

# Finance & Audit Committee

Tuesday, 19 July 2022

7:30pm

## Present:

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

Cllrs:           Derek Ashenden  
                  Gary Harding  
                  Les Hoskins  
                  Nirmal Khabra  
                  Lyn Milner  
                  Emma Morley

Lisa Nyon	Assistant Director (Corporate Services)
James Larkin	Head of Audit & Counter Fraud Shared Services
Andrew Barnett	Principal Accountant (General Fund)
Alex Jarvis	Principal Accountant (HRA & Exchequer)
Ben Clarke	Committee Services Officer (Minutes)

## 1. Apologies for absence

Apologies for absence were received from Cllr Dibben (Cllr Hoskins substituted) and Cllr Jassal.

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

The minutes of the meeting on Tuesday, 08 March 2022 were signed by the Chair.

## 3. Declarations of Interest

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

Cllr Hoskins declared an interest as his daughter was a lead officer at the Department of Levelling Up, Housing and Communities and was working on the Traveller Site Fund.

## 4. General Fund Provisional Outturn Report

The Committee were presented with:

- The 2021/22 provisional General Fund Outturn Report, including movements in the General Fund working balances and earmarked reserves
- The 2021/22 provisional General Fund Capital Outturn

The Principal Accountant (General Fund) advised that the report was labelled as provisional as it was still subject to the external audit process and the receipt of the final audit opinion; any material changes made to the report that stemmed from that process would be brought to a future meeting of the Finance & Audit Committee.

The Principal Accountant (General Fund) drew Members attention to page 10 of the report which held an Executive Summary of the information in the report pertaining to the:

- General Fund – Revenue
- General Fund – Capital

Members noted that the provisional outturn position for the year was an underspend of £256,690.

Members were taken through the report and updated on other key areas of financial performance that may impact on the Council's Medium Term Financial Strategy, Medium Term Financial Plan (MTFP), or Financial Statements.

The Committee noted the report.

## **5. Housing Revenue Account Provisional Outturn Report**

The Committee were presented with:

- The 2021/22 provisional Housing Revenue Account Outturn, including movements in the Housing Revenue Account working balances and earmarked reserves
- The 2021/22 provisional Housing Revenue Account Capital Outturn

The Principal Accountant (HRA & Exchequer) advised that the report was labelled as provisional as it was still subject to the external audit process and the receipt of the final audit opinion, any material changes made to the report that stemmed from that process would be brought to a future meeting of the Finance & Audit Committee.

The Principal Accountant (Housing & Exchequer) directed Members to page 32 of the report which held an Executive Summary of the information in the report pertaining to the:

- HRA (Revenue)
- Housing Capital

Members noted that at the end of the financial year, income and expenditure for the year was balanced albeit with a contribution of £2.034m from reserves to fund revenue expenditure for the year.

Members were taken through the report and updated on other key areas of financial performance that may impact on the Councils HRA Business Plan.

The Principal Accountant (Housing & Exchequer) fielded questions from Members and explained that:

- The Responsive Repairs Team experienced problems with rising costs and national delays in the supply chain in the first quarter which will be raised in the first quarter budget monitoring report for 2022/23 at the next Committee meeting. The Team were taking actions to mitigate the rising costs/delays which included reviewing budgets in other areas in order to make savings
- With regards to 147 Wrotham Road, the premises and management costs associated with the property were not included in the 2021/22 budget due to the property being purchased after the 2021/22 budget had been prepared. The premises and management costs have been included in the 2022/23 budget.

The Committee noted the report.

## **6. Annual Treasury Management Review 2021/22**

The Committee received a report that informed them of treasury management activity during 2021-22 in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA's) revised code on Treasury Management.

The Principal Accountant (Housing & Exchequer) guided Members through each section of the report and outlined key information that pertained to treasury management activity during 2021/22.

The Principal Accountant (Housing & Exchequer) fielded questions from Members and explained that:

- Non HRA Capital Expenditure was any expenditure that was not part of the HRA such as the General Fund Housing; ie Homelessness, Private Sector Housing and capital works also came under non HRA
- The revised 2021/22 budget for Non HRA Capital Expenditure was £24.903 million but the actual spend for 2021/22 was £18.188 million. The forecasted spending for the Charter Development was included within the Capital Expenditure as well as land and property acquisitions. The reason for the underspend was due to the Charter Development not spending as much as previously expected at the start of the year however large sums of money would still incurred in relation to the Charter Development in the future as it was a three-year project

**Resolved** that Members:

1. Noted the contents of the report
2. Delegated authority to the Director (Corporate Services), in consultation with the Chair of the Finance and Audit Committee, to amend the figures in the report, as necessary following successful completion of the final accounts process

## **7. Annual Governance Statement 2021/22**

The Committees approval was sought for the Councils Annual Governance Statement for the 2021-22 financial year.

The Assistant Director (Corporate Services) advised that Members were asked to note the findings of the review of the council's governance arrangements for 2021-22. The review of the council's governance framework and system of internal control for 2021-22 was conducted by the Strategic Policy Manager, in full consultation with the council's AGS Assurance Group. The review was undertaken in accordance with the principles adopted by the council's Code of Corporate Governance.

The Assistant Director (Corporate Services) explained that the Annual Governance Statement for 2021-22 was prepared against the findings of the annual review of governance and a copy of the statement, including a relevant action plan for consideration was attached in the appendices to the report.

The Assistant Director (Corporate Services) fielded questions from Members and explained that:

- The review of governance arrangements was wide ranging and looked at the whole governance arrangements in place as well as the systems on internal control
- With regard to having in person appointments and officers available via telephone, there were arrangements in place for the public to make appointments with officers to meet at the Civic Centre. Additionally, the call centre and customer services were able to take calls from the public and forward them to relevant officers.

**Resolved** that Members:

1. Noted the findings of the review of the council's governance arrangements for 2021-22
2. Approved and supported the Annual Governance Statement for the 2021-22 financial year.

- **Internal Audit & Counter Fraud Annual Report**

The Committee were provided with a report that informed them of the work completed during 2021-22 and were presented with the opinion of the Head of Internal Audit & Counter Fraud Shared Service, as Chief Audit Executive, on the council's internal control environment.

The Head of Internal Audit & Counter Fraud advised that the Annual Report reproduced the findings detailed in the three update reports taken to previous F&A Committee meetings along with the results of work finalised since the last update, which provided Members with a summary of all work delivered by the team in the year.

The Head of Internal Audit & Counter Fraud guided Members through each section of the report and outlined key aspects of Internal Audit & Counter Fraud Teams work over the last year.

Members were directed to page 124 of the report which outlined Gravesham's audit opinion by the Chief Audit Executive:

*'It is my opinion that during the year ended 31 March 2022, Gravesham Borough Council's risk management, system of internal control, and framework of governance, were sufficient and effective, and contributed to the proper, economic, efficient, and effective use of resources in*

*achieving the council's objectives.'*

The Committee expressed their thanks to Head of Internal Audit & Counter Fraud for the comprehensive report and asked that their thanks be passed to the Internal Audit & Counter Fraud teams for their excellent work.

**Resolved** that Members:

1. Endorsed the work undertaken by the Internal Audit & Counter Fraud Shared Service for Gravesham during 2021-22 in providing an effective service to the council.
2. Endorsed the opinion on the council's internal control environment provided by the Head of Internal Audit & Counter Fraud Shared Service.

## **9. Internal Audit & Counter Fraud Survey results**

The Committee were provided with a report that informed them of the results of the surveys aimed at identifying the level of satisfaction with the services provided by the Internal Audit & Counter Fraud Teams.

The Head of Internal Audit & Counter Fraud advised that the surveys were sent out to gauge satisfaction of the services, and they should be undertaken annually but the last survey was conducted at the end of 2018-19. Due to the impact of the covid pandemic, it was not possible to conduct the surveys at the end of 2019-20 and 2020-21.

The Head of Internal Audit & Counter Fraud directed Members to appendix two and three of the report which held the results satisfaction surveys for Internal Audit and Counter Fraud. The results of both surveys would form the baseline for future surveys.

The Head of Internal Audit & Counter Fraud asked Members to look at appendix two and outlined key points from the Internal Audit survey results.

The Head of Internal Audit & Counter Fraud fielded questions from Members and explained that:

- The second table in 3.2 held a typo; there were five respondents under 'N/A – Elected Member' not four
- The intention was to increase the number of responses received to each survey next year; the report was also taken to Management Team where it was requested that a higher number of respondents be achieved. Next year, the surveys will be sent to officers and Members earlier to give them more time to answer them as well as regular reminders circulated to ensure they were completed
- The Head of Internal Audit & Counter Fraud agreed to consider giving Members paper copies of the surveys at a Full Council meeting next year but advised that a climate change action was to reduce paper waste and it depended on a Full Council meeting being held during the period of time where the surveys were circulated. Additionally, sending out paper copies would require further analysis as the current system in place only compiled online submissions

The Head of Internal Audit & Counter Fraud asked Members to look at appendix three and outlined key points from the Counter Fraud survey results.

The Head of Internal Audit & Counter Fraud fielded questions from Members and explained that:

- The internal audit survey was sent to all officers within Wider Management Team which was comprised of twenty-five senior officers and all forty-four elected Members; a total of fourteen responses were received from forty-nine recipients which was a low response. The survey was designed for people that had direct contact with Internal Audit which was limited to senior officers and Members; it wouldn't be beneficial to send all staff the survey as the majority of officers did not work with Internal Audit and nothing substantive would be gained. Although, when the surveys were sent to Wider Management Team a message was included asking them to forward the survey to any other officers which may find it relevant
- The Counter Fraud survey was sent to all staff and Members as the Team needed to gauge Counter Fraud awareness across the organisation

The Chair recognised Members concerns that the response rate was low and advised that he had raised similar concerns at a previous meeting and would work with the Head of Internal Audit & Counter Fraud to increase the number of responses next year.

Members noted the results of the Internal Audit & Counter Fraud satisfaction surveys.

## **10. Annual Report of the Audit Committee Chair**

The Committee was provided with a report that gave Members information on the work of the Finance and Audit Committee during the year 2021/22.

The Chair advised that the report included testimony of officers and Members from the Committee, summaries of the items that were submitted to Committee meetings over the year, Member training and other key aspects.

The Chair thanked the Members and officers for their participation in the Finance & Audit Committee in 2021/22.

**Resolved** that Members:

1. Endorsed the Annual Report presented at Appendix 2
2. Agreed that the Annual Report be presented to the next Full Council meeting.

### **Close of meeting**

The meeting ended at 20:11pm.