



## **GOVERNANCE - UPDATE**

### **SUMMARY**

- 1.1 This report provides an update on the developments being made within the Council's governance framework.

### **RECOMMENDATIONS**

- 2.1 To note the actions and the progress being made to enhance the governance framework.

### **REASONS FOR RECOMMENDATIONS**

- 3.1 The Audit and Accounts Committee is responsible for providing assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.

### **SUPPORTING INFORMATION**

#### **Governance Action Plan**

- 4.1 An update on the progress on implementation of the Governance Action Plan was reported to Committee on 2 December 2010. Members were informed that:
- the implementation of some of the actions had been affected by the Council re-structure and the decant process to Heritage Gate.
  - a full review of the outstanding actions had been considered by the Governance Working Group at its meeting on 29 November 2010.

Following this review of the outstanding actions, the advice of the Interim Strategic Director of Resources was that given the changes taking place throughout the Council, the Group should review the self-assessment that it did to inform the Action Plan, and then update the plan to take account of recent developments that impact on the Council's governance framework, e.g. the budget situation, new directorate structures. This work will also need to be incorporated into the Council's Annual Governance Statement which will be presented to Committee in June.

## **Accounts and Audit Regulations 2011 - Consultation**

- 4.2 The Accounts and Audit Regulations contain important provisions on financial management, annual accounts and audit procedures affecting all local authorities and a number of other local public bodies (“relevant bodies”). The 2003 Regulations have been substantially amended, in particular by an amending instrument made in 2006 and two made in 2009.
- 4.3 The Department for Communities and Local Government has recently consulted on a proposal to revise and consolidate the Accounts and Audit Regulations 2003 and the four amending instruments. Although the Regulations have not yet been laid before Parliament, the effective date will be 31 March 2011. The aim of the consolidation has been to make the regulations easier to understand. The consolidation also proposes some changes to the regulations which include:
- an increase in the threshold below which a body is classed as a smaller body – Derby will be classified as a larger relevant body.
  - a revised procedure for the approval and publication of statements of accounts and other accounting statements – this will remove, for larger relevant bodies, the need for member approval before 30 June.
  - the removal of criminal penalties for non-compliance with the regulations

Minor changes that impact on the role of this Committee include:

- the removal of the words “system of” in Regulation 6 which originally referred to a system of internal audit and is now deemed to be confusing. The regulation applies to all aspects of the internal audit function and not just the systems used by internal audit.

## **National Fraud Initiative**

- 4.4 An update on the Council’s Governance Action Plan was brought to the December meeting of this Committee. At this meeting, the Committee were informed that all datasets for the Audit Commission’s National Fraud Initiative (NFI) had been uploaded.
- 4.5 The data matches were released to all participants in February 2011. A total of 11,296 matches have been identified, although there may be further releases of matches at a later date.
- 4.6 For the 2010/11 release of data, the Audit Commission has prioritised the matches, marking a number of cases as requiring a response. Of the 11,296 matches, 1,497 have been flagged for a mandatory reply. Beyond these mandatory cases, it is left to the discretion of the service to decide how many of the other matches are to be checked. No timescale has been given by the Audit Commission for the completion of this work but remote monitoring of the matches does take place and the Head of Audit and Risk Management will be contacted if the Commission considers progress is insufficient.

- 4.7 Progress in clearing the matches has been steady. 1,505 matches have been resolved to date, of which 583 are mandatory matches. A summary of the matches, and the services tasked with resolving them is given at Appendix 2. A full listing is given at Appendix 3.

### **Audit Commission's National Fraud Survey**

- 4.8 The Audit Commission has announced that its annual National Fraud survey will be released on 31 March and must be completed by 15 May. This is 6 weeks earlier than last year. The relevant officers have been alerted so that compilation of the data will not delay the submission of the results. Last year the authority reported 162 cases of fraud, of which 145 were related to Housing Benefit.

### **Corporate Anti-Fraud Group**

- 4.9 The Corporate anti-fraud working group is now established and meets on a quarterly basis. As well as monitoring activities relating to anti-fraud matters through the media and through contacts with other groups (e.g. the West Midlands Fraud group), recent activities have included contributing to the revision of the Anti-Fraud and Corruption Strategy, the Fraud Response Plan, the Anti- Money Laundering Policy and the Confidential Reporting Code that were all approved by this Committee in 2010. The group has also set up e-mail addresses for the reporting of issues relating to NFI or to fraud. The group is currently working on
- a corporate prosecution policy
  - tenancy fraud measures in conjunction with Derby Homes
  - revised codes of conduct; and
  - setting up an anti-fraud action plan

### **Internal Data Matching**

- 4.10 Internal Data matching exercises are continuing, and progress in this are will be reported to this Committee at the June meeting.

### **Progress against the Partnership Register and Toolkit**

- 4.11 All directorates have reviewed the Partnership Register and updated the document where required. The Register has also been categorised in terms of budget size, with the assistance of Finance, which will help to prioritise risk levels of the partnerships listed on the Register. Officers named on the Register have been asked to review their partnerships and associated documentation in line with Toolkit requirements, in particular ensuring there are appropriate business cases and partnership agreements in place. A working group, which includes representatives from Finance, Procurement, Legal and Audit, has been established to review business cases and agreements for each partnership and make recommendations for improvement.
- 4.12 The Toolkit has been issued to the Derby City Compact for consultation. Any feedback will be incorporated into a review of the document later in the year.
- 4.13 A full report on implementation of the Toolkit will be presented to the June meeting of this Committee.

<b>OTHER OPTIONS CONSIDERED</b>
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5.1 N/A

**This report has been approved by the following officers:**

<b>Legal officer</b>	n/a
<b>Financial officer</b>	n/a
<b>Human Resources officer</b>	n/a
<b>Service Director(s)</b>	n/a
<b>Other(s)</b>	n/a

<b>For more information contact:</b>	Richard Boneham, Head of Audit and Risk Management, 01332 643280 richard.boneham@derby.gov.uk
<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – Summary of NFI matches grouped by service Appendix 3 – Full listing of NFI matches

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 The cost of the NFI for 2010/11 is £3,650 (No increase from 2008/9). The scale of fees covers the two financial years 2010/11 and 2011/12 and is billed in two equal annual instalments. This cost will be met from existing budgets.

**Legal**

- 2.1 None directly arising

**Personnel**

- 3.1 None directly arising

**Equalities Impact**

- 4.1 None directly arising.

**Health and Safety**

- 5.1 None directly arising.

**Environmental Sustainability**

- 6.1 None directly arising.

**Asset Management**

- 7.1 None directly arising.

**Risk Management**

- 8.1 None directly arising.

**Corporate objectives and priorities for change**

- 9.1 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.

## Summary of NFI matches by service

Service	Nature of matches	Number of matches (including mandatory matches)	Number of mandatory matches	Number of mandatory matches resolved	Number of matches resolved
Housing benefits	Claimants to student loans, payroll, pensions, immigration, VISAs, other authority claimants, housing tenants, right to buy, insurance claims, market traders, taxi drivers, personal alcohol licences	2841	532	8 (with 14 in progress)	8 (with 15 in progress)
Payroll	Other authority payrolls, pensions and VISAs	285	18	3	6
Internal Audit (have taken on the cross matches between payroll and creditors)	Payroll to creditors	519	169	169	366
Derby Homes	Housing tenants of other authorities, VISAs,	102	45	4	4
Right to Buy	VISAs, benefit claims	45	28	28	44
Blue badges	Badge holders to Deceased persons * (work is ongoing o these cases but has not yet been updated on screen)	366	334	0	0
Concessionary travel	Travel passes to deceased persons	345	345	345	345

<b>Parking</b>	<b>Residents parking permits to deceased persons</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Social services</b>	<b>Private residential care homes to deceased persons</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>
<b>Insurance</b>	<b>Claims – to check for multiple claims</b>	<b>12</b>	<b>3</b>	<b>3</b>	<b>12</b>
<b>Accounts payable</b>	<b>Creditors – checking for duplicates in various forms and VAT overpayments</b>	<b>6758</b>	<b>0</b>	<b>0</b>	<b>697</b>
<b>TOTAL</b>		<b>11296</b>	<b>1497</b>	<b>583</b>	<b>1505</b>

## Appendix 3

**NATIONAL FRAUD INITIATIVE 2010/2011**  
**AUTHORITY SUMMARY:** Derby City Council

09-Mar-2011

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
2 High	Housing Benefit Claimants to Student Loans, high quality, between bodies	54	146	Opened	6	14	0	0	£0.00
4 Medium	Housing Benefit Claimants to Student Loans, medium quality, between bodies	1	2	Not Opened	0	0	0	0	£0.00
13 High	Housing Benefit Claimants to Payroll, high quality, within bodies	0	234	Not Opened	0	0	0	0	£0.00
14 High	Housing Benefit Claimants to Payroll, high quality, between bodies	10	129	Opened	2	1	0	0	£0.00
14.1 High	Housing Benefit Claimants to Pensions, high quality, between bodies	25	892	Not Opened	0	0	0	0	£0.00
16 Medium	Housing Benefit Claimants to Payroll, medium quality, between bodies	1	2	Not Opened	0	0	0	0	£0.00
16.1 Medium	Housing Benefit Claimants to Pensions, medium quality, between bodies	1	4	Not Opened	0	0	0	0	£0.00
17 Low	Housing Benefit Claimants to Payroll, address quality, within bodies	55	246	Not Opened	0	0	0	0	£0.00
18 Low	Housing Benefit Claimants to Payroll, address quality, between bodies	58	200	Not Opened	0	0	0	0	£0.00
18.1 Low	Housing Benefit Claimants to Pensions, address quality, between bodies	17	127	Not Opened	0	0	0	0	£0.00

**IMPORTANT : This summary includes matches that occurred in previous years.**



NATIONAL FRAUD INITIATIVE 2010/2011

09-Mar-2011

AUTHORITY SUMMARY: Derby City Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
21 Medium	Housing Benefit Claimants to In-Country Immigration, medium quality, between bodies	2	2	Not Opened	0	0	0	0	£0.00
23 High	Housing Benefit Claimants to UK Visas, high quality, between bodies	2	3	Not Opened	0	0	0	0	£0.00
24 Medium	Housing Benefit Claimants to UK Visas, medium quality, between bodies	13	39	Not Opened	0	0	0	0	£0.00
26 High	Housing Benefit Claimants to Housing Benefit Claimants, high quality, within bodies	0	3	Not Opened	0	0	0	0	£0.00
27 High	Housing Benefit Claimants to Housing Benefit Claimants, high quality, between bodies	7	33	Not Opened	0	0	0	0	£0.00
29 Medium	Housing Benefit Claimants to Housing Benefit Claimants, medium quality, between bodies	4	6	Not Opened	0	0	0	0	£0.00
30 High	Housing Benefit Claimants to Housing Tenants, high quality, within bodies	27	36	Not Opened	0	0	0	0	£0.00
31 High	Housing Benefit Claimants to Housing Tenants, high quality, between bodies	35	69	Not Opened	0	0	0	0	£0.00
32 Medium	Housing Benefit Claimants to Housing Tenants, medium quality, within bodies	9	10	Not Opened	0	0	0	0	£0.00

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NATIONAL FRAUD INITIATIVE 2010/2011

09-Mar-2011

AUTHORITY SUMMARY: Derby City Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
33 Medlum	Housing Benefit Claimants to Housing Tenants, medium quality, between bodies	40	58	Not Opened	0	0	0	0	£0.00
37 Medlum	Housing Benefit Claimants to Right to Buy, medium quality, between bodies	4	4	Not Opened	0	0	0	0	£0.00
45.1 High	Housing Benefit Claimants to Insurance Claimants, high quality, within bodies	0	1	Not Opened	0	0	0	0	£0.00
45.4 Medlum	Housing Benefit Claimants to Insurance Claimants, medium quality, between bodies	0	1	Not Opened	0	0	0	0	£0.00
45.5 Low	Housing Benefit Claimants to Insurance Claimants, address quality, within bodies	2	4	Not Opened	0	0	0	0	£0.00
46.1 High	Housing Benefit Claimants to Market Traders, high quality, within bodies	0	1	Not Opened	0	0	0	0	£0.00
46.4 Medlum	Housing Benefit Claimants to Market Traders, medium quality, between bodies	1	1	Not Opened	0	0	0	0	£0.00
46.5 Low	Housing Benefit Claimants to Market Traders, address quality, within bodies	2	14	Not Opened	0	0	0	0	£0.00
46.6 Low	Housing Benefit Claimants to Market Traders, address quality, between bodies	1	8	Not Opened	0	0	0	0	£0.00

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NATIONAL FRAUD INITIATIVE 2010/2011

09-Mar-2011

AUTHORITY SUMMARY: Derby City Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
47.1 High	Housing Benefit Claimants to Taxi Drivers, high quality, within bodies	2	64	Not Opened	0	0	0	0	£0.00
47.2 High	Housing Benefit Claimants to Taxi Drivers, high quality, between bodies	4	39	Not Opened	0	0	0	0	£0.00
47.3 Medium	Housing Benefit Claimants to Taxi Drivers, medium quality, within bodies	0	5	Not Opened	0	0	0	0	£0.00
47.4 Medium	Housing Benefit Claimants to Taxi Drivers, medium quality, between bodies	1	3	Not Opened	0	0	0	0	£0.00
47.5 Low	Housing Benefit Claimants to Taxi Drivers, address quality, within bodies	23	133	Not Opened	0	0	0	0	£0.00
47.6 Low	Housing Benefit Claimants to Taxi Drivers, address quality, between bodies	5	62	Not Opened	0	0	0	0	£0.00
48.1 High	Housing Benefit Claimants to Personal alcohol licences, high quality, within bodies	5	28	Not Opened	0	0	0	0	£0.00
48.3 Medium	Housing Benefit Claimants to Personal alcohol licences, medium quality, within bodies	2	9	Not Opened	0	0	0	0	£0.00
48.4 Medium	Housing Benefit Claimants to Personal alcohol licences, medium quality, between bodies	4	7	Not Opened	0	0	0	0	£0.00

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NATIONAL FRAUD INITIATIVE 2010/2011

09-Mar-2011

AUTHORITY SUMMARY: Derby City Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
48.5 Low	Housing Benefit Claimants to Personal alcohol licences, address quality, within bodies	74	152	Not Opened	0	0	0	0	£0.00
48.6 Low	Housing Benefit Claimants to Personal alcohol licences, address quality, between bodies	1	4	Not Opened	0	0	0	0	£0.00
65 High	Payroll to Payroll, high quality, within bodies	0	2	Closed	2	0	0	0	£0.00
66 High	Payroll to Payroll, high quality, between bodies	2	234	Opened	3	0	0	0	£0.00
68 Medium	Payroll to Payroll, medium quality, between bodies	0	2	Not Opened	0	0	0	0	£0.00
72 High	Payroll to UK Visas, high quality, between bodies	2	2	Opened	1	0	0	0	£0.00
73 Medium	Payroll to UK Visas, medium quality, between bodies	14	14	Not Opened	0	0	0	0	£0.00
78 Info	Payroll to Pensions, high quality, between bodies	0	31	Not Opened	0	0	0	0	£0.00
80 High	Payroll to Creditors, same bank account, within bodies	41	196	Closed	196	0	0	0	£0.00
81 Low	Payroll to Creditors, address quality, within bodies	128	323	Opened	170	0	0	0	£0.00
100 High	Housing Tenants to Housing Tenants, high quality, within bodies	4	4	Opened	4	0	0	0	£0.00

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NATIONAL FRAUD INITIATIVE 2010/2011

09-Mar-2011

AUTHORITY SUMMARY: Derby City Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
101 High	Housing Tenants to Housing Tenants, high quality, between bodies	15	27	Not Opened	0	0	0	0	£0.00
103 Medium	Housing Tenants to Housing Tenants, medium quality, between bodies	26	32	Not Opened	0	0	0	0	£0.00
107 High	Housing Tenants to UK Visas, high quality, between bodies	0	3	Not Opened	0	0	0	0	£0.00
108 Medium	Housing Tenants to UK Visas, medium quality, between bodies	0	36	Not Opened	0	0	0	0	£0.00
111 High	Housing Tenants to Housing Benefit Claimants, high quality, between bodies	28	42	Not Opened	0	0	0	0	£0.00
113 Medium	Housing Tenants to Housing Benefit Claimants, medium quality, between bodies	12	18	Not Opened	0	0	0	0	£0.00
144 Medium	Right to Buy to UK Visas, medium quality, between bodies	0	2	Opened	1	0	0	0	£0.00
156 High	Right to Buy to Housing Benefit Claimants, high quality, within bodies	28	42	Closed	42	0	0	0	£0.00
158 Medium	Right to Buy to Housing Benefit Claimants, medium quality, within bodies	0	1	Closed	1	0	0	0	£0.00
172.4 High	Blue Badge Parking Permit to DDRI Deceased Persons, high quality, within bodies	334	366	Not Opened	0	0	0	0	£0.00

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NATIONAL FRAUD INITIATIVE 2010/2011

09-Mar-2011

AUTHORITY SUMMARY: Derby City Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
172.5 High	Concessionary Travel Passes to DDRI Deceased Persons, high quality, within bodies	345	345	Closed	345	0	0	0	£0.00
172.6 High	Resident Parking Permit to DDRI Deceased Persons, high quality, within bodies	2	2	Closed	2	0	0	0	£0.00
173.1 High	Private Residential Care Homes to DDRI Deceased Persons, high quality, within bodies	21	21	Closed	21	0	0	0	£0.00
180.1 High	Insurance Claimants to Insurance Claimants, high quality, within bodies	2	7	Closed	7	0	0	0	£0.00
180.5 Low	Insurance Claimants to Insurance Claimants, address quality, within bodies	1	5	Closed	5	0	0	0	£0.00
701 High	Duplicate creditors by creditor name	0	1634	Opened	676	0	0	0	£0.00
702 High	Duplicate creditors by address detail	0	743	Not Opened	0	0	0	0	£0.00
703 High	Duplicate creditors by bank account number	0	867	Not Opened	0	0	0	0	£0.00
707 High	Duplicate records by invoice reference, invoice amount and creditor reference	0	37	Opened	21	0	0	0	£0.00
708 High	Duplicate records by invoice amount and creditor reference	0	3031	Not Opened	0	0	0	0	£0.00

**IMPORTANT : This summary includes matches that occurred in previous years.**

NATIONAL FRAUD INITIATIVE 2010/2011

09-Mar-2011

AUTHORITY SUMMARY: Derby City Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
709 High	VAT overpaid	0	446	Not Opened	0	0	0	0	£0.00
<b>TOTAL</b>									

IMPORTANT : This summary includes matches that occurred in previous years.