

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday, 2 September 2014 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Barrott (Chair): Councillors Dhillon, Mrs Knight, MacKay, Mrs Mellor, Pittarello, Pratt, Mrs Syson and Williams.

Also Present: Councillors Cross and Mobbs (Portfolio Holders).

Apologies for absence were received from Councillors Mrs Bunker and Rhead.

41. **Substitutes**

There were no substitutes.

42. **Declarations of Interest**

There were no declarations of interest.

43. **Minutes**

The minutes of the meeting held on 29 July were taken as read and signed by the Chair as a correct record.

44. **Internal Audit Quarter 1 2014/15 Progress Report**

The Committee received a report from Finance which advised on progress in achieving the Internal Audit Plan 2014/15, summarised the audit work completed in the first quarter (April to June 2014) and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

The Audit and Risk Manager reported that responses had been received from managers to all recommendations contained in the audit reports issued during the last quarter.

Five audits had been completed during the first quarter of 2014/15, of which only one had been awarded a less than substantial level of assurance. Corporate Procurement was given a moderate level of assurance. The Audit and Risk Manager stressed that this was not a comment on procurement staff but concerned more with the Council's overall procurement arrangements. Procurement officers were largely unable to be proactive due to the demands placed on them from other services.

The Internal Audit report suggested that the Procurement Strategy needed a clear direction of travel towards achieving clear goals. There were no terms of reference for the Procurement Board and responsibility

for procurement was not clearly defined. As a result the procurement function was being pulled in different directions.

The Portfolio Holder responded to questions and it was suggested that the way that procurement was perceived by all staff, other than the procurement team, needed addressing. It was also unclear to what extent procurement was either a corporate or a finance function, and SMT seemed to lack engagement.

The Head of Finance explained that a report presented in March on Housing and Property Services had highlighted a number of procurement issues. Officers were still working on actions arising from that. As a result, the Procurement Strategy was being updated and it was intended that a report would be produced before the end of the year. Staffing would be reviewed once an update of the Contracts Register was complete. Meetings with all Heads of Service were being undertaken in order to ensure the Register accurately recorded all contracts, prior to the register being presented to this Committee in the autumn.

The Audit and Risk Manager suggested that the procurement champions might want to consider inviting the officer who carried out the audit to their next meeting.

The Audit and Risk Manager was thanked for his report.

Resolved that the report be noted and its contents accepted or, where appropriate, acted upon.

45. **Benefit Fraud Investigation – Performance**

The Committee received a report from Finance which provided information regarding the performance of the Benefit Fraud Service for the financial year 2013/14.

Investigations where fraud was proven would result in either an administration penalty, a formal caution or, in more severe cases, prosecution in accordance with the sanctions policy. During 2013/14, 133 cases resulted in a sanction and of these there were 50 administrative penalties issued, 40 cautions and 43 prosecutions.

The report also gave an update on the Single Fraud Investigation Service (SFIS), which was intended to join together the fraud investigation work of the Department for Work and Pensions (DWP), HM Revenue and Customs (HMRC) and local authorities (LAs) to provide a service that would see a single investigation service covering all welfare benefit fraud and making more efficient use of resources. The DWP had announced the roll out programme for the transfer of local authority housing benefit fraud work to SFIS. For Warwick District the transfer would take place during February 2015. Current staff working within the fraud team would be transferred to the DWP under "TUPE" like arrangements.

There was a concern that the authority would no longer have trained fraud investigators if all staff were to transfer to DWP and therefore cases of council tax reduction fraud could go undetected and unpunished. A report was therefore proposed for consideration by Employment Committee to create a new fraud investigator post to ensure that the Council could provide reassurances to the public on its commitment to protecting public funds.

RESOLVED that the contents of the report be accepted.

46. **Comments from the Executive**

A report from Civic and Committee Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 30 July 2014.

Resolved that the contents of the report be noted.

47. **Review of the Work Programme & Forward Plan**

The Committee considered its work programme for 2014/15 and the latest published version of the Forward Plan.

Resolved that

- (1) the work programme for 2014/2015 be noted; and
- (2) at present, there were no forthcoming Executive decisions which Members wished to have an input into before the Executive make their decision.

48. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item, by reason of the likely disclosure of exempt information within paragraphs 1, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full text of Minute 49 was recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. However, a summary is as follows:

49. **Executive Agenda (Confidential Items & Reports) – Wednesday 3 September 2014**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 3 September 2014.

Item 12 – Housing Benefits and Council Tax Reduction - Risk-Based Review

The Committee passed comment and supported the recommendations in the report.

50. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 3 September 2014**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 3 September 2014.

Item 4 – Warwick District Council House Building

The Committee supported the recommendations in the report, noting the risks associated with such a venture but also the opportunities to influence lower social rents, for schemes with a higher proportion of social housing and that there were further opportunities for policy development.

(Councillor Mobbs joined the meeting during the course of this item. Councillors Mobbs and Pratt left the meeting at the conclusion of the item.)

51. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following two items, by reason of the likely disclosure of exempt information within paragraphs 1, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full text of Minutes 52 and 53 was recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. However, a summary is as follows:

52. **Executive Agenda (Confidential Items & Reports) – Wednesday 3 September 2014**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 3 September 2014.

Item 17 – South West Warwick Phase 9 Affordable Housing

The Committee supported the recommendations in the report.

Item 13 – Housing and Property Services Staffing Review

The Committee passed comment on the report and supported the recommendations.

Item 14 – Oakley Wood Crematorium Proposed Improvements

The Committee passed comment on the report and supported the recommendations.

Item 15 – Fetherston Court Demolition Approval

The Committee supported the recommendations in the report.

Item 16 – Settlement of Property Search Claim

The Committee supported the recommendations in the report.

(Councillor Cross left the meeting during the course of this item.
Councillor Mrs Mellor left at the conclusion of this item.)

53. Sports & Leisure Options Appraisal – Financial Models

A report from Cultural Services set out the rationale and financial modelling behind initial proposals which were being developed in relation to the future of the Sports and Leisure Service, for comment by Members.

(Councillor Pittarello left the meeting during the course of this item.)

**54. Executive Agenda (Non Confidential Items & Reports) –
Wednesday 3 September 2014**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 3 September 2014.

Item 9 – Building Control Joint Service

The Committee supported the recommendations in the report.

(The meeting ended at 8.30 pm)