

## Finance and Audit Committee

Tuesday, 21 September 2021

7.30 pm

### Present:

Cllr Gurbax Singh (Chair)  
Cllr Sarah Gow (Vice-Chair)

Cllrs:           Derek Ashenden  
                  Dakota Dibben  
                  Brian Francis  
                  Samir Jassal  
                  Nirmal Khabra  
                  Jordan Meade  
                  Lyn Milner

Lisa Nyon	Assistant Director (Corporate Services)
James Larkin	Head of Internal Audit and Counter Fraud Shared Service (Chief Audit Executive)
Anita Tysoe	Service Manager, Town Centre & Culture Services
Andrew Barnett	Principal Accountant (General Fund)
Alexandra Jarvis	Principal Accountant (Housing & Exchequer)
Julie Francis-Beard	Committee Services Officers (minutes)

### 115. Apologies for absence

An apology for absence was received from Cllr Emma Morley and Cllr Elizabeth Mulheran; Cllr Brian Francis and Cllr Lyn Milner attended as their respective substitutes.

### 116. To sign the minutes of the previous meeting.

The minutes of the meeting on Tuesday, 20 July 2021 were agreed and signed by the Chair.

### 117. To declare any interests members may have in the items contained on this agenda. When declaring an interest a member must state what their interest is.

Cllr Sarah Gow declared an Other Significant Interest as an appointed Directors of Rosherville Limited, the Council's Local Authority Trading Company.

### 118. Local Government & Social Care Ombudsman Annual Review Letter 2020/21

The Service Manager, Town Centre & Culture Services provided the Committee with an update on the Local Government & Social Care Ombudsman's Annual Review Letter for Gravesham and highlighted the following:

- The Local Government & Social Care Ombudsman (LG&SCO) publish an annual review letter summarising the complaints and enquiries they have dealt with in relation to Gravesham, along with any action taken and whether the complaint was investigated.
- For year ending 31 March 2021, a total of 11 complaints or enquires were received, the majority relating to Housing, Planning, Environmental, Highway and Adult Social Care.
- Due to the pandemic, the Ombudsmen extended their timescales for dealing with complaints. Gravesham's numbers were slightly lower than previous years but continued to respond within their set timescales.
- Of those 11 contacts, decisions were made for 8 of them as set out below. The remaining 3 cases were not closed during the 2020-21 financial year and will therefore be reported in the next annual review letter.
  - Advice was given for 3 contacts
  - 4 were referred to the Council as premature, i.e. the complaint process had not been concluded.
  - 1 complaint was investigated but not upheld as there was no finding of maladministration
- It is also worth Members noting that the Corporate Complaint Procedure has recently been reviewed and changes introduced to recognise good practice and guidance; in particular the Housing Ombudsman recommendation that complaint procedures should not have more than 2 stages. Gravesham currently has a 3-stage process which was implemented in September 2011. Following a recent review, changes were identified to reflect best practice, ensure the procedure remains fit for purpose, and more importantly, continues as an effective mechanism for putting things right and learning from complaints, therefore, Gravesham will revert back to a 2 stage process.

Following Members comments and questions, the Service Manager, Town Centre & Culture Services highlighted the following:

- With reference to the letter provided by the Chair, Commission for Local Administration in England it was encouraging to see the figure of upheld investigated complaints was 0%, is this comparable with other Local Authorities? The Service Manager, Town Centre and Culture Services informed the Committee that this figure is comparable to similar sized but not neighbouring Authorities. Kent Authorities are currently using the 2 stage complaint process.
- The Chair asked why Housing has the most complaints and the Service Manager, Town Centre and Culture Services explained they could be enquiries rather than complaints (as the Ombudsmen only contact us when they require specific information about a case) but the level of Housing related enquiries is proportional based on the size of the stock.

The Chair thanked the Service Manager, Town Centre and Culture Services and the Committee.

**Resolved** that Members noted the report which was for information and to support transparency and learning from complaints.

## 119. Audit & Counter Fraud Update

The Head of Internal Audit and Counter Fraud Shared Service (Chief Audit Executive) provided the Committee with an update on the work, outputs and performance of the Audit & Counter Fraud Team for the period 1 April 2021 to 31 July 2021 including:

- **Resources** – how resources have been used during this time and the impact of sickness, resignations and a period of vacancy.
- **Results of planned Audit and Counter Fraud work** – all reviews from 2020-21 have now been finalised and progress with the reviews on the 2021-22 plan is included in the update.
- **Quality Assurance and Improvement Programme** – PM13a – proportion of agreed assurance assignments – delivered is now 25% and PM13b underway is now 13%.
- **Review of Audit and Counter Fraud Plan** – there is a currently projected loss of approximately 38 days from expected audit resources. One service has requested that a review be postponed to 2022-23, which will account for 15 of the days lost, so a request for the review of the Performance Management framework to be deferred until 2022-23 is detailed in section seven.
- **Recommendations** – the report contains details of progress with all recommendations and specific updates for all those more than six months overdue. Management Team have agreed revised implementation dates for a number of these recommendations where there have been circumstances beyond the control of the service since the original dates were agreed.

Following Members comments and questions, the Head of Internal Audit and Counter Fraud Shared Service (Chief Audit Executive) highlighted the following:

- In regards to the IT Asset Management and the reason for the red opinion, the Head of Internal Audit and Counter Fraud Shared Service (Chief Audit Executive) reminded the Committee that the findings for the review were included in the annual report, which was brought to the June Committee. The pandemic was the main driver for the lack of compliance with usual controls. The need to roll out new kit as quickly as possible to enable staff members to work from home, so the usual procedures were relaxed. The IT team are currently working on getting records brought up to date. The Chair explained to the Committee that IT had attended a previous meeting and discussed the Covid-19 Pandemic assets.

**Resolved** that Members approved the amendments to the agreed work plan as detailed in section seven of appendix 2 and endorsed the revised implementation dates for overdue recommendations as detailed in section eight of appendix 2.

## 120. National Fraud Initiative Update

The Head of Internal Audit and Counter Fraud Shared Service (Chief Audit Executive) presented the Committee with an update on the work completed in relation to the data matches received as part of the National Fraud Initiative Exercises 2019-20 and 2020-21 including.

- As of 31 August, there were still four matches from the 2019-20 exercise open but these have since been closed following completion of enquiries.

- This means the final outturn from the exercise was the removal of 86 single person discounts, eight of which were replaced with alternative discounts, usually because the second adult was a student. This has resulted in additional liability of approximated £87,513 and an additional £38,387 in future years.
- Progress in relation to the 2020-21 exercise is more limited than the service would have hoped at this point in the year but the overhang of the delayed start to 2019-20 exercise, as well as the periods of vacancy within the counter fraud team have had a significant impact. The new intelligence analyst is now in post, so the service are confident that there will be more progress to report in the next update to the Committee.

Following Members comments and questions, the Head of Internal Audit and Counter Fraud Shared Service (Chief Audit Executive) highlighted the following:

- Item 1.3 Housing, (tenancies, right to buy and waiting list) the reference should be waiting register not waiting list. The Head of Internal Audit and Counter Fraud Shared Service (Chief Audit Executive) will amend in future reports.

The Chair thanked the Head of Internal Audit and Counter Fraud Shared Service (Chief Audit Executive).

**Resolved** that the Committee noted the report.

### **121. External Audit 2019/20 & Draft Accounts 2020/21**

The Assistant Director (Corporate Services) gave a verbal update and highlighted the following:

- The external audit for 2019-20 has not yet been concluded. The two outstanding items are the accounting treatment of the St George's Shopping Centre and the valuation of HRA dwellings. External advice has been sought with regard to the St George's Shopping Centre transaction and once the Council has received this external advice, Members will be updated.
- The finance team are drafting a statement of accounts for 2020-21, however until the external audit of the 2019-20 accounts has finished the draft statements cannot be finalised. The finance team are working closely with the external auditors to bring matters to a close.

### **122. General Fund Budget Monitoring Q1**

The Principal Accountant (General Fund) presented the Committee with a report that updated them on actual performance against the approved Revenue and Capital budgets for 2021/22, including projected variances agreed or identified through budgetary control activity.

The Principal Accountant (General Fund) updated Members on other key areas of financial performance that may have an impact on the Council's Medium Term Financial Strategy, Medium Term Financial Plan (MTFP), or Financial Statements including:

- The General Fund Q1 2020-21 has had minimal movement against the budget in Q1 and at this early stage many nil variances are therefore being reported. At the end of Q1, there is a projected adverse variance for the year of £43,180.
- The effects of the COVID-19 pandemic will take some time to show in the accounts. It is important to note that significant risks to the General Fund's financial position continue to come from the lack of clarity regarding the long-term future of local government funding and the financial consequences of the Covid-19 pandemic as central government supports starts to unwind in 2021-22.
- There is a favourable variance of £81k in the Corporate Services Directorate. This is due to expenditure within the General Fund Capital Programme during 2020-21 being lower than originally budgeted, which meant that there was a reduced borrowing requirement than initially envisaged.
- The working balances and reserves amount totals £11.65m, this includes the minimum general fund of £2m and additional general fund reserve of £3.25m gives a forecast of £6.4m.
- The general working balance for earmarked reserves for the general fund is £11.77m. £4.4m relates to the budgeted drawdown within the NNDR Collection Fund. This is a unique situation for 2021-22, and is due to Collection Fund accounting arrangements arising from the Business Rates position attributable to the Covid-19 Pandemic in 2020-21.
- The General Fund Capital Programme on page 67 set out the £57m expenditure with £6m of actual expenditure which is centred on land acquisitions and large projects.

This report is for information only

### **123. Housing Revenue Account Budget Monitoring Q1**

The Principal Accountant (Housing & Exchequer) presented the Committee with a report that updated members on actual performance against the approved Revenue and Capital budgets for 2021/22, including known variances agreed or identified through budgetary control activity.

Members were updated on other key areas of financial performance that may impact on the Council's HRA Business Plan or Financial Statements

The Principal Accountant (Housing & Exchequer) outlined the key points from the report and drew Members attention to the following:

- Under 3.1.1 Housing Revenue Account at the end of Q1 the forecast reflects a net favourable variance to the original budget.
- Under 3.2.1 Vacancy Management the original budget was £100,000 and at the end of Q1 the actual staff spend was £135k lower than originally budgeted.
- Under 3.5.1 Interest Cost Savings due to the delays in the new build programme, there was a lower external borrowing requirement in 2020-21. This has reduced the anticipated cost of borrowing in the current financial year, resulting in a favourable variance.
- Under 3.9.1 the HRA working balances is expected to maintain its forecast of £3m.
- Under 4 Housing Capital Programme the scheme totals £24m with the General Fund Housing coming in at £2.9m. However, officers have started to indicate supply chain issues which may affect the delivery of the 2021-22 Housing Capital programme and

the revenue repairs and maintenance spend. Further details will be reported in the Q2 monitoring report.

- Under section 4.5.3 the report details progress of the current new build programme and a summary of the number of properties that have been delivered since the original new build programme scheme in 2012.
- Details of the progress for Disabled Facility Grants was discussed.

Following Members comments and questions the Principal Accountant (Housing & Exchequer) highlighted the following:

- With the huge rise in costs for raw materials has this will be factored in to future budgets. The Principal Accountant (Housing and Exchequer) explained that this particular budget was set in February 2021 and the expectations of future costs was filtering through. At the budget setting session for 2022-23 these factors will be taken into account.
- In section 4.9.4 regarding the distribution of the 56 Disabled Facility Grants awaiting approval. The Principal Accountant (Housing and Exchequer) explained that it is a long process from the time Gravesham received the application to the time the grant can be awarded and the team is working hard to process these grants. The Principal Accountant confirmed that Housing Officers would be approached for comment and this will be circulated by email outside of the meeting.
- The Chair thanked the team for their work during the Covid-19 Pandemic and making the processes so resilient.

The Chair thanked the Principal Accountant (Housing & Exchequer).

**Resolved** the Committee noted the report.

### **Close of meeting**

The meeting ended at 8pm.