



Leicester
City Council

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 19 MARCH 2014 at 5.00pm

P R E S E N T:

Councillor Westley – Chair
Councillor Naylor – Vice-Chair

Councillor Alfonso
Councillor Desai

Councillor Dr. Chowdhury
Councillor Meghani

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52. TRAINING SESSION PRIOR TO MAIN MEETING - PUBLIC HEALTH

Mr Rod Moore, Divisional Director of Public Health delivered a presentation on the responsibility for public health in the local authority and answered questions from Members. A copy of the presentation is attached to the minutes for information.

The Chair thanked Mr Moore for his presentation.

53. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Grant and Dr. Moore.

54. DECLARATIONS OF INTEREST

Members were asked to declare any interests they may have in the business on the agenda.

Councillor Westley declared an interest in the items of business on the agenda, as he had relatives who were Council tenants.

In accordance with the Council's Code of Conduct, the interest was not considered so significant that it was likely to prejudice Councillor Westley's judgement of the public interest. Councillor Westley was not therefore required to withdraw from the meeting during consideration and discussion on the items.

55. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

that the minutes of the meeting of the Audit and Risk Committee held on 14th November 2013 be approved as a correct record.

With agreement the Chair agreed to change the order of the agenda.

56. ANNUAL REPORT - CERTIFICATION OF GRANTS AND RETURNS 2012/13

The External Auditor presented a report that summarised the work of the auditor and findings from the Certification of Grants and Returns 2012/13.

It was reported that for 2012/13 one claim (housing and council tax benefits) with a total value of £170million and three returns (pooling of housing capital receipts; national non-domestic rates; teachers pensions) with a total of £125million were certified. The Headlines outlined certification results and audit adjustments necessary to three of the Council's grants and returns as a result of certification work. It was reported that the Council had good arrangements for preparing its grants and returns and supported the External Auditor's certification work.

The overall fee for the certification of grants and returns was estimated at £83,534, though £5,328 was still subject to confirmation by the Audit Commission, and consequently the fee information presented was an estimate rather than final figure.

Consideration was given to the remainder of the report, which covered the following areas:

- Summary of certification of work outcomes;
- Fees;
- Recommendations;
- Prior year recommendations.

Members asked how prior year recommendations were being addressed. Members were informed it was not unusual for a local authority to receive a qualified Housing Benefit claim, and that significant resource in quality assurance had been made. Members were told that KPMG recognised the amount of testing asked of authorities by the DWP.

RESOLVED:

1. that the report be noted.

57. EXTERNAL AUDIT PLAN FOR 2013-14

The External Auditor presented a report that set out the detailed audit plan for the external audit of the financial statements and the approach to value for money (VFM) work for the 2013/14 financial year.

Members considered the report in detail, which covered the following areas:

- KPMG's audit approach
- Value for money audit approach
- Audit team, deliverables, timescales and fees.

The stages of KPMG's audit approach were summarised in the report as follows:

- Planning
- Control evaluation
- Substantive procedures
- Other audit work

Members were asked to note the significant risk identified with regards to the Local Government Pension Scheme triennial valuation, and the risk that if the data provided to the actuary for the valuation exercise was inaccurate then such inaccuracies could affect the actuarial figures in the accounts. As part of the audit, KPMG would need to agree the data provided to the actuary back to the systems and report from which it was derived, and test the accuracy of the data. KPMG would liaise with PwC, who were the auditors of the Leicestershire Pension Fund, on the authority's behalf.

Members were also asked to note the External Auditor's approach to Value for Money conclusion and audit of the Council's financial statements.

The Chair thanked the External Auditor for the report.

RESOLVED:

1. that the report be received and noted.

58. AUDIT COMMISSION - PROTECTING THE PUBLIC PURSE 2013

The External Auditor delivered a presentation from the Audit Commission on *Protecting the Public Purse (PPP) 2013* report, and a copy is attached to the minutes for information.

Following the presentation, Members asked that subsequent figures on detected cases be brought to a future meeting. They also requested that information on fraudulent activity under the Council's Blue Badge scheme be brought to a future meeting.

The Chair recommended more training on fraud and risk be delivered to all Councillors to enable to support them in their role as Ward Councillors.

The Chair thanked the External Auditor for the presentation.

RESOLVED:

1. that the presentation be noted;
2. that a subsequent update on figures be brought to a future Audit and Risk Committee meeting.
3. that information on fraudulent activity under the Council's Blue

Badge scheme be brought to a future meeting.

59. PRIVATE SESSION

RESOLVED:

“that the press and public be excluded during consideration of the following reports in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because they involve the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it is considered that the public interest in maintaining the information as exempt outweighs the public interest in disclosing the information.”

Paragraph 3

Information relating to the financial or business affairs of any particular person (INCLUDING THE authority holding that information)

B1) INTERNAL AUDIT UPDATE REPORT – 2013-14
QUARTER 3 (OCTOBER 2013 – DECEMBER 2013)

60. INTERNAL AUDIT UPDATE REPORT 2013-14 QUARTER 3 (OCTOBER 2013 - DECEMBER 2013)

At this point Councillor Westley (Chair) left the meeting. Councillor Naylor (Vice-Chair) took the Chair for the next agenda item.

The Director of Finance submitted a report which summarised Internal Audit's work completed in the third quarter of 2013-14 (between 1 October 2013 and 31 December 2013) and was presented by the Audit Manager.

The report provided relevant information on the progress made by the Council in implementing recommendations arising from reports issued by Internal Audit, and provided more detail on those Internal Audit reports in which low assurance levels had been given and there were material concerns.

The report provided the Committee with an overview of:

- audit work planned and completed
- significant issues identified by audit work
- management progress in implementing agreed recommendations.

The Audit Manager informed the meeting that the proportion of higher assurance levels continued to increase in the third quarter. The Audit Manager outlined one particular area for concern, and this was discussed with the Audit and Risk Committee Members who were informed that the Assistant Mayor for the area and Chief Operating Officer had been fully briefed. He said Internal

Audit would be monitoring the implementation of recommendations made and would report back to the Audit and Risk Committee in due course.

The Chair thanked officers for the update and asked the Committee to note the report.

RESOLVED:

1. that the report be received.
2. that the key issues identified be noted
3. that the progress made in implementing the recommendations in one specific audit report be brought to a future meeting of the Audit and Risk Committee.

Councillor Meghani left the meeting at this point.

61. PUBLIC SESSION

62. COUNTER-FRAUD UPDATE REPORT FOR THE FIRST HALF OF 2013-14

The Director of Finance, the Director of Environmental Services and the Director of Housing presented a joint report that provided information on counter-fraud activities between 1 April 2013 and 31 December 2013. The Director of Finance presented the report.

It was reported that Internal Audit, though not directly responsible for the investigation of suspected financial irregularities, had a role in preventing fraud by recommending improvements to systems and procedures where appropriate. Responsibility for the City Council's counter-fraud work was shared by the Corporate Counter-Fraud Team, the Revenues and Benefits Investigations Team, both within Financial Services, the Trading Standards Team within Environmental Services, and the Tenancy Fraud Team within Housing Services.

The Committee was recommended to receive the report, and make any recommendations it saw fit either to the Executive or the Director of Finance, Director of Environmental Services or Director of Housing.

The Investigations Manager, Revenue and Benefits informed the meeting that £134,000 in funding was successfully secured from the Department for Communities and Local Government (DCLG), which would be used to support the work of the Tenancy Fraud Team.

It was also reported that plans were underway to start undertaking work with Oadby and Wigston Borough Council and other social landlords within Leicestershire to identify tenancy fraud and bring about criminal proceedings.

The Chair asked if the staff had the time to take on additional work, as there would be problems if too much was taken on, and work within the city would suffer.

The Chair requested that the Director of Housing be invited to a future meeting to discuss procurement fraud in Housing Services in private session.

In response to a question, Members were informed the application for funding from Housing was granted on the proviso that work was done for Oadby and Wigston Borough Council, though the funding was not ring-fenced.

The Chair thanked Officers for the report.

RESOLVED:

1. that the report be received.
2. That the Director of Housing be invited to a future meeting in private session to discuss procurement fraud in Housing Services.

63. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT INCLUDING JANUARY RISK REGISTER UPDATE

The Director of Finance submitted a report which provided the Committee with the regular update on the work of the Council's Risk Management and Insurance Services Team's activities. The Head of Internal Audit and Risk Management, presented the report.

Under Insurance and Claims it was reported the Council had lost one case resulting in an award to the claimant of £1,992 and costs of £23,000 against an original reserve of £25,000.

It was also reported the Council had accepted liability in one case and had offered £1,000 prior to a hearing. The claimants did not believe it was enough and during the court case, the judge agreed with the original offer of £1,000, and the claimant had to pay their lawyers costs of £15,000. The Council's reserve was £19,500 and £18,500 was retained within the insurance fund.

The Head of Internal Audit and Risk Management informed the meeting that plans were in place regarding the forthcoming strike of the two main teaching unions (NUT and NASUWT), and that as many schools would remain open as possible. Parents had been informed.

In response to a question, the Head of Internal Audit and Risk Management informed the meeting that claims from the Loss Reduction Fund were approved by the Operational and Strategic Management Boards, when a full breakdown on each claim was provided.

The Chair thanked the Officer for the report.

RESOLVED:

1. that the contents of the report be noted.

64. INTERNAL AUDIT - 4TH QUARTER OPERATIONAL PLAN 2013-14

The Director of Finance submitted a report which presented the detailed operational audit plan for the fourth quarter of the financial year 2013-14 and was presented by the Audit Manager. The Committee was asked to note the report.

The detailed operational plan for the fourth quarter of 2013-14 was attached to the report, and the Committee was asked to note in particular the following audit areas:

- Significant financial systems;
- IT audit;
- Schools;
- Children's Services;
- Contract audit;
- Corporate governance, including the Leicestershire Economic Action Plan 2012-2020, and including governance arrangements for Public Health;
- EMAS.

Members were informed that work would continue on the programme of contract audits looking at individual departments or service areas, plus a follow-up of the previous audit of Housing Contracts, and would be reported back to a future meeting.

The Chair thanked officers for the update and asked the Committee to note the report.

RESOLVED:

1. that the report be received, and the key issues identified be noted
2. that the progress made on the programme of contract audits, plus follow-up of the previous audit of Housing Contracts be brought to a future meeting of the Audit and Risk Committee.

65. 2014-15 AUDIT AND RISK COMMITTEE PLANNED AGENDAS AND MEETING DATES

The Head of Internal Audit and Risk Management presented a proposed schedule of meetings and their agendas for the financial year 2014-15. The Committee was recommended to note and accept the proposed plan and content, and raise any issues or questions with the Head of Internal Audit and Risk Management or the Director of Finance.

It was reported that the Annual Calendar of Meetings would be presented to Annual Council.

The Chair and Members at the meeting agreed to the schedule. The dates would be passed to the author of the Annual Calendar for inclusion.

RESOLVED:

1. that the proposed schedule of meetings be noted.

66. CLOSE OF MEETING

The meeting closed at 7.14pm.

Public Health

Audit and Risk Committee
 19 March 2014
 Rod Moore Divisional Director of Public Health
 Leicester City Council

Description of Key Services

The purpose of public health in the local authority is, as part of a wider system, to

- improve the health of the population
- ensure that the health of the population is protected, and to
- support improvements in health and care services

Responsibilities

- The Health and Social Care Act (2012) lays out specific responsibilities of the Local Authority with regard to public health and the Director of Public Health (DPH).
- Some responsibilities are mandatory either as a mandate of the Secretary of State for Health or as part of a universal system
- Other responsibilities are to be applied in relation to local need following assessment
- Prevention of ill health is important for the population and quality of life and will also drive future reductions in adult social care as well as NHS care.
- Public health is a vital part of the work of the Health and Wellbeing Board and the implementation of the Health and Wellbeing Strategy.

Mandatory services

- Commissioning sexual health services (open access contraceptive services, treatment of sexually transmitted infection, HIV prevention and identification but not HIV treatment, Terminations of Pregnancy and GP contraceptive services).
- Health protection (duty on DPH to ensure plans in place to protect health of population) including community infection prevention and control and the local authority role in dealing with health protection incidents, outbreaks and emergencies.
- Public Health advice, analysis and support to NHS commissioners (CCG's)
- Implementing the National Child Measurement Programme
- Commissioning NHS health checks for 40-74 year olds
- Joint Strategic Needs Assessment
- Pharmaceutical Needs Assessment

Other commissioning responsibilities

- tobacco control and smoking cessation services
- alcohol and drug misuse services
- Public health services for children and young people aged 5-19 (including Healthy Child Programme 5-19) and from 2015/16 all public health services for children and young people 0-19 years.
- interventions to tackle obesity, such as community lifestyle and weight management services
- locally-led nutrition initiatives
- increasing levels of physical activity in the local population
- public mental health services
- dental public health services
- accidental injury prevention
- population level interventions to reduce and prevent birth defects
- behavioural and lifestyle campaigns to prevent cancer and long-term conditions (e.g. diabetes, chronic obstructive pulmonary disease)
- local initiatives on workplace health
- local initiatives to reduce excess deaths as a result of seasonal mortality
- public health aspects of promotion of community safety, violence prevention and response
- public health aspects of local initiatives to tackle social exclusion
- local initiatives that reduce public health impacts of environmental risks.

Additional responsibilities

- Community acquired infection prevention and control
- Clinical Governance
- Oral health epidemiology and oral health promotion



- ### Progress
- **CVD mortality:** CVD mortality: Premature mortality (under 75s) rate in Leicester is significantly worse than the England rate but has shown a steady improvement over the past 12 years from 153 per 100,000 in 1998-2000 to 78 in 2010-12
 - **Teenage pregnancy:** Leicester rates have reduced by 49% between 1998 (64.6 conceptions per 1,000 15-17 year old females) and 2012 (32.9 per 1,000) where nationally rates have reduced by 41% for the same period. TP for Leicester is significantly higher than the national rate (27.7 per 1,000)
 - **Breast feeding:** Rates at 6-8 weeks in Leicester are better than the national rate and have shown an improvement from 53% in 2009/10 to 55% in 2012/13 cw England 44.7% to 47.2%
 - **Childhood immunisations:** % of under 2 and under 5 year olds vaccinated in Leicester has also improved over the past few years and is higher than the national rate in DTP, MenC, MMR, Hib/MenC and PCV
 - **Smoking prevalence:** Levels of smoking prevalence are falling nationally and the Leicester Lifestyle Survey suggests rates are falling locally too.
 - **Alcohol-related hospital admissions:** Rates are significantly worse in Leicester (2,038 per 100,000) than nationally (1,951 per 100,000) in 2012/13 but have shown an improvement over the past few years in narrowing the gap between Leicester and national rates



- ### Ring-fenced public health grant
- Announced January 2013
 - 2013/14 £19,995k
 - 2014/15 £21,994k
 - The ring-fence has been extended to 2015/16
 - Further years to be announced
 - Council is required to report spend by type of expenditure
 - Nationally published public health outcomes framework
 - Formal accountability rests with the Chief Executive of the local authority, but DH expects day-to-day responsibility for the grant to be delegated to the Director of Public Health (DH Dec 2011).

- ### Commissioning arrangements for Public Health
- Commissioning is now entirely within the processes and procedures of the City Council.
 - The transferred commissioned activity is subject to a two year programme of review and re-procurement which reflect mandatory requirements, City Council priorities and partnership priorities as set out in the Leicester Health and Wellbeing Strategy, [Closing the Gap](#).
 - Decisions on policy and direction of commissioning are taken by the Executive with advice and options developed by the Director of Public Health.

- ### Key areas of progress
- Agreement and mobilisation of Oral Health Strategy with key partners and funding secured for four years.
 - Development, procurement and implementation of Integrated Sexual Health services for the city.
 - High take up rates for NHS Health Checks.
 - Breast Feeding - achievement of stage 2 UNESCO Baby Friendly Initiative.
 - Support to CCG on “core offer”.
 - Delivery of programme of needs assessments (JSNA)

- ### Summary
- Successful transition with some changes still to be worked through.
 - Health of the population remains poor despite good progress on some short term indicators.
 - Some new responsibilities require new funding.
 - Some development needed in line with population need and to meet Health and Wellbeing Strategy agreed April 2013.
 - Commissioning within the processes of the council.
 - Progress made in key areas since April 2013

Protecting the Public Purse Fraud Briefing 2013 Leicester City Council





Agenda

- Introduction and purpose of your Fraud Briefing
- *Protecting the Public Purse (PPP) 2013* report – national picture
- Interpreting fraud detection results
- The local picture
- Questions?



And do not forget

- Checklist for those charged with governance (*Appendix 2 of PPP 2013*)
- Questions councillors may want to ask/consider (*Appendix 3 of PPP 2013*)



Introduction


- Fraud costs local government in England over £2 billion per year (*source: National Fraud Authority*)
- Fraud is never a victimless crime
- Councillors have an important role in the fight against fraud

Purpose of Fraud Briefing at your council

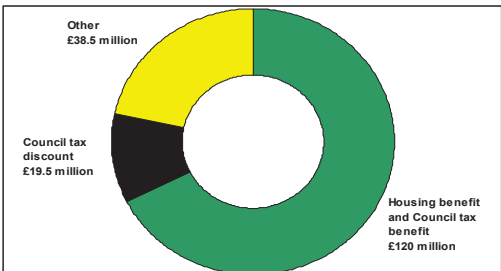
- Opportunity for councillors to consider fraud detection performance, compared to similar local authorities
- Reviews current counter fraud strategy and priorities
- Discuss local and national fraud risks
- Reflect local priorities in a proportionate response to those risks

Your council is compared with the metropolitan districts and unitary authorities of the west midlands, east midlands and east of England regions




National Picture 2012/13

Total cases detected 107,000, with a value of £178 million (excluding social housing fraud)



Category	Value (£ million)
Housing benefit and Council tax benefit	£120 million
Other	£38.5 million
Council tax discount	£19.5 million


Nationally, the number of detected frauds has fallen by 14% since 2011/12 and the value by less than 1%

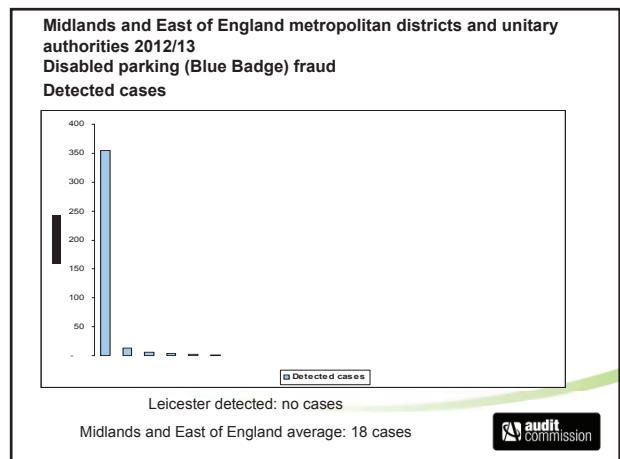
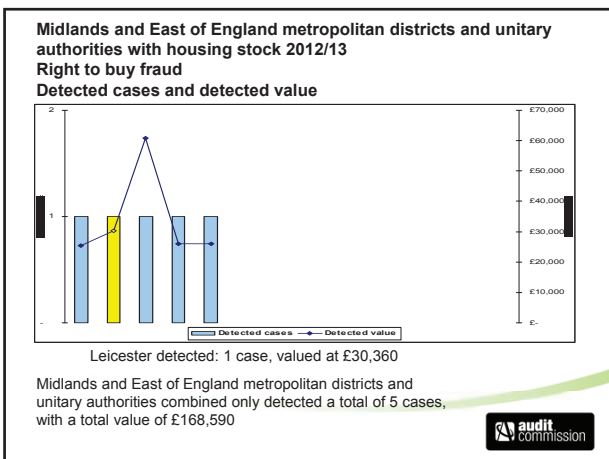
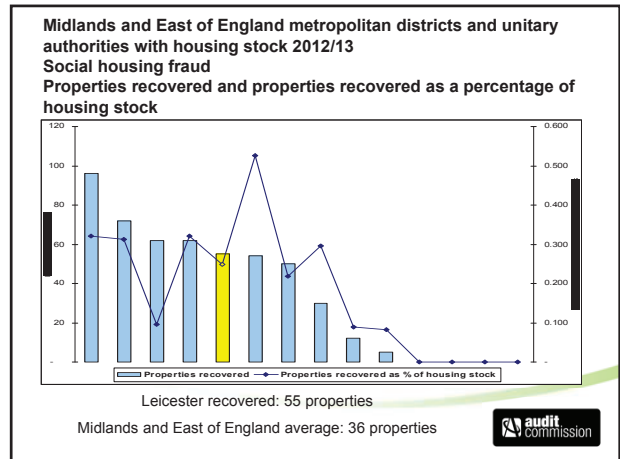
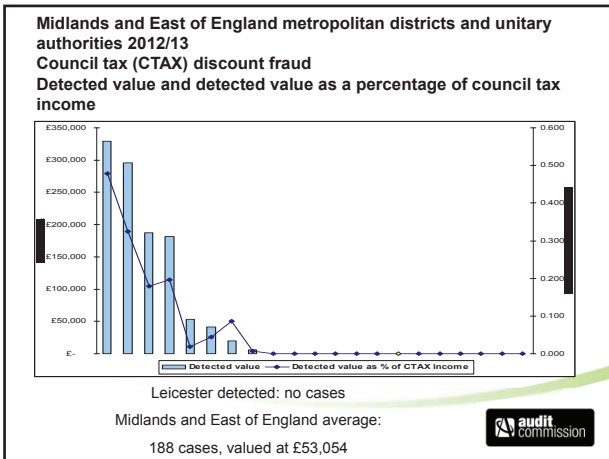
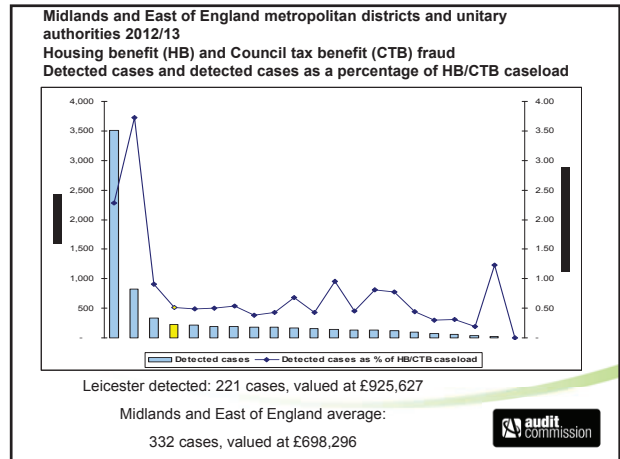
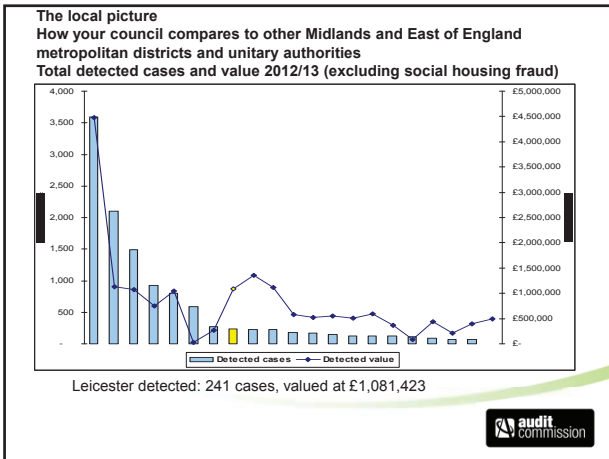


Interpreting fraud detection results

- Contextual and comparative information needed to interpret results
- Detected fraud is indicative, not definitive, of counter fraud performance (Prevention and deterrence should not be overlooked)
- No fraud detected does not mean no fraud committed (Fraud will always be attempted and even with the best prevention measures some will succeed)
- Councils who look for fraud, and look in the right way, will find fraud (There is no such thing as a small fraud, just a fraud that has been detected early)

Your council is highlighted in yellow in the graphs that follow





Leicester City Council Other frauds

- Procurement: no cases
(Ave per Midlands and East of England Met & UA: 5 cases, valued at £963)
- Insurance: 1 case, valued at £500
(Total Midlands and East of England Met & UA: 3 cases reported, valued at £53,500)
- Social care: no cases
(Total Midlands and East of England Met & UA: 5 cases, valued at £140,874)
- Economic & Third sector: 1 case, valued at £34,730
(Total Midlands and East of England Met & UA: 1 case, valued at £34,730)
- Internal fraud: 8 cases, valued at £99,611
(Ave per Midlands and East of England Met & UA: 6 cases valued at £17,791)

*Correctly recording fraud levels is a central element in assessing fraud risk
It is best practice to record the financial value of each detected case*



Any questions?



