cousins on how fraud could occur with regard to business rates bill, the Audit Manager explained that the Fraud Investigations Team looked into a range of fraud related issues. She gave an example of how business premises were used, and that the size of the premises could be increased without declaring it.

In response to questions from Councillor D J Collis on potential fraud issues relating to lack of due diligence when completing forms and applications, the Audit Manager explained that if a form was completed deliberately omitting information which would affect the outcome, this would be deemed as fraud.

Councillor Morrison asked if there was any evidence within the Council of ethical standards being higher or lower than they once were. In response, the Audit Manager explained that there was a culture within the authority where it was expected that employees behaved in a proper and appropriate manner. She further added that the Borough Council had a culture of honesty and trust.

In response to questions from Councillor Mrs Smeaton regarding assistance available for people with learning difficulties to complete forms, the Audit Manager explained that there were a team of four officers who undertook home visits if required to assist with form filling.

Councillor Humphrey commented that the Council's aim was to seek redress for benefit fraud offences and asked what the Council's success rate was. In response, the Fraud Investigations Manager reminded the

Members that reports were presented to the Audit and Risk Committee. The annual report would be presented to the next meeting which would set out full details.

In response to further questions from Councillor Humphrey on the amount paid back to the Council, the Fraud Investigations Manager advised that the Council would take into account the income for the household concerned and look at an affordable amount to be paid back to the Council. The Council sought to recover the full amount and in some cases the amount owing was claw backed from the ongoing benefit claim. It was highlighted that if there was a capital amount/savings available that the claimant had not declared, then the Council would seek to recover the full amount of the debt at the beginning of proceedings.

Following questions from Councillor Collop on the Borough Council working with other organisations to prevent fraud happening, the Audit Manager explained that the Borough Council's Housing Section worked with Freebridge Community Housing to prevent benefit fraud. The Council was not involved in any action in respect of potential tenancy fraud.

In response to a question from Councillor Wright, the Audit Manager explained that the Borough Council received an administration grant to undertake the required work on behalf of the Department of Work and Pensions.

**RESOLVED:** The Committee noted the content of the presentation.

The Committee adjourned at 6.06 pm and reconvened at 6.07 pm to allow the additional Members attending for this item to leave the meeting.

ARC105: **SINGLE FRAUD INVESTIGATION SERVICE UPDATE**

In presenting the report, the Audit Manager explained that the Single Fraud Investigation Service (SFIS) was a government project to transfer the investigation of Benefits fraud to a new service within the Department of Work and Pensions. Currently this work was undertaken by the Investigations Unit within the Audit and Fraud Team at the Council.

The Committee was informed that under the current arrangements, as well as Benefit fraud, the Investigations Unit also investigated frauds relating to Council Tax Support and Council Tax and Business Rates exemptions and discounts. This would remain with the Council when SFIS was implemented and would directly affect the revenues collected.

The current position was outlined as detailed in section 2 of the report.

The Audit Manager explained that the implications of the proposed transfer had been discussed with the Personnel Services Manager and a course of action agreed to prepare for the transfer whenever that may be.

Members were informed that over the next couple of months the Audit Manager would assess the level of workload that would be left with the Council once SFIS had been implemented. This would determine what resources would need to be retained and enable more informed consultation with the relevant staff. It was noted that affected staff had been given a copy of the letter and would be kept informed of any further information coming from the Department of Work and Pensions. The letter had been presented to Management Team who had agreed to the work being undertaken by the Audit Manager.

The Audit Manager advised that the Council would be prepared to respond to the transfer of work and ensure the continuation of a fraud investigation capability within the Council for the future.

In response to questions from Councillor Humphrey on the Financial Implications being omitted from the report, the Audit Manager advised that to date the financial implications were not known as further information and guidance was awaited. However, once the information was available, it would be inserted into the report.

Following further questions from Councillor Humphrey relating to staff, the Audit Manager explained that she had held a meeting with all relevant staff. Two employees had indicated that they wished to remain in the Council's employment and responses were still awaited from the other two employees. .

The Audit Manager advised the Committee that once she had assessed the level of workload that would be left with the Council after SFIS had been implemented, a further report would be presented to Members.

**RESOLVED:** To agree in principle that the Council will need to retain an investigative resource post-SFIS and that the approach taken is the most appropriate.

ARC106: **CABINET REPORT: ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY, WHISTLEBLOWING POLICY AND THE FRAUD RESPONSE PLAN**

The Audit Manager presented the report and reminded the Committee that the Council had a suite of anti-fraud documents in place for a number of years, with amendments being made to take account of new legislation, in particular the Bribery Act in 2010. A full review of the documents had now taken place to ensure that they were consistent, up-to-date and fit for purpose.

The main changes to the documents were outlined as detailed in section 2 of the report, as set out below:

- Anti-Fraud and Anti-Corruption Strategy.
- Whistleblowing Policy and Fraud Response Plan.

The Committee was informed that there were no direct financial implications, but indirectly, if the anti-fraud documents were not effective, there could be repercussions as frauds were not prevented or detected.

The Audit Manager explained that the documents must be appropriately linked to the Council's Disciplinary Procedures, as any disciplinary hearing must be conducted in a manner that was consistent with these procedures. It was highlighted that any internal investigation was both consistently carried out and was fair to any employee being investigated.

Councillor Cousins enquired if the fraud documents were audited by any other employees other than the Audit Manager. In response, the Audit Manager advised that the documents were checked by the following officers:

- Deputy Chief Executive.
- Chief Financial Officer.
- Monitoring Officer.
- Personnel Services Manager.

The checking process undertaken by the above officers proved beneficial to ensure that the relevant documents were accurate and fit for purpose.

In response to questions and comments from Councillor Humphrey on paragraphs 5.2 and 4.3, the Audit Manager explained that the responsibility had moved from the Deputy Chief Executive to the Council's Section 151 Officer. The Council's Section 151 Officer was responsible for ensuring that the Council's accounts were properly kept. The Audit Manager undertook to look at amending the wording in the relevant paragraphs.

**RESOLVED:** That Cabinet recommends that Council agree the proposed Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and Whistleblowing Policy.

ARC107: **COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

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

ARC108: **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 27 May 2014**.

**The meeting closed 6.27 pm**