

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 27 May 2014, at 5.30 pm, in Meeting Rooms 1, 2 and 3, King's Court, Chapel Street, King's Lynn

PRESENT:

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

Portfolio Holder:

Councillor N Daubney, Leader and Portfolio Holder for Resources
Councillor A Lawrence, Portfolio Holder for Housing and Community

An apology for absence was received from Councillor T de Winton

ARC1: **MINUTES**

The Minutes of the Resources and Performance Panel – Audit and Risk Committee meeting held on 29 April 2014 were confirmed as a correct record and signed by the Chairman.

ARC2: **DECLARATIONS OF INTEREST**

There were none.

ARC3: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC4: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC5: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC6: **MATTERS REFERRED TO THE COMMITTEE FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS COMMITTEE RECOMMENDATIONS/REQUESTS**

Panel Members noted the response made by Cabinet at its meeting held on 6 May 2014 to the recommendations made by the Resources and Performance Panel – Audit and Risk Committee at its meeting held on 29 April 2014 in respect of the following item:

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

ARC7: **Q4 PROGRESS REPORT**

The Chief Financial Officer presented the report which showed the Internal Audit activity for the quarter January to March 2014 against the Strategic Audit Plan 2013/2014.

The Chief Financial Officer outlined the audit work undertaken in the quarter January to March 2014 as detailed at section 2 of the report.

The Committee was provided with an overview of the work planned for the next quarter April to June 2014. It was noted that as well as completing the ongoing work listed in paragraph 2.3, including the project reviews, the following audits were planned for the next quarter are set out below:

- Procurement Review.
- Planning Support.
- Cemeteries and Crematorium.
- NORA – Joint Venture.
- Annual Governance Statement Review.
- Water Management Alliance.
- PRP Calculation Checks.
- Statement of Accounts Review.

Councillor Humphrey referred to Section 3.1 of the report and asked why 59 audit days had been removed from the plan. In response, the Chief Financial Officer provided an overview of the reasons why the days had been removed. She explained that the following items had been deferred to 2014/2015:

- Cemeteries and Crematorium.
- VAT.
- Care and Repair.
- Revenues and Benefits.

The Chief Financial Officer advised that the audits had been revised and number of audit days adjusted accordingly.

In response to further questions from Councillor Humphrey relating to

section 3.3 of the report, the Chief Financial Officer explained that the target related to the chargeable hours available to undertake the required audit work. She undertook to seek further clarification from the Audit Manager and circulate the information to the Committee.

RESOLVED: The Committee noted the report on the Internal Audit Workplan for January to March 2014.

ARC8: **CORPORATE RISK MONITORING REPORT (OCTOBER 2013 TO MARCH 2014)**

In presenting the report, the Chief Executive reminded Members that the Committee received reports on a half-yearly basis on the position of the Corporate Risk Register, with the last one being presented in October 2013.

In response to questions from Councillor Cousins relating to section 2.4 - Cory Wheelabrator plans to purchase The Willows site, the Chief Executive provided background information regarding the current situation and the decision yet to be announced by the Secretary of State. Councillor Humphrey outlined Norfolk County Council's position in that they were in the process of developing a Waste Strategy and that the decision had been made not to sell The Willows site for six months, after which a decision would be required by Full Council.

Councillor Cousins referred to paragraph 5.11 – Business Rates Appeal and asked what the financial impact of Centrica winning their appeal would be on the Borough Council. In response, the Chief Financial Officer explained that the Revenue Outturn Report would be presented at the next meeting of the Committee. The Revenue Outturn Report would include provision for Business Rates Appeals, including the Centrica Appeal, which would trigger the funding safety net whereby the Council in 2013/2014 would see its rates collection reduce below the base line funding level set by Government. The Council would therefore be liable to cover the first £365,000 of losses and the Government would pick up the remainder of the loss. The Financial Plan for 2013/2014 included a budget of £360,000 to cover this eventuality, providing the auditor accepted the inclusion of the provision for the Centrica appeal in the 2014/15 accounts.

Councillor Collop made reference to the Centrica appeal and commented that this was an unusual situation. In response, the Chief Financial Officer explained that business rates risk/rewards had been transferred from Central Government to Districts. The Committee was advised that 100% provision had been made in the Council's budget for the Centrica power station appeal.

In response to comments made by Councillor Cousins relating to increased business rates income from RAF Marham, the Chief Executive explained that this was potentially the case. Business Rates were calculated on the amount of square metres occupied, but would be based on any net increase of rateable buildings, ie new buildings less any old buildings demolished.

RESOLVED: The Committee noted the report.

ARC9: **ANNUAL REPORT OF INVESTIGATIONS UNIT**

The Fraud Investigations Manager presented the report that provided Members with information regarding the work undertaken during the 2013/2014 financial year and looked forward into 2014/2015.

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. The number of people currently claiming was 14,181. The Housing Benefit cost for 2013/2014 was £40,641,026. The spend on Council Tax Support was £10,861,386. In October 2013 the Benefit Investigations Unit merged with Internal Audit to create an Audit and Fraud Team.

The Fraud Investigations Manager outlined the work undertaken in 2013/2014 as set out at section 3 of the report. The Committee's attention was drawn to the following sections of the report:

- Referrals received.
- Referrals not investigated.
- Referrals passed to Department of Work and Pensions.
- Referrals investigated.

The Fraud Investigations Manager explained that of the 414 cases that were formally investigated, 32 cases resulted in fraud being proven where formal action was taken, as the evidence gained was considered 'beyond all reasonable doubt.' 13 cases were taken forward for prosecution and the sentences given were set out at section 3.4 of the report. Prosecution cases had been reported within the press. In addition, 10 cases were offered and accepted an Administrative Penalty. 9 other cases were offered and accepted a Simple Caution.

The Committee noted the work plan set out at section 5 of the report.

The Fraud Investigations Manager outlined the work completed by Internal Audit on National Fraud Initiative matches, details of which were set out at section 6 of the report.

Councillor Humphrey referred to paragraph 4.3 and asked if the level of overpayments were monitored. In response, the Fraud Investigations Manager explained that the Overpayments Team monitored the level of overpayments of benefits.

In response to questions from Councillor Humphrey relating to cases and

undeclared student loans, the Fraud Investigations Manager explained that all cases referred to in the report were cases where student loans had been recorded.

RESOLVED: The Committee noted the report.

ARC10: **AUDIT AND RISK COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

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

ARC11 **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 **Monday 9 June 2014** at 6 pm in the Committee Suite, King's Court.

The meeting closed 5.55 pm