

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

26 January 2009

Joint Report of the Chairman of the Audit Committee and the Chief Internal Auditor

Part 1- Public

Delegated

1 PROTECTING THE PUBLIC PURSE

Summary

This report records the outcome of the self assessment against the checklist included in the Audit Commission publication "Protecting the Public Purse". This self assessment was completed at an informal meeting between the Audit Committee members and the Chief Internal Auditor. Members are asked to agree the action points identified for the CIA to report on progress to the next Audit Committee meeting.

1.1 Introduction

1.1.1 The Audit Commission published the "Protecting the Public Purse" document in September 2009. The document was an update on how Local Authorities should be addressing the threat of fraud and identified areas that required addressing.

1.1.2 At the previous Audit Committee of October 2009 it was agreed that Members of the Audit Committee would review the document and meet with the Chief Internal Auditor informally and report back the outcome of this review to the next Audit Committee. This informal meeting took place on 8 December 2009.

1.1.3 Prior to this meeting Members were given the web site address where they could review the document on line. The objective of the meeting was to consider the points raised in the document and to ensure that governance issues were being considered to a satisfactory level.

1.2 Consideration of the Checklist

1.2.1 Included within the document was a checklist for those responsible for governance to consider. This checklist was considered and was completed during the meeting and a copy is attached. **[Annex 1]**

1.2.2 In answering the questions within the checklist consideration was given to what actions are already in place to combat fraud and what areas exist where additional steps could be taken to improve the resilience to fraud. A number of specific

areas were identified and an action identified to reduce risk. These areas are recorded in the following paragraphs.

- 1.2.3 Question number 5 asked “Do we receive regular reports on fraud risks, plans and outcomes?” It was agreed that most fraud issues are reported to the Audit Committee except for Benefit Fraud. Historically the outcome of this work is reported as an information item to Finance & Property Advisory Board. **Action 1 - Although these reports are available to Audit Committee members it was felt that these reports should also be presented to the Audit Committee as part of the overall governance role of the Committee.**
- 1.2.4 Question number 6 asked “Have we assessed our management of counter- fraud resources against good practice?” It was considered that all identified resources of best practice are used where appropriate. However, with respect to Housing and Council Tax benefit fraud prevention it was noted that Gravesham have recently undergone an inspection by the Audit Commission. **Action 2 -As Tonbridge & Malling share a Benefit Fraud Manager with Gravesham it was considered valuable to use his experience to ensure that we are prepared for a similar inspection with respect to best practices.**
- 1.2.5 Question number 7 related to how well the Council raise fraud awareness with staff. Anti-Fraud policies are regularly updated and circulated to staff and the last staff survey expressed a high level of confidence in the confidential reporting code. **Action 3 -What steps can we take to raise the profile of fraud awareness to all staff?**
- 1.2.6 Question number 10 asked “Do we identify areas where internal controls may not be performing as intended?” There is a regular audit of key systems looking at internal controls supported by follow-up procedures. The audit plan is targeted towards those areas of high risk and there is management involvement in agreeing the audit plan. **Action 4 -The action point identified was to question whether we need to increase resources to review the effectiveness of internal controls.**
- 1.2.7 Question number 19 asked: -

“Are we satisfied that our recruitment procedures are: - preventing employment of people working under false identities?

- validating employment references effectively?
- ensuring applicants are eligible to work in the UK?”

Although there was satisfaction with the Recruitment and Selection policy it was questioned whether the same level of stringent procedure was applied to agency staff. **Action 5 -It was questioned whether an audit should target Agency Staff to ensure compliance.**

- 1.2.8 Question 20 related to the controls in place for direct payments. There have been some instances in other authorities recently where these payments have been used to defraud Councils and the action considered was whether an audit should be undertaken to data match these payments to look for any anomalies.
- 1.2.9 Question 21 asked “Are we effectively controlling the discounts and allowances we give to council taxpayers?” The current National Fraud Initiative exercise has identified a number of cases where the single person discount has been investigated and removed. **Action 6 - Should we be reviewing our procedures for awarding this allowance?**

1.3 Summary

- 1.3.1 The overall opinion is that the Council has satisfactory controls in place to minimise fraud and error but in the current climate there is no room for complacency. The action points identified in the checklist are intended to provide Members with additional assurance.
- 1.3.2 This meeting also gave Audit Committee members the opportunity to question the Chief Internal Auditor in depth over current arrangements in place in order to assist their understanding of overall governance arrangements.

1.4 Legal Implications

- 1.4.1 There are no direct legal implications arising from this report although the checklist does contribute to ensuring that proper accounting procedures are in place.

1.5 Financial and Value for Money Considerations

- 1.5.1 A balance between fraud prevention and resources used must be achieved in order to obtain value for money. **Consideration of the points raised in the Protecting the Public Purse document has given assurance that this Council is achieving that balance.**

1.6 Risk Assessment

- 1.6.1 The consideration of this document has assisted in ensuring that the areas of risk identified in the checklist have been addressed. No areas were identified where it was considered that there is unacceptable risk of fraud or error. The action points raised are identified as providing additional assurance.

1.7 Recommendations

- 1.7.1 Members of the Audit Committee are asked to consider this report and agree the action points identified for the CIA to report on progress to the next Audit Committee.

Background papers:

contact: David Buckley

Protecting the Public Purse – Audit Commission –

Mark Rhodes
Chairman of the Audit Committee

David Buckley
Chief Internal Auditor