

# M MINUTES

meeting: **AUDIT (MONITORING OF AUDIT INVESTIGATIONS)  
SUB-COMMITTEE**

date: **21 JANUARY 2013**

**PRESENT:**

Councillor Mrs Thompson (Chair);  
Councillors Dr Hardacre and Inston

**EMPLOYEES IN ATTENDANCE:**

Delivery

M Taylor	-	Chief Financial Officer
F Davis	-	Acting Solicitor to the Council
P Farrow	-	Head of Audit
S Lunn	-	Head of Operational Finance
R Morgan	-	Senior Audit Manager
M Wilkes	-	Principal Auditor
M Fox	-	Democratic Support Officer, Governance Services Division

**Wolverhampton**  
City Council



**PART I – OPEN ITEMS**  
**(Open to press and public)**

**Apologies for Absence**

- 19 An apology for absence had been received from Councillor Holdcroft.

**Declarations of Interest**

- 20 Councillor Dr Hardacre declared a non-pecuniary interest in relation to agenda items 7 and 8 as far as they related to Wolverhampton Homes (use of lottery funding) and the Central Learning Partnership Trust (fraud against schools/misappropriation of after school club income).

**Minutes**

- 21 Resolved:-  
That the minutes of the meeting of the Audit (Monitoring of Audit Investigations) Sub-Committee held on 22 October 2012 be confirmed as a correct record.

**Single Person Discount – Council Tax Fraud (Resolution 17ii)**

- 22 It was noted that a briefing note had been circulated on 17 January 2013 to Councillors serving on Audit Committee to provide further information about the level of work carried out on the single person discount in relation to council tax fraud.

**Loan Sharks (Resolution 17)**

- 23 The Head of Operational Finance circulated a briefing note to provide the Councillors serving on the Sub-Committee with more information about loan sharks

**Schedule of Outstanding Minutes (Appendix 8)**

The Democratic Support Officer presented the Schedule of Outstanding Minutes.

- 24 Resolved:-  
That the report be received and noted.

**Exclusion of Press and Public**

- 25 Resolved:  
That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from consideration of the items of business in part II of the agenda on the grounds that, in view of the nature of the business to be transacted or

the nature of the proceedings, exempt information falling within paragraph 1, 2 & 3 of schedule 12A of the act, was likely to be disclosed.

**PART II – EXEMPT ITEMS**  
**(Press and public excluded)**

**Audit Services – Counter Fraud Report – September 2012**  
**(Appendix 9)**

Mark Wilkes, Principal Auditor, presented a report which updated the Sub-Committee on the current counter-fraud activities undertaken by Audit Services. Councillor Hardacre expressed concern about new welfare schemes and the potential for fraud.

Councillor Hardacre also placed on record his concern about the need for regular school visits by audit officers and the need to ensure compliance with agreed recommendations. The Chair agreed that some Governing Bodies do not appear to take their financial responsibilities seriously. The Chief Financial Officer noted the comments made and reported on proposals to put appropriate training packages in place.

Mark Henderson, Director of Housing Operations, Wolverhampton Homes, attended the meeting in connection with case ref WBP101 (improper use of lottery funding), a case which had been instigated by Wolverhampton Homes, and to provide additional information and respond to questions as raised at a previous meeting. He added that West Midlands Police are awaiting instructions from the National Lottery before further progressing their enquiry. The Chair expressed concern about possible damage to the reputation of the Council and Wolverhampton Homes in cases of this nature and the meeting was advised that additional controls have now been put in place and that the level of scrutiny will increase, depending on the size of future grants. Mark undertook to report any further progress to the Sub-Committee as appropriate.

Sue Bell, Adaptations Team Manager-Community, also attended the meeting to provide further information about case ref WBP101 (disabled facilities grant) as considered at the last meeting. The Acting Solicitor to the Council offered legal advice on the nature of such grants. The Chair expressed concern about the level of the grant and the controls available to the Authority and the Chief Financial Officer undertook to investigate whether such grants could be split in future, to include an arrangement where part of the grant would be re-paid in cases where work was not completed as agreed.

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Resolved:-

- (i) That the report be received and noted.
- (ii) That, in connection with case ref WBP101:

- (a) a letter be sent to the family concerned seeking the repayment of the grant, as the reason for the grant had not been fulfilled, and
- (b) consideration be given to increasing the controls over such grants in future, so that a proportion of the grant would be repayable in cases where the reason for the grant could not be fulfilled.

**Audit Update (Appendix 10)**

The Principal Auditor presented a report on current audit investigations. Councillor Dr Hardacre expressed concern about case no. IL13I (misappropriation of after school club income) and asked what advice is given to Headteachers and Governors in relation to their responsibilities. The Chair asked whether, in connection with case no. IL14I (election canvassing anomalies), spot checks are carried out by employees of Electoral Registration.

27

Resolved:-

- (i) That the report be received and noted;
- (ii) That Headteachers and Governors be reminded of their financial responsibilities in relation to after school clubs.
- (iii) That information be provided for the Sub-Committee about any checks carried out by electoral registration staff in connection with voter registration forms.

**Date of Next Meeting**

The Head of Audit suggested that the meeting of the Sub-Committee which had been scheduled to meet on 4 March 2013 be re-arranged to allow for a more equal spread of meetings during the year.

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Resolved:-

That the meeting of the Sub-Committee scheduled to take place on 4 March 2013 be re-arranged to take place during April on a date to be agreed in consultation with the Chair and other Councillors serving on the Sub-Committee.