

AUDIT COMMITTEE

Monday, 14th April, 2008 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

Councillor Turner (Chairman)

Councillor C. Bott

Councillor Clarke

Councillor Cook

Councillor Khan

Councillor Robertson

484/08 Apology

An apology for non-attendance was submitted on behalf of Councillor Martin.

485/08 Minutes

Resolved

That the minutes of the meeting held on 3rd March, 2008, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

486/08 Declarations of Interest

Councillor Robertson declared an interest in New Deal and indicated that he would take no part in any discussion or voting on matters pertaining thereto.

487/08 Deputations and Petitions

No deputations were received or petitions submitted.

488/08 **Local Government (Access to Information) Act, 1985 (as amended)**

Resolved

That the public be excluded from the meeting during consideration of the item set out in the private part of the agenda for the reasons set out therein and Section 100A of the Local Government Act, 1972.

489/08 **Presentation Re: Benefit Fraud**

Craig George, Team Leader, played a DVD regarding Benefit Fraud which had been produced in association with Manchester City Council. A handout regarding the structure of the Revenue and Benefits Investigation Team, the workload, investigation techniques and deterrents was handed to Members present at the meeting:-

(see annexed)

and Craig enlarged upon the report for the benefit of the Committee. He indicated that Benefit fraud cost £900 million per annum or £36 for every household in the country. Walsall had had an Investigation Team for a number of years and currently dealt with 2,000 referrals per annum. Only a small percentage of the 32,000 Benefit claimants in Walsall perpetrated fraud.

Craig referred to the sanctions imposed by the Team and stated that a caution would be issued up to £2,500. Prosecutions could result in a custodial sentence of up to 18 months.

Councillor Robertson asked whether the Team received any malicious referrals. Craig replied that a small percentage turned out to be malicious when they were investigated.

Councillor Robertson referred to the problems of "tat wagons" and to people claiming Benefits. He indicated that this was an increasing problem because of the rise in the price for scrap metals. Craig replied that the Team had had few referrals concerning unlawful scrap metal dealers.

Councillor Clarke referred to the 21 prosecutions carried out by the Investigation Team and asked how successful the Team was in recovering the money which had been fraudulently claimed. Craig replied that the Team were usually successful in recovering most of the money and in obtaining the fine which was also imposed.

Councillor Clarke asked how successful the Team was in getting the message across that Benefit fraud was not a victimless crime. Craig replied that an advertisement was included in Walsall Pride every quarter and in other publications. The Team worked closely with neighbouring Authorities to ensure the message got across. A press statement was compiled annually citing successful prosecutions to help hammer the message home. He added that national advertising campaigns were also making an impact.

Councillor Cook referred to the black economy and “cash in hand”. Craig replied that Data Protection rules applied but information would be passed on to the Department of Works and Pensions wherever possible.

Councillor Cook referred to the fact that taxi drivers from other Local Authorities seemed keen to want to work in Walsall. Craig replied that data matching linked all Local Authorities so shared information could lead to transgressors being caught.

Councillor Bott asked how the Team determined whether to prosecute or caution offenders. Craig stated that if the sum involved was below £2,500, then normally a caution would be issued. Prosecutions were not carried out for less than £4,000 as Magistrates tended to criticise the Council for wasting their time if it was below that level. He indicated that policy was reviewed annually and it was intended to raise the threshold to £5,000 at the next review. He added that if a member of staff was caught defrauding the system, then strong measures would be taken because of the breach of trust involved.

David Blacker reported that in such cases, disciplinary action would be taken against the employee.

Councillor Khan asked whether the Team had sufficient resources to deal with its case load. Craig replied that he felt the Team was the correct size for the current number of complaints.

Resolved

That the presentation be noted.

Non-Executive Functions

490/08 Submission of internal audit reports for scrutiny

A report was submitted:-

(see annexed)

David Blacker enlarged upon the report for the benefit of the Committee. Following questions from Members it was,

Resolved

That the contents of the report be noted.

491/08 **Annual Governance Statement and the Draft Local Code of Governance**

A report was submitted:-

(see annexed)

Vicky Buckley made a PowerPoint presentation regarding the Annual Governance Statement and Local Code of Governance. A copy of the slides used was circulated to Members present at the meeting:-

(see annexed)

Vicky reported that the Annual Governance Statement (AGS) had replaced the Statement on Internal Control (SIC).

At this point in the meeting, the fire alarm went off and the meeting was adjourned at 6.46 p.m. so the building could be evacuated. Following the all clear, the meeting re-convened at 7.02 p.m.

Vicky drew attention to the purpose and contents of the Annual Governance Statement and, referring to the Local Code of Governance, drew attention to the 6 core principles of good governance. She suggested that the Council should test itself against these principles. She indicated that this discussion constituted a training session on the new Annual Governance Statement, together with a refresher on the Statement of Internal Control process and how assurance could be gathered. She continued that the Annual Governance Statement covered wider issues around values, conduct and behaviour more explicitly than the Statement of Internal Control had done and highlighted the fact that CIPFA/SOLACE had published a local code as best practice and the Local Authority was planning to produce its own code which would bring together and publish a governance framework. She reminded the Committee of their role, the areas of assurance that would be expected, the process and timetable for reporting the findings of the review of the effectiveness of internal control and internal audit and for the production and presentation of the Annual Governance Statement for approval and sign off. She requested the Committee to endorse the Code of Governance. Further briefings would be made available to any new Members and/or those Members who requested it.

Following questions from Members it was,

Resolved

That the Committee:-

- (1) Notes the presentation;
- (2) Notes that the Statement of Internal Control has been replaced by the requirement for an Annual Governance Statement (AGS) to be published with the Annual Statement of Accounts;
- (3) Notes and endorses the draft Local Code of Governance attached to the report now submitted (subject to minor final amendment) that will be utilised to assist in the assurance gathering process for the Annual Governance Statement;
- (4) Delegates authority to the Chief Financial Officer to make final minor amendments to the Local Code and disseminate it throughout the organisation, ensuring corporate buy-in and ownership of the Code;
- (5) Notes that the Annual Governance Statement will be produced and presented to Audit Committee at their meeting in June prior to consideration and approval of the Annual Statement of Accounts;
- (6) Agrees to consider the need for further training/briefings on the Annual Governance Statement requirement and the timing of this.

492/08 **Private Session**

Exclusion of Public

Resolved

That, during consideration of the remaining item on the agenda, the Committee considers that the item for consideration is exempt information by virtue of the appropriate Paragraphs of Part 1 of Schedule 12A of the Local Government Act, 1972, as amended, and accordingly resolves to consider that item in private session.

493/08 **Risk Management Update 2007/08**

A report was submitted:-

(see annexed)

Ann Johnson enlarged upon the report and, referring to Appendix 2, indicated that four risks had increased, six had reduced and one had been managed out.

Councillor Turner suggested that Risks 11a and 57 should be selected for review.

Ann stated that additional training would be carried out after the local Elections in May on risk assessment. During the training session, a risk assessment of Audit Committee would be carried out.

Councillor Robertson referred to Risks 74 and 75 contained in Appendix 1 to the report and replied that these were new risks which had only recently been added to the register.

Resolved

That the Committee:-

- (1) Notes the current risk register (Appendix 1 refers) and the action taken in progressing the corporate risk management action plan (Appendix 3 refers);
- (2) Selects Risks 11a and 57 from the strategic risk register for review at a future meeting;
- (3) Notes the work in progress to manage the comprehensive performance assessment key lines of enquiry for 2008 and 2009.

(Exempt information under Paragraphs 1 and 8 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

Termination of meeting

There being no further business, the meeting terminated at 7.40 p.m.

Chairman:

Date: