

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in Civic Suite, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 2 December 2015.

PRESENT: Councillor M Francis – Chairman.
Councillors T D Alban, E R Butler,
Mrs P A Jordan and R J West.

33. MINUTES

The Minutes of the meeting held on 16th September 2015 were approved as a correct record and signed by the Chairman.

34. MEMBERS' INTERESTS

There were no declarations of interest received from those Members that were present.

35. CORPORATE GOVERNANCE PANEL PROGRESS REPORT

The Panel received and noted a report (a copy of which is appended in the Minute Book) of actions taken in response to previous decisions.

Having considered the report the Panel agreed to the deletion of those items indicated as being removed from future reports.

The Chairman noted that he had agreed the Council's response with the Internal Audit and Risk Manager to the Chartered Institute of Public Finance and Accountancy (CIPFA) consultation paper on Delivering Good Governance in Local Government: A Framework, which had been submitted on 24th September 2015.

36. CORPORATE FRAUD WORKPLAN AND PROSECUTION POLICY

The Panel received a report from the Benefits Manager (a copy of which is appended in the Minute Book) regarding the Workplan for the Corporate Fraud Team following the transfer of Housing Benefit fraud investigations to the Department for Work and Pensions (DWP).

In May 2015 the responsibility for investigating allegations of Housing Benefit fraud transferred to the DWP. Three Investigating Officers transferred to the DWP and the in-house team now consisted of a Team Leader, one Investigating Officer and an Intelligence Officer.

It was explained to the Panel that the Workplan had been developed around the types of fraud that currently formed the majority of the work for the Team, as well as new and emerging threats, including Council Tax Support fraud; Council Tax discount fraud; Housing Tenancy fraud and Business Rates fraud. The Corporate Fraud Team had been working with service areas across the Council and

other partners to determine the level of fraud risk they encountered to establish how the Corporate Fraud Team could assist in reducing risk and investigating allegations of fraud.

In addition the Council had been the lead authority representing Cambridgeshire in securing funding from the Department for Communities and Local Government to establish a countywide initiative called the Cambridgeshire Anti-Fraud Network (CAFN). The principle aim of CAFN had been the creation of a central data-sharing hub across Cambridgeshire to assist in the detection and investigation of tenancy fraud and other fraud identified/reported across the County. Although CAFN was still in its infancy, it was noted that as a result of Cambridgeshire authorities working together over £1 million of fraud had been identified across the County.

With different types of fraud being investigated, required the Fraud Prosecution Policy to be amended to include reference to the legislation used in prosecuting these new areas. The Panel endorsed the recommendations to the Cabinet on the Fraud Prosecution Policy that established the legislation and process that Investigating Officers must adhere to when considering the action to take following fraud investigation.

The Panel had previously agreed that the subject of a new Fraud Working Group would not be considered until the Work Programme of the Corporate Fraud Team had been agreed. The Corporate Fraud Team's remit focused on Council services most at risk from fraud and loss and as the Team had been in its new format since May 2015, it was still establishing priorities for the future. The work of the Corporate Fraud Team was reported to the Corporate Governance Panel on an annual basis. In addition, monitoring the delivery of the Workplan was to be overseen by the Executive Councillor for Customer Service. The Panel concurred that this was sufficient and that the formation of the Fraud Working Group would not add further value at this time.

The Panel considered whether it wished to receive reports on a more frequent basis. However, as the Annual Report on the Corporate Fraud Team was scheduled to be presented to the Panel in June 2016, the Panel were satisfied with this approach.

Having noted that a number of new and emerging frauds had been identified including Right To Buy (RTB) fraud, it was explained to the Panel that proposed changes to legislation could mean that Housing Associations would become increasingly at risk from RTB fraud. In order to combat this, the Corporate Fraud Team were working with Housing Association partners to establish whether their procedures for processing RTB applications were robust and how the Corporate Fraud Team could assist to ensure that only genuine applications were accepted.

Allegations of fraud were encouraged to be reported to the Council via a number of methods including a 24-hour telephone line (automated voicemail system) that was checked daily; email; on-line referral forms; and at any of the Council's offices or in writing.

Prosecutions were regularly publicised in the local press as both a

deterrent to prospective fraudsters and as a way of encouraging further referrals.

It was explained to the Panel that fraud was identified via data matching using various databases such as Council Tax, Electoral Roll and that information was shared via CAFN and other partners such as the Police.

The Panel acknowledged that despite changes within the Team, that performance during 2015/16 had demonstrated that it continued to be a valuable asset to the Council in combating fraud. The Panel enquired whether the reduced size of the Corporate Fraud Team could leave the Council at risk and how it compared to other authorities. In response the Panel was informed that the size of the Fraud Team varied amongst authorities, particularly as Government funding had ceased. Having a Corporate Fraud Team was a deterrent and also generated income via prosecutions. It was considered that the size of the Corporate Fraud Team was currently sufficient to address its Workplan and that data matching allowed for joint working and information from a variety of sources to be compared. As a consequence surveillance was not required as a tool for identifying fraud.

Having fully considered the report, the Panel

RECOMMENDED

that the Cabinet:

- i. approve the Corporate Fraud Team Workplan 2015/17, attached as Appendix 1 of the Officer's report;**
- ii. approve the revised Fraud Prosecution Policy, attached as Appendix 2 of the Officer's report; and**
- iii. endorse the recommendation that monitoring of the delivery of the Workplan be overseen by the Executive Councillor for Customer Services alongside annual reports to the Corporate Governance Panel.**

37. OVERVIEW AND SCRUTINY PANEL STRUCTURE: CHANGES TO THE CONSTITUTION

By way of a report from the Policy, Performance and Transformation Manager (a copy of which is appended in the Minute Book), the Panel considered the proposed changes to the Council's Constitution to amend the structure of the Council's Overview and Scrutiny Panels.

Having noted that the proposed changes had recently been endorsed by the Overview and Scrutiny Panels, the Corporate Governance Panel agreed with the Officer's recommendation, subject to the removal of 'MTP' from paragraph 1.5 as detailed in Appendix 1 of the Officer's report. Whereupon, the Panel

RECOMMENDED

that the Council approve the amendments to the Constitution to reflect the new structure for the Council's Overview and Scrutiny Panels, as detailed in Appendix 1 of

the Officer's report, with effect from 1st January 2016, subject to the removal of MTP as follows:

'1.5 Overview and Scrutiny Panel (Finance and Performance)

Will contribute to the development of, and review the effectiveness of, the Council's Financial Strategy, MTP, Treasury Management and annual budget.'

38. EXTERNAL AUDIT ANNUAL AUDIT LETTER 2014/15

The Panel received a report by the Head of Resources (a copy of which is appended in the Minute Book) regarding the 2014/15 Annual Audit Letter. The 2014/15 audit of the Council's Annual Financial Report, the Annual Governance Statement and relevant grant claims had been completed. Consequently, the Panel noted the Council's External Auditor's, PricewaterhouseCoopers LLP (PwC), Annual Audit Letter which they were required to issue. The Annual Audit Letter was a digest of the Auditor's findings, recommendations and fees in respect of 2014/15 and concluded the annual audit process.

Referring to the concluding page of the Annual Audit Letter regarding the final fees for conducting the audit, the Panel commended Officers as no additional work had been required and therefore the Council had not incurred any additional fees to that budgeted.

In noting that the Annual Audit Letter was easy to understand, the Panel hoped that the Council's new Auditors would replicate the high standards of PricewaterhouseCoopers LLP (PwC), and

RESOLVED

to note the 2014/15 Annual Audit Letter.

39. INTERNAL AUDIT SERVICE: INTERIM PROGRESS REPORT

By way of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel received details on the work completed by the Internal Audit Service during the period April to October 2015, together with associated performance issues.

The Panel was informed of key issues that had impacted on the work of the service including that no IT audit reviews had been completed in the period. This was due to the IT audit contract that ended in January 2015 not being re-let. The Internal Audit and Risk Manager had decided not to re-let the contract on account of uncertainty as to which authority would be the employing authority for the IT service under the shared services project and the work to examine options for developing an alternative internal audit service delivery model.

The Council had since become the employing authority for IT staff and responsible for the delivery of IT services to the three Councils. However, the Internal Audit Service had been considered for inclusion in phase two of the shared service project and the Internal Audit and Risk Manager had led on reviewing alternative service delivery options for internal audit across the three partner Council's. As yet no

decision had been taken as to the preferred method of delivery.

It was reported that once the shared service decision was known, and if it was appropriate to do so, contractors would be appointed to undertake IT audit reviews during the current financial year. This would leave the option available to seek a longer term partner from 2016/17 onwards who would not only provide IT audit services but also provide advice on developing an alternative service delivery model.

Whilst the lack of IT audit was a concern, the Panel had been informed that some of the risks associated with the lack of audit reviews had been mitigated by the Cabinet Office renewing the Council's Public Services Network (PSN) compliance certificate. Therefore the Council had demonstrated that its infrastructure was sufficiently secure and that its connection to the PSN did not present an unacceptable risk to the security of the network.

Having referred to the debts that remain uncollected through the accounts receivable process and the risk that debts might not be pursued, recovered or might become time-barred, the Panel had been assured that the Head of Resources was aware of the matter and was undertaking work to resolve the issue.

The Panel expressed concern at the declining service delivery target for 'complete audit fieldwork by date stated on the audit brief', currently at 33%. It was explained that due to the variable hour contracts that the Internal Audit Team worked, it was difficult to reschedule meetings cancelled at short notice and this was impacting upon the target. It was further explained that the Head of Resources had emailed Managers to explain the importance of these meetings and would be closely monitoring progress, looking to see an improvement by the time the Annual Report of the Internal Audit Service was presented to the Panel. Subsequently the Panel tasked the Head of Resources to improve the declining service delivery target and that progress be reported to the next meeting of the Panel. Whereupon it was

RESOLVED

that the Panel:

- i. notes the Internal Audit and Risk Managers 'adequate assurance' opinion over the internal control environment and system of internal control;
- ii. notes that whilst no IT audit reviews had been completed in the financial year to date, the assurance that could be obtained from the Council obtaining Public Sector Network compliance;
- iii. notes that a replacement audit actions monitoring system was to be purchased; and
- iv. tasks the Head of Resources to improve the declining service delivery target regarding 'complete audit fieldwork by date stated on the audit brief' and that progress be reported to the next meeting of the Panel.

40. IMPLEMENTATION OF AUDIT ACTIONS

The Panel received and noted a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) which provided performance information regarding the implementation of agreed internal audit actions for the year ending 31st October 2015.

Four actions had not been introduced, but despite targets not being achieved performance was improving. The Internal Audit and Risk Manager expressed appreciation to the Panel for the support they have given to achieve this level of performance.

In response to questions by the Panel it was explained that since the publication of the report one of the four outstanding actions, relating to the procedure notes for One Leisure Impressions, was now complete, which would be included in the next report the Panel received.

The three outstanding actions related to cross Council arrangements for CCTV; overtime arrangements; and the identification of post holders responsible for circulating details on changes to legislation. Previously this was the responsibility of Legal. However, as Legal Services was now part of LGSS it was suggested that Managers should be responsible for updating Officers regarding changes to legislation. Whereupon it was

RESOLVED

that the Panel note the report.

41. WORK PROGRAMME AND TRAINING

By way of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel received and approved details of their anticipated work programme for the ensuing year.

The Panel was informed that a Special Meeting of the Corporate Governance Panel was required to consider the Review of the Constitution and of the tentative date scheduled prior to the Special Meeting of Council in February 2016. Due to existing commitments of the Panel, it was agreed that the Special Meeting of the Corporate Governance Panel would be held on Monday 25th January 2016.

As a result of the requirement for a Special Meeting it was agreed that the Chairman would discuss the Panel's future training with the Internal Audit and Risk Manager.

Prior to concluding the meeting the Panel were introduced to Mr Rob Murray, from Ernst and Young, the Council's new External Auditors, who had been seated in the public gallery. Whereupon the Panel

RESOLVED

to note the programme of work and the proposed training.

Chairman