

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held at the **Main Committee Room, Council Offices, Brympton Way, Yeovil BA20 2HT on Thursday 26 February 2015.**

(10.00 - 10.55 am)

Present:

Members: Councillor Derek Yeomans (Chairman)

John Calvert
Tony Lock
Ian Martin

David Norris
John Richardson
Colin Winder

Officers

Anne Herridge
Donna Parham
Tom Chown
Lynda Creek
Karen Gubbins
Andrew Ellins

Democratic Services Officer
Assistant Director (Finance & Corporate Services)
Fraud Intern
Fraud and Data Manager
Principal Accountant (Exchequer)
SWAP

Also Present:

Cllr Graham Middleton SSSDC

61. Minutes (Agenda Item 1)

The minutes of the meeting held on 22nd January 2015, copies of which had been circulated, were taken as read, and having been approved as a correct record were signed by the Chairman.

62. Apologies for absence (Agenda Item 2)

An apology for absence was received from John Dyke. and Terry Mounter.

63. Declarations of Interest (Agenda Item 3)

With reference to Agenda Item 7, Councillor John Calvert declared that his son worked for one of the banks referred to in the report.

64. Public question time (Agenda Item 4)

There were no members of the public present.

65. Date of the Next Audit Committee (Agenda Item 5)

Members noted that the next scheduled meeting of the Audit Committee would be held on **Wednesday** 25th March 2015.

66. 2014-15 SWAP Internal Audit Quarter 3 Update Report (Agenda Item 6)

The Audit Manager – SWAP – presented the report as detailed in full in the agenda and asked members to note that the Key Controls, Finance Audits – Main Accounting and Treasury Management had now been completed with an opinion of reasonable assurance.

He also made reference to the planned audit of the Payroll Service - New System, that had been deferred due to the timing of the audit which, had it been carried out when intended, would have had no value.

During discussion it was noted that the Streetscene Service now came under the remit of Environmental Health and appeared to be more effective. An update report on the service would be presented to Audit Committee members in the next few months.

With reference to the Printing Service, the Assistant Director Finance and Corporate Services said that all managers had been sent a clear message that as much internal printing as possible should be carried out by the perfectly good 'in-house' Printing Service which in turn could lead to a reduction in costs.

Members were content to note the progress made.

RESOLVED: that members of Audit Committee note the progress made.

67. Treasury Management Performance Qtr 3 Update (Agenda Item 7)

The Principal Accountant – Exchequer presented the report which reviewed the treasury management performance and activity for the period ending 31st December 2014. She asked members to note that there would be an overall favourable variance in the order of £215,300 at the end of the financial year.

In response to a query the Assistant Director Finance and Corporate Services explained that the £1,000,000 invested with the Bank of Scotland was now back with SSDC. She also explained that as a non-pension Authority, SSDC could not invest in the stock market.

RESOLVED: .That the Audit Committee noted:

The Treasury Management Activity for the nine-month period ended 31st December 2014 and;

The position of the individual prudential indicators for the nine-month period ended 31st December 2014.

68. Certification of Claims Report (Agenda Item 8)

The Assistant Director – Finance and Corporate Services introduced the updated report from the external auditors Grant Thornton on their findings from the signing off of the Housing Benefit Subsidy claim 2013/14. As detailed in the report SSDC had now been

able to provide analysis so that a fairer method of calculation could be provided to the DWP through the appeal process. The outcome had now been certified by Grant Thornton and a final decision through the grant process had been accepted by the DWP that they now owed SSDC £23,477.

The Chairman thanked the Benefits and Controls Officer for her hard work in dealing with the issue and the positive outcome.

RESOLVED: That the Audit Committee noted:

The contents of the Certification of Claim Report for 2013/14 and.

The positive outcome from the appeal to the Department for Work and Pensions (DWP).

69. Update on the Counter Fraud work (Agenda Item 9)

The Fraud and Data Manager presented the report as detailed in the agenda she advised the committee that since attending the Audit Committee last year, it had now been confirmed that from 1st June 2015, the investigation of benefit fraud would transfer over to the Single Fraud Investigation Service (SFIS) run by the Department of Work and Pensions (DWP). From then on, all current and future fraud investigations involving housing benefit (HB) and historical council tax benefit (CTB) would be run by SFIS. After the transfer, there would be considerable residual counter fraud work remaining at SSDC which would need to be resourced.

The Fraud and Data Manager informed members that a meeting had recently been held between SSDC, Taunton Deane and West Somerset Councils regarding the proposed match funding from the Department of Communities and Local Government (DCLG). To date, only SSDC had made any additional in house provision for counter fraud work funding. On the whole the meeting had been positive; although further work was needed to clarify what roles would stay within the Authority and the role that SWAP would carry out as different skill sets were required.

The Assistant Director Finance and Corporate Services explained that there would have to be a clear contractual arrangement between SSDC and SWAP an update report would be presented to Audit Committee members in 3 months' time.

In response to member's questions the Assistant Director Finance and Corporate Services and the Fraud and Data Manager replied that:

- The names of fraudulent claimants were already sent to the Western Gazette for publication;
- The legal costs of prosecuting offenders was high, evidence was required to prove beyond reasonable doubt;
- Levying fines was cheaper than prosecution and SSDC could keep any fines collected;
- There was not enough resource to prosecute all offenders but benefit could be ended if evidence showed the claim was wrongly claimed
- With reference to Corporate Fraud, prevention was better than detection, managers needed to be made more aware;
- More resource was required in order to be able to highlight fraud in the first instance;
- Regular annual audits of income collections were carried out;

- It was hoped that all staff would eventually have Fraud Awareness training possibly by way of an electronic module; the corporate system 'Netconsent' was being introduced whereby unless training had been completed a user could be prevented from accessing the computer.

In conclusion the chairman thanked the Fraud Intern for the work he had carried out in drafting the new Counter Fraud policy and hoped his placement might be extended as the skills he had learnt were invaluable to SSDC.

Audit Committee members were content to note the key issues around resourcing of counter fraud work in the future but recommended that resources were increased to ensure the staffing structure was sustainable when the current staff transferred to SFIS and the government funding ended.

RESOLVED: That the Audit Committee:

- 1) Noted the key issues around the resourcing of counter fraud work in the future and recommended that resources were reviewed in due course to ensure the staffing structure was sustainable when the current staff transferred to SFIS and the government funding ended.
- 2) Noted the update on the delivery of the Counter Fraud Action Plan

70. Audit Committee Forward Plan 2014-15 (Agenda Item 10)

Members reviewed the Audit Committee Forward Plan, and as discussed two additional reports would be added to include an update on: the impact of the Streetscene Service since coming under the remit of Environment Health and an update on the new arrangements between SSDC and SWAP and the role that SWAP would carry out regarding residual counter fraud work as different skill sets would be required.

NOTED

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Chairman