

Finance and Audit Committee

Tuesday, 15 September 2015

7.30 pm

Present:

Cllr Derek Shelbrooke (Chair)
Cllr Karen Hurdle (Vice-Chair)

Cllrs: John Knight
 John Burden
 Colin Caller
 Lenny Rolles
 David Hurley
 Leslie Pearton
 Peter Scollard

Julie Gibbs	Assistant Director (Finance)
Stuart Bobby	Assistant Director (Corporate Performance)
Sarah Parfitt	Service Manager (Finance)
James Larkin	Fraud Investigations Manager
Vikki Finneran	Principal Accountant
Vaughan Matthews	External Auditor, Grant Thornton
Darren Wells	External Auditor, Grant Thornton
Ben Clarke	Committee & Scrutiny Assistant

21. Apologies

Apologies of absence were received from Cllr Brian Sangha, Cllr Lesley Boycott and Cllr William Lambert.

22. Minutes

The Minutes of the meeting held on 14 June 2015 were signed by the Chair.

23. Declarations of Interest

No declarations of interest were made.

24. Ombudsman Annual Report

The Assistant Director (Finance) announced that she would present the report on behalf of the Service Manager Customer & Theatre Services, who would be able to respond to any questions by email if it was unable to be answered at the meeting..

The Assistant Director (Finance) highlighted that for the year ending 31 March 2015 the LGO received:

- A total of thirty complaints
- Eight were closed after initial enquiries were made with the Council

- In four of the cases advice was given to the customers
- Eighteen were referred back to GBC for local resolution

The majority of the complaints related to Housing (11) and Benefits & Tax (9) followed by Planning & Development (4), Highways & Transport (4) and Corporate & Other Services (2).

One Member praised the work of the officer's at GBC and directly praised the Chief Executive as the only two authorities to have no complaints investigated were GBC and T&M, both of which had/has David Hughes as the Chief Executive.

Another Member seconded this and praised GBC officers.

25. Housing Services Anti-Fraud Policy

The Fraud investigations Manager explained to the Committee that this anti-fraud policy is aimed at tenancy fraud; when GBC prosecute someone now, they have a policy to back up the prosecution.

One Member advised he approved the policy but wondered how GBC are going to implement the policy.

The Fraud Investigations Manager advised the responsibility of implementation lies with the Fraud team who will liaise with the Assistant Director Housing to gain information to tackle tenancy fraud.

The Fraud Investigations Manager assured the Committee that Housing Officers would be given fraud awareness training so that they can report any suspicious activity when they conduct visits to inspect properties or become aware of changes in a tenant's circumstances.

One Member inquired further about how referrals received would be followed up.

The Fraud Investigations Manager explained that background checks would be performed first before an investigation would commence.

A Member asked if the Housing Officers would be monitored after training to see if they are implementing it properly.

The Fraud Investigations Manger advised he would liaise with the Assistant Director Housing to raise that point and get the information back to Members.

One Member raised concerns over the anonymity of the whistle-blowers.

The Fraud Investigations Manager assured the Committee that the Fraud team do not ask for names when they receive a report and any Housing Officers who pass on reports will be instructed to keep the names confidential.

The Committee agreed to **endorse** the Housing Services Anti-Fraud Policy subject to the following condition:

- Create a clause in the policy that references the Council's whistleblowing policy so that all whistle-blowers are kept confidential

26. Medway Shared Service

The Assistant Director Corporate Performance told the Committee that Cabinet had approved the Shared Service between Medway and Gravesham for the Audit & Fraud Team.

The Assistant Director Corporate Performance highlighted that:

- GBC staff transfer over to Medway on the 1st December 2015
- The transfer is taking place earlier than originally planned (31st March 2016) due to the introduction of the Single Fraud Investigation Service (SFIS) for Housing Benefit Fraud investigations happening early in 2016. By transferring the staff earlier, the staff will suffer less uncertainty, and the transfer dates to SFIS for both Gravesham and Medway can hopefully be aligned (DWP confirmation pending)
- A new structure will be in place at Medway for all staff operating under the partnership with effect from 1 April 2016
- The transfer will not affect GBC's Audit plan and the teams will work for both Councils with some Medway staff working at GBC as well

A Member raised concerns about who pay redundancy payments if any were required.

The Assistant Director Corporate Performance advised that there is no structure in place at the moment but based on indicative modelling it is anticipated that all staff will be either have employment within the new partnership or with the Department for Work and Pensions, however, should there be any redundancies, the payments would be met by the respective original employers until such time as the new structure is in place, at which point any such costs would be shared in proportion..

The Assistant Director Corporate Performance assured the Committee that any positions where staff need to apply for post will not be bias towards existing Medway employees, with the following anticipated safeguards built into the process:

- Any appointments to the new structure will go through the normal recruitment process
- The Panel deciding upon recruitments will consist of officers from both Councils
- All decisions will be made equally and in the best interests of the partnership

Members **noted** the information.

27. The Audit Findings for Gravesham Borough Council - Year Ended 31 March 2015

The Assistant Director (Finance) introduced the report to the Committee highlighting that:

- Whilst the audit is still ongoing, work relating to the Statement of Accounts has nearly been completed by the Auditors. There are only a few very minor things to be checked before the audit is complete, and the auditors are expecting to issue an unqualified opinion.

- For this reason, the report includes a recommendation for the Chair to receive any updates regarding the Audit if any arise.
- The accounts have to be signed off by the end of September
- GBC officers and the Auditors have worked well together this year. This said, officers will continue to work with the Auditors after the audit to identify further improvements that can be made to the audit process for next year.

Darren Wells from Grant Thornton took Members through the findings of the report, highlighting several important points:

- The aim is have the accounts done earlier in two years' time so that the full audit can be completed by July of that year – this is due to legislative change.
- In the Audit Findings Report the Auditors have identified a number of risks to the Statement of Accounts – these risks are adequately managed by GBC, though the audit did identify weaknesses in the authorisation of some journal types ; this will be addressed as per the management response in the action plan.
- An area still left to work on is the Housing Benefits testing but the auditors foresee a very remote chance of finding a significant change
- As referred to by Assistant Director (Finance) officers and Auditors have worked well together this year, though the processes for accounting for Property Plant & Equipment need improving.

One Member noted that the Audit Findings Report and amended Statement of Accounts were only released on the day of the meeting, meaning that Members had little time to review and consider these items. It was agreed that The recommendations be changed with a deadline of Friday 25 September for Members to read the Audit Findings report then send any comments to the Chair, the Assistant Director (Finance) and Service Manager (Finance).

Another Member requested that the changes made to the Statement of Accounts for future reference be colour coded so Members can see what has been changed.

One Member advised that if the deadline was too tight for that then the Chair can always push back the meeting.

The Service Manager (Finance) stated that the papers had been published the previous Friday so there may have been an error with the Modern.Gov system if no notification was received by Members.

The Grant Thornton Auditor and Service Manager (Finance) agreed to produce a one page consisting of all the changes that occurred as well as colour coding changes in future.

Members **agreed** to the recommendations as laid out in the report subject to the conditions that:

- Members will be given until the 25 September 2015 to read and send any comments about the Audit Findings Report to the Chair
- The Assistant Director (Finance) and the Service Manager (Finance) will be copied into the emails so responses can be prepared for the following week

28. Statutory Statement of Accounts 2014-15

The Service Manager (Finance) stated that:

- Most of the amendments made as a response to the audit had taken place in the balance sheet and comprehensive income expenditure statement and the associated notes.
- The most significant amendment was in relation to the revaluation of car parks and HRA garages, affecting the property, plant and equipment elements of the Statement.

As per the previous agenda item, the Chair requested officers to ensure that all changes made in the Statement of Accounts are highlighted in colour to show Members where the changes have occurred

Members **agreed** to the three recommendations as laid out in the report.

29. Budget Monitoring Report - Q1 2015-16

The Service Manager (Finance) informed Members that the report sets out the performance against budget for the period to the end of June.

One Member referenced P49 asking:

- Pa 4.3.2 – How GBC will deal with the penalty if the council is not committed to building more houses.
 - The Service Manager (Finance) responded that she understood the council to still be committed to building houses.
- Pa 4.3.3 – Who will be paying for the administration of the Pay to Stay scheme
 - The Service Manager (Finance) advised that there was little information available on the actual operation of the scheme, though it was understood that the HRA would be required to administer the scheme. It was not known whether this would attract new Burdens funding.

The Chair requested that a report be brought to the committee after the November spending review was announced, outlining the implications of the review.

One Member questioned the £31 million investment balances on P53 Pa 6.3 asking if it was GBC's to spend or if GBC were holding it.

The Service Manager Finance advised that the Council's cashflow does ebb & flow due to timing differences as it collect tax and business rates and then pays these over to preceptors, as well as making payments to creditors and salary payments to staff. The £31 million is also made up of grant funding that the council has received and is holding until it can be spent on the grant purpose.

The Chair indicated that in normal situations the interest is kept by the Council.

One Member noted the movement in running expenses in the medium term financial plan and inquired if this was due to the waste collection scheme.

The Principal Accountant advised that this did form part of the change, and that it would be matched by corresponding grant income in the Other Government Grants line..

Members **noted** the information in the report.

Close of meeting

The meeting ended at 9:20pm.