



DERBY CITY COUNCIL

**AUDIT AND ACCOUNTS
COMMITTEE
3 DECEMBER 2009**

Report of the Head of Audit and
Risk Management

ITEM 16

Governance Update

RECOMMENDATION

- 1.1 To note the report.

SUPPORTING INFORMATION

- 2.1 This report provides Members with an update on progress with several key governance issues.

Governance Working Group

- 2.2 One of the objectives for the Chief Executive is “to ensure that an action plan is in place (by 31/3/10) to refresh and improve the robustness of the corporate governance framework that meets the principles of good governance and statutory requirements”. The Corporate Director of Corporate and Adult Services is leading on this objective and is chairing a sub-group of officers from the main Governance Working Group to draw up the action plan.

Risk Management Issues

- 2.3 At the June meeting, it was reported that a draft list of strategic risks were to be considered at a workshop on 13 July 2009 by the Strategic Risk Group. This workshop would also identify any other future risks. A draft strategic risk list has now been produced (attached at Appendix 2) and the evaluation of these risks is currently in progress. It is intended that the completed evaluation will be discussed by Chief Officers in January 2010.
- 2.4 Through Zurich Municipal, the Council’s insurers, we are due to run training courses for officers on procurement risk and partnership risk early in 2010. These are both high risk areas for the Council. The objectives of both training courses will include increase awareness of risk issues and to provide an understanding on identifying, prioritising and mitigating the risks.
- 2.5 The public risk management association, Alarm, has recently launched its National Performance Model for risk management in the public services. The Model will be

evaluated by the Strategic Risk Group at its meeting on 14 January 2010 and the outcomes reported back to this Committee.

Fraud – NAFN

- 2.6 Following a presentation at a recent CIPFA in the Midlands Audit Training Seminar Internal Audit has been in contact with NAFN – the National Anti-Fraud Network. This organisation co-ordinates intelligence about Fraud on a national basis, keeping authorities updated on emerging issues and new developments.
- 2.7 Internal Audit is embarking on a development with NAFN which will see a methodology being developed to deal with incoming intelligence. The data from this system will feed into an informed measure of risk and will provide Internal Audit with a decision making matrix to ensure that all intelligence is dealt with in a consistent and fully recorded manner.
- 2.8 The resulting data will be able to be used for a number of purposes:
- Creating an accurate record of issues raised and the outcomes of those issues
 - Establishing a record of decisions made with supporting reasoning
 - Developing a record of risks faced by the authority
 - Using the resultant risk data in the allocation of resources.
- 2.9 This work will see Derby at the forefront of developments in this area and will be a benefit in providing evidence for Key Lines of Enquiry 2.4 within the Use of Resources assessment.

Corporate Anti-Fraud Group

- 2.10 Progress is being made in the establishment of a cross-authority working group to address anti-fraud measures. The development of this group was approved and supported by Chief Officers at their meeting on 7 October. The group will report to the Governance Working Group.
- 2.11 The first meeting will take place on 4 December 2009 at which point the group terms of reference will be determined. It is planned to extend membership of the group to include partner organisations across the City including the PCT, DWP and Police.
- 2.12 The benefits of this group include:
- Sharing of best practice
 - Risk mitigation through greater fraud awareness
 - Co-ordination of anti-fraud measures and awareness initiatives
- 2.13 Other areas to be addressed at the first meeting include establishing a centralised fraud reporting mechanism to allow us to complete the annual Audit Commission Fraud and Corruption Survey in a timely and accurate manner.

National Fraud Initiative 2008/9

- 2.14 The main body of work on the results received in February 2009 has now been completed. There is still a small number of cases where queries are outstanding and

we are still receiving queries from other authorities, but DCC has completed the majority of the task. 11,833 matches were produced across 76 reports. The processing of these reports has resulted in the Council being able to claw back, or be in the process of clawing back, £25,909.34.

- 2.15 8,275 of the matches were cases where Benefit claimants were not involved e.g. duplicated invoices, overlapping tenancies, blue badge passes which have not been cancelled when the passholder has died. Internal Audit has co-ordinated the checking of these cases. 99.3% of matches have been resolved, resulting in a claw back figure of £20,101.47
- 2.16 3,558 of the matches relate to benefit claimants and these have been processed by the Benefits Investigation Unit. Their approach has been to prioritise the reports into high, medium and low, taking only a 10% sample of cases for checking from the medium and low categories. They have processed 805 matches and have identified £5807.87 in overpayments.
- 2.17 Two further NFI exercises are in preparation. The first involves matching Housing records to Housing Benefit records to find any cases where an illegal subletting may be taking place. The results of this exercise are due in January 2010. The second is a repeat of the exercise where Council Tax data is matched against the Electoral Roll to identify possible incorrect claims for single occupier discount. The outcome of these matching exercises is expected in March 2010.

For more information contact:	Richard Boneham, Head of Audit and Risk Management, 01332 255688 richard.boneham@derby.gov.uk
Background papers:	
List of appendices:	Appendix 1 – Implications Appendix 2 – Strategic Risks

IMPLICATIONS

Financial

1. None directly arising

Legal

2. None directly arising

Personnel

3. None directly arising

Equalities impact

4. None directly arising.

Corporate objectives and priorities for change

5. The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.

List of Draft Strategic Risks

1. Increase in fraudulent activity
2. Inadequate measures/controls to ensure financial compliance
3. Inability of services to deliver targets within financial and resource constraints
4. Not maintaining a balanced budget
5. Inability to recruit / retain the necessary staff to provide a sustained service provision
6. The Council's strategic policy making framework is undermined by uncertainty and changes in political situation both nationally and locally
7. Council plans and policies are not sufficiently robust in either content or implementation to fulfil their requirements
8. The Authority exhibits a weak health & safety / risk management culture
9. Ineffective and poorly controlled partnership working
10. The Council's organisational level assessment target is not achieved
11. Continued local media stories undermine the council's standing
12. Inability to fully implement a re-structure of the Council's departments
13. Ineffective communication and engagement with local community participation in service planning, design, and delivery
14. The Council & its partners do not satisfy customer expectations