

Finance & Audit Committee

Monday, 26 September 2022

7:30pm

Present:

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

Cllrs: Derek Ashenden
 Dakota Dibben
 Gary Harding
 Samir Jassal
 Nirmal Khabra
 Lyn Milner
 Emma Morley

Please note: Cllr Jordan Meade and Cllr Frank Wardle were in attendance.

| | |
|----------------|--|
| James Larkin | Head of Internal Audit & Counter Fraud Shared Services |
| Andrew Barnett | Principal Accountant (General Fund) |
| Alex Jarvis | Principal Accountant (HRA & Exchequer) |
| Ben Clarke | Committee Services Officer (Minutes) |
| Chloe Taylor | Committee Services Officer (Minutes) |

11. Apologies for absence

No apologies of absence were received.

12. Minutes

The minutes of the meeting on Tuesday, 19 July 2022 were signed by the Chair.

13. Declarations of Interests

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

14. Local Government & Social Care Ombudsman Annual Review Letter 2021/22

The Committee were provided with a copy of the Local Government & Social Care Ombudsman's Annual Review Letter.

The Head of Internal Audit & Counter Fraud Shared Services advised that for the year ending 31 March 2022, the LG&SCO received a total of 20 complaints or enquiries about Gravesham Borough Council services (Appendix II). The majority related to Housing (12) with others relating to Planning, Revenues & Benefits, Parking.

In total, the Ombudsman:

- Gave advice for 5 contacts
- Referred 8 back to the Council to resolve through their own complaints procedure
- Closed 5 after initial enquiries – either because they had other means of complaining e.g. an appeal process, or were outside the timescale
- Upheld 3 complaints – one of which had been remedied satisfactorily by the Council, but with 2 for which the Ombudsman found fault. The decision notices for these 3 complaints are attached within Appendix III. Where the Ombudsman has made recommendations for remedying the complaints upheld, these have been accepted by the Council and completed within the timescale required.

The Head of Internal Audit & Counter Fraud Shared Services assured Members that feedback regarding the complaints received was fed back to the individual departments to ensure improvements were made to the services.

15. General Fund Budget Monitoring Q1

The Committee was provided with information on actual performance against the approved Revenue and Capital budgets for 2022/23, including projected variances agreed or identified through budgetary control activity.

The Principal Accountant (General Fund) directed Members to page 38 which held an Executive summary of the report; Members noted that for quarter one there was a projected deficit of £141,230. Attention was also drawn to section 3.9 of the report which held a summary of the wider unbudgeted risks to the Council's Medium Term Financial Plan including national and local pressures.

The Principal Accountant (General Fund) fielded questions from Members and explained that:

- Fuel costs were constantly changing as prices had risen since the original budget was set, but then had started to come back down since reaching a peak in the summer. The report reflected information up to June 2022, the quarter two report would have up to date information regarding the increased interest rates announced recently
-
- For the Town Pier & Pontoon, it would always be difficult to project future maintenance costs given the nature of the structure. Estimated budget savings relating to the sale of the asset could be quantified from existing budgetary provision within the Medium Term Financial Plan.
- In response to a question concerning engaging with private landlords, the Chair assured Members that the Council were actively engaging with private landlords and there was a private landlord forum hosted by the Council which was held in Springhead. The Principal Account (General Fund) advised that he was unable to provide further information as it was a housing matter.

The Principal Accountant (General Fund) agreed to circulate further information to Members regarding the financial implications of the sale of the Town Pier & Pontoon. It was confirmed

that until the point of sale, the Council were still responsible for ongoing revenue costs such as repairs/maintenance and insurance.

16. Housing Revenue Account Budget Monitoring Q1

The Committee was provided with information on actual performance against the approved Revenue and Capital budgets for 2022/23, including known variances agreed or identified through budgetary control activity.

The Principal Accountant (Housing & Exchequer) directed Members to page 56 which provided an executive summary of the report; Members noted that at the end of Quarter One, income and expenditure for the year remained balanced, albeit there remained an anticipated contribution from reserves to fund projected revenue expenditure for the year. As of 30 June 2022, the forecast reflected an adverse variance of £196k.

Members were updated on other key areas of financial performance that may affect the Council's HRA Business Plan

In response to Members question, the Principal Accountant (Housing & Exchequer) explained that:

- The Council were relying on external contractors to return void properties to a state where they could be lived in; a lot of the properties that were vacated required whole kitchens/bathrooms to be replaced due to the state they had been left in.
- The amount of work that needed to be completed had led to an increase in the length of time the Council properties were vacant; this meant that the HRA had to pay the Council Tax on those additional properties for longer and this was reflected in the increased budget. Paragraph 3.2.2 showed that the budget for Council Tax on Void Properties had been increased from £70k in 2021/22 to £105k in 2022/23

17. Internal Audit Update

The Committee were provided with an update on the work, outputs, and performance of the Internal Audit Team for the period 1 April 2022 to 31 July 2022.

The Head of Internal Audit & Counter Fraud Shared Services gave Members a brief summary of each section in the report.

The Head of Internal Audit & Counter Fraud Shared Services directed Members to section 6 'Quality Assurance & Improvement Programme' and provided them with up-to-date figures for the performance measurements:

- IA9A – Proportion of agreed assurance reviews – Delivered – 17%
- IA9B – Proportion of agreed assurance reviews – Underway – 21%

In response to a Members question, the Head of Internal Audit & Counter Fraud Shared Services explained that the Housing Development Strategy had been removed from the Internal Audit Plan for Q1-Q2 as the Strategy hadn't been in place long enough for a review; the Strategy would be included in the Internal Audit Plan in the future once there was more substance to it.

Resolved that Members approved the amendments to the agreed Q1-Q2 workplan as detailed in section 7 of Appendix 2.

18. Counter Fraud Update

The Committee were provided with an update on the work, outputs, and performance of the Counter Fraud Team for the period 1 April 2022 to 31 July 2022. Members were also provided with a summary of the results of investigative activity and the savings achieved, as well as the outturns against the teams set performance measures.

The Head of Internal Audit & Counter Fraud Shared Services gave Members a brief summary of each section in the report.

The Head of Internal Audit & Counter Fraud Shared Services directed Members attention to page 107 which detailed savings related to investigations; future reports would include details of any housing benefit overpayments as a consequence of work carried out by the DWP but there were no cases during this period.

The Head of Internal Audit & Counter Fraud Shared Services advised that 129 investigations were concluded in the reporting period which resulted in savings of £97,841 compared to the costs for the team which were £81,960, demonstrating good value for money.

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

- A plan for developing fraud awareness within the Council was in place; introductory sessions were had with a number of services and a few teams within Housing had received full fraud awareness sessions. The work was ongoing, and the team would continue to engage with services in the Council to deliver fraud awareness training and learn the areas where the Fraud Team needed to target the most. The Head of Internal Audit & Counter Fraud Shared Services advised that all services were unlikely to be reached before the end of the year but there was a rolling programme for the future
- With regard to detecting fraud before it happened and monitoring early signs of fraud, Members were advised that it was difficult to measure something that hadn't happened yet, but the team were looking into methods to do so. A lot of the time if fraud had been prevented then the Fraud Team would not find out until later as services such as Council Tax and Benefits undertook their own verifications to ensure no fraudulent behaviour had occurred and therefore wouldn't need a fraud investigation by the Counter Fraud team. The Head of Internal Audit & Counter Fraud Shared Services had spoken with neighbouring local authorities about how they measured what fraud may have been prevented and would continue work on devising a method
- The effectiveness of the Fraud Awareness training sessions was measured by the referrals the team received; typically, after a session was delivered to a service then there would be a spike of referrals made by that service
- With regard to Council tax fraud, where people had made a deliberate false statement then the team would seek to prosecute but there were circumstances where it may not be in the public interest to pursue criminal proceedings. In such instances, the council tax department can consider imposing a financial penalty for

negligence but if the person was already in serious financial strain this may not be considered appropriate.

19. Internal Audit Plan (Q3-Q4)

The Committee's approval was sought for Gravesham's Internal Audit Plan (Q3-Q4) 2022-23.

The Head of Internal Audit & Counter Fraud Shared Services explained that the projected resource budget had been refreshed to consider impacts on the level of resource that was originally predicted for 2022-23 and the risk assessment had been updated to take into account any necessary changes. The provisional plan had been amended to include the highest scoring areas and ensure that the remaining available Internal Audit resources were directed to the council's highest areas of risk.

Overall, the number of reviews for Q3-Q4 had reduced slightly due to the impact on resources that stemmed from the resignation of an internal auditor and two unsuccessful attempts to recruit a replacement. Each review had been assigned an indicative budget of 15 days, but the final resource budget for each individual review would be agreed when setting the Terms of Reference to ensure there was adequate time available to complete necessary work.

Resolved that Members approved the Intern Audit Plan (Q3-Q4) 2022-23 for Gravesham which was presented at Appendix 2.

Close of meeting

The meeting ended at 20:04pm.