
Corporate Governance Panel

Report of the meeting held on 2nd December 2015.

Matters for Decision

22. 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 reproduced as Appendix A hereto), having been considered by the Overview and Scrutiny Panels (Social Well-Being), (Economic Well-Being), (Environmental Well-Being) (Item No's. 22, 29 and 25 of their reports respectively refer) the Panel has 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 have recently been endorsed by the Panels, the Corporate Governance Panel agreed to recommend the amendments to Council, subject to the removal of MTP from paragraph 1.5 as detailed in Appendix 1. Whereupon, the Panel

RECOMMENDS

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.'

Matters for Information

23. CORPORATE GOVERNANCE PANEL PROGRESS REPORT

Details of actions taken in response to recent discussions and decisions have been noted by the Panel.

24. CORPORATE FRAUD WORKPLAN AND PROSECUTION POLICY

The Panel has received 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 consists of a Team Leader, one Investigating Officer and an Intelligence Officer.

The Workplan has been developed around the types of fraud that currently form 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 has been working with service areas across the Council and other partners to determine the level of fraud risk they encounter to establish how the Corporate Fraud Team can assist in reducing risk and investigating allegations of fraud.

In addition the Council has 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 has 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 is still in its infancy, it has been noted that as a result of Cambridgeshire authorities working together over £1 million of fraud has been identified across the County.

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

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

The Panel has considered whether it wished to receive reports on a more frequent basis. However, as the Annual Report on the Corporate

Fraud Team is scheduled to be presented to the Panel in June 2016, the Panel are satisfied with this approach.

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

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

Prosecutions are regularly publicised in the local press as both a deterrent to prospective fraudsters and as a way of encouraging further referrals.

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

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

25. EXTERNAL AUDIT ANNUAL AUDIT LETTER 2014/15

The 2014/15 audit of the Council's Annual Financial Report, the Annual Governance Statement and relevant grant claims is now complete. Consequently, the Panel has noted the Council's External Auditor's, PricewaterhouseCoopers LLP (PwC), Annual Audit Letter which they are required to issue. The Annual Audit Letter is a digest of the Auditor's findings, recommendations and fees in respect of 2014/15 and concludes the annual audit process.

Referring to the final page of the Annual Audit Letter regarding the final fees for conducting the audit, the Panel has commended Officers as no

additional work had been required and therefore the Council has not incurred any additional fees to that budgeted.

It has been noted that the Annual Audit Letter is easy to understand and the Panel has hoped that the new Auditors will be able to replicate the high standards of PricewaterhouseCoopers LLP (PwC).

26. INTERNAL AUDIT SERVICE: INTERIM PROGRESS REPORT

The Panel has 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 has been informed of key issues that have impact on the work of the service including that no IT audit reviews have been completed in the period. This is due to the IT audit contract that ended in January 2015 not being re-let. The Internal Audit and Risk Manager has decided not to re-let the contract on account of uncertainty as to which authority would become 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 has 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 has been considered for inclusion in phase two of the shared service project and the Internal Audit and Risk Manager has led on reviewing alternative service delivery options for internal audit across the three partner Council's. As yet no decision has been taken as to the preferred method of delivery.

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

Whilst the lack of IT audit is a concern, the Panel has been informed that some of the risks associated with the lack of audit reviews has been mitigated by the Cabinet Office renewing the Council's Public Services Network (PSN) compliance certificate. Therefore the Council has demonstrated that its infrastructure is sufficiently secure and that its connection to the PSN does 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 may not be pursued, recovered or may become time-barred, the Panel has been assured that the Head of Resources is aware of the matter and undertaking work to resolve the issue.

The Panel has expressed concern at the declining service delivery target for 'complete audit fieldwork by date stated on the audit brief',

currently at 33%. It has been explained that due to the variable hour contracts that the Internal Audit Team work it is difficult to reschedule meetings cancelled at short notice and this is impacting upon the target. The Head of Resources has emailed Managers to explain the importance of these meetings and will be closely monitoring progress and is looking to see an improvement by the time the Annual Report of the Internal Audit Service is presented to the Panel.

Whilst noting the Internal Audit and Risk Managers adequate assurance opinion over the internal control environment and system of internal control; that no IT audit reviews have been completed in the financial year to date; and that a replacement audit actions monitoring system is to be purchased, the Panel has tasked 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 is to be reported to the next meeting of the Panel.

27. IMPLEMENTATION OF AUDIT ACTIONS

Performance information regarding the implementation of agreed internal audit actions for the year ending 31st October 2015 has been presented to the Panel. Four actions have not been introduced, but despite targets not being achieved performance is improving. The Internal Audit and Risk Manager has 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 has been explained that since the publication of the report one of the four outstanding actions, relating to the procedure notes for One Leisure Impressions, has now been completed, which will be included in the next report that the Panel receives.

The three outstanding actions relate 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 is now part of LGSS it is suggested that Managers should be responsible for updating Officers regarding changes to legislation.

28. WORK PROGRAMME AND TRAINING

Members of the Panel have received and approved details of their anticipated work programme over the ensuing year.

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

As a result of the Special Meeting it has been agreed that the Chairman will 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.

M Francis
Chairman