

AUDIT COMMITTEE

Tuesday, 28th April, 2009 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

Councillor Turner (Chairman)
Councillor Martin (Vice-Chairman)
Councillor Chambers
Councillor Robertson
Councillor Rochelle
Councillor D. Shires
Ms. K.M. McLeod (Independent Member)

587/09 Apologies

There were no apologies submitted for non-attendance.

588/09 Minutes

Resolved

That the minutes of the meeting held on 2nd March, 2009, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

589/09 Declarations of Interest

There were no declarations of interest.

590/09 Deputations and Petitions

No deputations were received or petitions submitted.

591/09 **Local Government (Access to Information) Act, 1985 (as amended)**

Resolved

There were no items to be considered in the private session of this meeting.

592/09 **Presentations**

Revenues and Benefits

Craig George (Investigations/HBMS Team Leader) made a presentation regarding the work of the Benefit Fraud Investigation and HBMS Team. He reported that the team had been in place for a number of years. Referring to the National Fraud Initiative, Craig advised that all data was matched to determine the size and scope of benefit fraud.

Craig drew attention to the number of cases of fraud where prosecution had been undertaken. He indicated that the number of prosecutions had gone up year on year.

In the last financial year, £473,000 of overpaid benefit was identified via the cases that were suitable for sanction activity. 28 prosecutions had been carried out, plus 23 Administration Penalties and 82 cautions had been issued. He added that benefit fraud was made high profile to deter people from committing benefit fraud. The unit could be contacted by telephone or via the Council's website (follow the benefits link) and worked with the Department of Works and Pensions, the Police and other stakeholders to reduce benefit fraud.

With regard to training, Craig reported that all benefits staff received Fraud Awareness training via a package purchased from Meritec. The training is updated annually and the basic package can be tailored for individual tuition. He added that consideration was being given to including it in the Council's staff induction programme.

Councillor Chambers asked whether the Investigation Team benchmarked with other Local Authorities to share best practice. Craig George confirmed that the unit shared best practice and benchmarking with other West Midlands Councils, other organisations nationally and through CIPFA.

Councillor Robertson asked how the Investigation Team determined which cases to investigate. Craig George replied that a scoring matrix was used to determine which cases should be pursued. He added that increasingly, data matching was becoming the primary source for referrals.

Councillor Robertson asked if the Investigation Team used surveillance. Craig George replied that the team did use surveillance in appropriate cases but fully complied with the Council's surveillance procedures and the legislation. RIPA (Regulation of Investigatory Powers Act), the legislation covering surveillance, was the subject of regular inspection by the OSC (Office of the Surveillance Commissioners) and the latest report on Walsall Council was complimentary on the Investigation Team's approach to the use of these powers.

Councillor Rochelle referred to the increasing levels of Incapacity Benefit and asked if there had been a corresponding increase in Incapacity Benefit fraud. It was reported that this was a benefit paid by the Department of Works and Pensions and that they had measures in place to fully investigate any allegations of potential Incapacity Benefit fraud. The DWP monitored the level of fraud within the benefit system and reported on any changes in levels through the appropriate channels.

Councillor Martin asked who could authorise the use of surveillance. Craig George replied that the Chief Executive had responsibility to delegate the authorisation to specified officers; the Head of Benefits had the responsibility for Benefit Investigations.

Councillor Martin asked about the increased use of computers in detecting fraud and whether claimants who were living abroad could be targeted. Craig George replied that data protection can be an issue when using computer data. However, the use of data matching was bringing about improvements in this area of work. With regard to claims being made by people who were actually living abroad, investigation officers can obtain information on individuals who may fit this criterion and use it as part of any investigation. Data matching also worked well as an investigatory tool in this particular area.

Questions were raised about recent proceeds of crime legislation and legal costs. Craig George replied that the team hoped to use proceeds of crime legislation shortly. With respect to legal costs, an excellent working arrangement had been developed with Legal Services to keep costs down.

Resolved

That the presentation be noted.

Strategic Risks 20 and 21

Brian Kelly made a PowerPoint presentation with the aid of slides regarding strategic risks 20 and 21.

A copy of the slide presentation was handed to Members present at the meeting:-

(see annexed)

Brian Kelly explained the need for strategic risks 20 and 21 and to the fact that as the needs of the organisation changed, so the computing systems to achieve them changed also. He added that the current ICT unit reflected the council's increased use of technology.

Councillor Shires asked about the life of computer systems. Brian Kelly replied that they could have lives as short as six months or last from 5 - 10 years depending on the application. He added that a health check of the Walsall system had been carried out and areas of concern had been identified.

In response to further questions from Members, Brian Kelly reported that a culture of change was becoming embedded and problems of duplication were gradually being removed.

Resolved

That the presentation be noted.

593/09

Audit Committee Risk Register

A Briefing Note and the Risk Register was submitted:-

(see annexed)

Ann Johnson, Corporate Risk and Insurance Manager, enlarged upon the Briefing Note and reminded Members that a workshop regarding risk management had been held in September, 2008. It was agreed at a subsequent meeting that risk management action plans would be developed and that the Committee's risk register would be reviewed as part of the work plan and refreshed on a quarterly basis.

Resolved

That the Briefing Note and Risk Register be noted.

594/09

Submission of internal audit reports for scrutiny

A report was submitted:-

(see annexed)

David Blacker, Chief Internal Auditor, enlarged upon the report and informed Members that 11 actions had been agreed in respect of Darlaston Sure Start and 17 in respect of Stroud Avenue Children's Centre. He stated that the Head of Property Services had confirmed that procedures had now been tightened up and arrangements were now much improved. Internal Audit would be undertaking contract reviews in the near future to confirm that improvements were in place.

Jon Roberts (Grant Thornton) requested that any unauthorised costs be regularised as a matter of urgency to avoid the possibility of a legal challenge.

Councillor Turner indicated that it was hoped to spot check contracts to prevent this happening again.

Councillor Robertson expressed concern that procedures had not been followed when these contracts were let. He asked whether other Sure Start contracts had been scrutinised.

Councillor Rochelle suggested that a checklist should be drawn up so that it would become immediately apparent if procedures were not being followed.

Councillor Martin felt that contracts should be subject to spot check on a regular basis and that Directors should be made more accountable if financial and contract rules were not adhered to. She suggested that a Committee or Sub-Committee should be set up to scrutinise contracts on a regular basis.

Kate McLeod (Independent Member) concurred that it would be helpful if mistakes were corrected as expeditiously as possible.

David Blacker reported that these particular contracts dated back to 2005 and staff that had been involved in their management no longer worked for the Authority. He added that he had been advised that new practices were being embedded and procedures tightened up. Additionally, a procurement code was being developed.

Within the code it will be proposed that a Board be set up within each Directorate to monitor and scrutinise contract work.

Councillor Mrs. Shires expressed concern that certain areas of the council were still not contract compliant.

Councillor Turner questioned whether there should be a Contract Unit set up to oversee all council contracts.

Councillor Robertson asked whether the council could face a challenge as a result of the findings of the audit investigation. Tony Cox (Head of Law - Contentious) commented that as these breaches had occurred in 2005, it was unlikely that any challenge would be forthcoming now. He stressed the importance of contract procedure rules being followed meticulously.

In referring to the proposed procurement code, James Walsh suggested that the code should be considered by the Committee before being put in the public domain.

After further discussion it was,

Resolved

That the report be noted.

595/09

Annual audit and inspection letter

A report of the Audit Commission was submitted:-

(see annexed)

Gary Stevens (Audit Commission) enlarged upon the report and referred to the key messages and action needed by the Council contained on page 3 of the report. He drew attention to the Council's performance in the CPA (3 star) and to the direction of travel which was "improving well".

Jon Roberts (Grant Thornton) referred to the section of the report concerning the audit of accounts and value for money. He indicated that the accounts had been compiled well and the level of expertise was good. The fact that an accounts workshop had been held and the level of Member involvement in the process had helped the Council. Value for money and use of resources were also good. Risk management was successful and the Council facilitated change well. He added that Building Schools for the Future would be scrutinised in future years. He was pleased with the way the first audit had gone and had enjoyed working with Walsall's officers.

With reference to grant claims, Jon Roberts expressed concern over the claims at Sure Start grant funded services. He suggested that assurances should be sought that grant claims would be assessed accurately and in time.

Councillor Turner expressed concern at Serco's failure to improve Sure Start's grant claims.

James Walsh stated that officers were looking to improve the situation by obtaining assurances from Serco and Sure Start that grant claims would be processed properly. He added Directors would be held to account over late grant claims.

Councillor Robertson asked about the timescale for the proposed action. James Walsh replied that the action would be taken during June and July, 2009.

Councillor Martin referred to Paragraph 51 on page 15 of the report and to decreasing the deficit on the income and expenditure account by £0.5 million. She asked if the adjustment had had any effect on general fund reserves. James Walsh confirmed that the adjustment had had no impact on general fund reserves.

Councillor Turner commented that the inspection letter produced a good report for the Council and its employees. He requested that officers be thanked for all the work that had been put into achieving the Council's present position. He also thanked the Audit Commission for their input to the report.

Resolved

That the annual audit and inspection letter be noted.

596/09

Proposed draft amendments to officer delegations under Part 3.5 of the Council's Constitution

The report of the Executive Director for Resources was submitted:-

(see annexed)

Tony Cox (Head of Law - Contentious) enlarged upon the report for the benefit of the Committee. He stated that the amendments to the Constitution would be referred to Council for endorsement in May. He continued that the changes had been explained to all Members of the Council and copies of the amendments had been supplied to all Group rooms. A hyperlink would be attached to the Intranet to provide easier access and improve transparency.

It was proposed to amend officer delegations on an annual basis from now on and Member training would also be offered.

Referring to the questions raised by Members at the last meeting regarding bus shelters and advertising on lamp columns, Tony Cox reported that the Council did have an input into the siting of bus shelters.

With regard to advertising on lamp columns, only limited numbers of adverts had appeared on lamp columns because there was a requirement for planning permission to be obtained which created delays.

Resolved

That Annual Council be recommended to agree the amendments to officer delegations under Part 3.5 of the Council's Constitution, subject to any further minor alterations that may arise.

597/09

Final meeting in 2008/09

Councillor Turner reminded Members that this was the last meeting of the Committee for this Municipal Year. He thanked Members and officers for their hard work and effort during 2008/09.

Termination of meeting

There being no further business, the meeting terminated at 8.17 p.m.

Chairman:

Date: