



Audit (Monitoring of Audit Investigations) Sub-Committee

Minutes - 3 November 2014

Attendance

Members of the Sub-Committee

Cllr Keith Inston (Vice-Chair in the chair)
Cllr Wendy Thompson
Mike Ager, Independent Member

Members of the Audit Committee

Cllr Harbans Bagri
Cllr Alan Bolshaw

Employees

Peter Farrow	Head of Audit
Dereck Francis	Democratic Support Officer
Keith Ireland	Strategic Director, Delivery
Katy Morgan	Client Lead Auditor
Richard Morgan	Senior Audit Manager
Kevin O'Keefe	Chief Legal Officer
Mark Taylor	Assistant Director, Finance
Mark Wilkes	Client Lead Auditor
Jaji Sheamare	Centro Audit Team

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies for absence were submitted on behalf of Cllrs Christine Mills (Chair) and Dr Mike Hardacre and Terry Day, Independent Member.
- 2 Declarations of interests**
There were no declarations of interests.
- 3 Minutes of the previous meeting (21 July 2014)**
Resolved:
That the minutes of the meeting held on 21 July 2014 be approved as a correct record and signed by the Chair.
- 4 Matters arising**
There were no matters arising from the minutes of the previous meeting.

5 **Internal Audit Report - Performance Appraisal Scheme**

Further to the discussion at the last meeting on 21 July 2014, the Sub Committee received an update report on work to improve the performance around the uptake of employee performance appraisals.

Keith Ireland, Managing Director tabled updated figures on appraisals completed per directorate and for the West Midlands Pensions Fund, as at 31 October 2014. The data showed that there was currently a 64.7% take up. He reported that it was heading in the right direction and acknowledged that there was still work to do, including resolving data integrity issues. Updating of information also appeared to be a problem for managers. The Agresso human resources module would be going live in November 2014 and he anticipated that this would help address that aspect of the appraisals process. He also informed the Sub Committee that Cllr Paul Sweet, Cabinet Member for Performance and Governance had taken a firm interest to see that this issue is sorted.

Cllr Paul Sweet was in attendance for this item. He informed the Sub Committee that the latest data was showing a healthier position and he acknowledged that appraisals should have been embedded into the organisation a long time ago. He indicated that the actions to address issues highlighted in the review report were sensible. He reported that he wanted to reassure the Sub Committee that through his 1 to 1s with the Managing Director and meetings with HR employees, the Executive and the Senior Management Team are taking the issue of appraisals seriously.

During the discussion on the progress being made, Cllr Wendy Thompson asked why it had taken the Council so long to get to the current level of take up of appraisals and she wondered whether there had been intransigence in the cultural attitude of the Council that had impeded implementation of the appraisal scheme.

In response to a question about where future follow up on the appraisal scheme would be reported, Cllr Keith Inston requested that the Sub Committee receive quarterly updates on progress until performance was at an acceptable level and that the next update be submitted to the meeting on 2 February 2015. He also thanked Cllr Paul Sweet for attending the meeting.

Peter Farrow, Audit Manager added that Scrutiny Board had and would continue to receive update reports on the staff performance appraisal scheme.

Resolved

1. That the report be noted.
2. That an update report on the appraisal scheme be submitted to the meeting on 2 February 2015.

6 **Audit Services - Counter Fraud Report October 2014**

Mark Wilkes, Client Lead Auditor presented the report which updated the Sub Committee on the current counter fraud activities undertaken by the Counter Fraud Unit within Audit Services.

Referring to the section of the report on the value and number of benefit fraud, overpayments, particularly the sanctions, Cllr Keith Inston asked whether there was a monetary value in an overpayment case above which the Council would seek a prosecution. Kevin O'Keefe, Chief Legal Officer reported that Legal Services would consider if there was a 51% chance of a successful prosecution taking into consideration all of the factors that would include the monetary value of the overpayment.

Mike Ager, Independent Member sought assurance that even where sanctions are not applied in a benefits overpayment case, the overpayment would still be recovered by the Council. Richard Morgan, Senior Audit Manager confirmed that in all cases recovery of the overpayment would be sought.

Referring to the Fraud Risk Register (Appendix 4 in the report), Cllr Alan Bolshaw asked whether the Sub Committee should be pleased with the RAG ratings in the table or whether it was more a generic table. Peter Farrow, Audit Manager confirmed that it was the latter.

Resolved:

That the contents of the latest Internal Audit counter fraud update report be noted.

7 National Fraud Initiative: Outcomes and Information for Elected Members and Decision Makers - 2012/13

The Sub Committee received, for information, a slide pack issued by the Audit Commission for elected members and senior decision makers to inform them about the National Fraud Initiative and data matching at the Council.

Resolved:

That the slide pack from the Audit Commission be noted.

8 CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

The Sub Committee received, for information, the Chartered Institute of Public Finance Accountancy's (CIPFA's) new Code of Practice on Managing the Risk of Fraud and Corruption.

Resolved:

That the latest CIPFA Code of Practice on Managing the Risk of Fraud and Corruption be noted.

9 Exclusion of press and public

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) of business as they involve the likely disclosure of exempt information falling within the paragraphs of Schedule 12A of the Act set out below

Item No.	Title	Applicable Paragraph
10	Audit Investigations Update	1,2,3

Part 2 - exempt items, closed to the press and public

10 Audit Investigations Update

The Sub Committee received updates on current audit investigations.

Referring to case IL671, Cllr Wendy Thompson asked whether all schools received an update/notification on the use of P-cards. Katy Morgan, Client Lead Auditor reported that there had not been a corporate instruction but that Audit Services could look to issue such an update message. Mark Taylor, Assistant Director Finance added that authorised P-card users received training and had to sign to confirm that they understood the purposes for what the P-card could /could not be used.

Referring to case IL82W, Mike Ager, Independent Member asked whether the case highlighted an issue in terms of the acceptance of credit card payments for large amounts. Mark Wilkes, Client Lead Auditor advised that action would be taken to minimise the risk of future credit card fraud. Progress in implementing a solution would be reported at future meetings.

The Assistant Director Finance also reported that the Council's controls would be improved in the light of the case.

Resolved:

That the current position with regard to the audit investigations be noted.