

Audit Panel

Monday, 12th August, 2013

SPECIAL MEETING OF THE AUDIT PANEL

Members present: Alderman Rodgers (Chairman);
Alderman M. Campbell;
Councillors Jones, Lavery, Mullan, and Mr. D. Bell.

In attendance: Mr. R. Cregan, Director of Finance and Resources;
Mr. E. Deeny, Head of Corporate Communications;
Mr. M. McBride, Head of Finance and Performance;
Mr. A. Wilson, Head of Audit, Governance and Risk Services;
Mr. J. Martin, Senior Auditor, Audit, Governance and Risk Services;
Mr. T. Wallace, Financial Accounting Manager;
Mrs. P. McKissick, Operations Manager, Central Transactions Unit; and
Mr. B. Flynn, Democratic Services Officer.

Apology

An apology was reported on behalf of Alderman Smyth.

Declarations of Interest

No declarations of interest were reported.

Fraud Incident

The Chairman reminded the Panel that the purpose of the meeting had been to receive an overview from senior officers in respect of the circumstances which had resulted in the Council becoming a victim of a financial fraud.

The Director of Finance and Resources provided an overview of the circumstances surrounding the incident and advised that, if the controls which were in place had been followed, then the fraud would have been detected. A human resources investigation had, therefore, been initiated to ascertain how and why the fraud had occurred and two officers had been placed on paid precautionary suspension. He emphasised that there had been no indication that they had been involved in the fraud. He informed the Panel that the fraud had taken place when legitimate invoices had been paid into a false bank account which had been set up by fraudsters posing as a Council contractor.

The Head of Finance and Performance reported that Audit, Governance and Risk Services had undertaken an initial review as part of the fraud investigation and that

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revised control procedures, with additional management checks, had been implemented and that additional training had been provided to staff in the Central Transactions Unit.

Given that the financial information used by the fraudster had been obtained direct from one of the Council's legitimate contractors, the Head of Finance and Performance reported that he was writing to all suppliers to advise them of a dedicated email address and telephone number which could be used to check the legitimacy of any requests for financial information from persons purporting to be from, or claiming to represent, the Council.

After discussion, during which the Panel expressed its satisfaction with the steps which had been taken by management to address the issue, it noted that a full report in respect of the incident, together with an outline of the additional assurance measures which would be put in place, would be submitted for its consideration in due course.

Chairman