

**Medway Council**  
**MEETING OF AUDIT COMMITTEE**  
**Thursday, 11 March 2010**  
**7.00pm to 8.15pm**

**RECORD OF THE MEETING**

**PRESENT:** Councillors: Andrews, Griffiths, Reckless and Juby

**Substitutes:** Councillor Kenneth Bamber (Substitute for Councillor Alan Jarrett)

**In Attendance:**

Robert Grant	Partner
Mick Hayward	Chief Finance Officer
Richard Humphrey	Audit Services Manager
Joy Kirby	Quality Assurance and Client Manager
Anthony Law	Cabinet Coordinator
Deborah Upton	Assistant Director, Housing and Corporate Services

**655 ELECTION OF CHAIRMAN**

Councillor Andrews was elected Chairman of the Audit Committee.

**656 RECORD OF THE MEETING**

The record of the meeting held on 17 December 2009 was signed by the Chairman as correct.

**657 APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Jarrett.

**658 DECLARATIONS OF INTEREST**

Councillor Griffiths declared a personal interest in any item concerning Danecourt School as his wife is an employee and in any reference to NHS Medway on the grounds that he is a non-executive director of NHS Medway.

During the discussion of item 6E (National Fraud Initiative – Council Tax Single Person Discount) Councillor Reckless declared a personal interest, as he is a Council appointed member of the Kent Police Authority.

## 659 REVIEW OF RISK MANAGEMENT

### Discussion:

This report updated the Committee on progress with the council's risk management activities.

It was noted that the 2008/2009 Risk Management Audit had recognised that significant progress continued to be made in demonstrating that the council's key business risks were being managed effectively. The identification and management of operational/service level risks and risks associated with partnership working however required further development.

Members were advised that an action plan had been developed in response to the findings from the risk management audit. This was set out in the report and included:

- Amendments to the risk management strategy to reflect new performance management systems and processes
- Reviewing the corporate risk register to clarify the status of mitigating controls, lead officers for actions and target dates
- The identification and reporting of service risks
- Further training for Members and officers
- Identifying risks relating to partnership working and ensuring partners have appropriate risk management processes in place.

Responding to questions the Quality Assurance and Client Manager clarified the reporting of service risks. It was explained that risks would be initially identified in service plans and then, if above tolerance thresholds, escalated to directorate risk registers where they would be considered in the wider corporate context.

### Decision:

The Audit Committee noted progress on the Council's risk management activities.

## 660 EXTERNAL AUDIT'S GRANT CLAIM REPORT

### Discussion:

This report and attached letter set out details of the work carried out by the council's external auditors, in respect of the certification of grant claims for the financial year ending 31 March 2009.

It was noted that PKF undertook this work on behalf of the Audit Commission and that government departments relied on the certification work to ensure grant claims and other returns were fairly stated and that expenditure incurred by local authorities was in accordance with the terms and conditions agreed. At

## **Audit Committee, 11 March 2010**

Medway, the value of claims and other returns certified in 2008/2009 amounted to over £185million.

Robert Grant (PKF) provided an overview of the work undertaken and the main findings. It had been found that arrangements for the preparation of claims and other returns were variable across the council and that whilst it was recognised that the value of amendments was relatively low, when compared to the council's income from grant claims, the arrangements for preparing claims and returns had to be strengthened.

An action plan accompanied the report, which included the external auditor's recommendations for improvement and management's response.

Members discussed the auditor's report and the subsequent increase in the level of fees, which should reduce with the implementation of the recommendations contained within the report.

### **Decision:**

The Audit Committee accepted the external auditor's grant audit report for 2008/2009.

## **661 INTERNAL AUDIT PROGRAMME 2009/2010**

### **Discussion:**

Members were given a brief overview of the 2009/2010 internal audit work programme.

It was noted that the internal work programme was derived from a number of sources including the Council's risk identification process, internal audit's view of risk, requests from Members and officers, and discussions with the external auditor.

Members were advised that it was expected that all audits would be reported to the Committee by the end of June 2010.

### **Decision:**

The Audit Committee noted the progress in delivering the 2009/2010 programme and that all key assurance work would be completed to support the needs of the annual governance statement and external audit.

## **662 OUTCOMES OF AUDIT ACTIVITY**

### **Discussion:**

The Audit Services Manager introduced this report on the outcome of completed internal audit activity.

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It was noted that for 2009/2010 the audit definitions had been revised to improve managers' understanding of them and that the audit report format had also been revised so to direct managers more clearly to the key risk areas and a clearer priority ranking system for audit recommendations had been introduced.

Officers responded to Members' questions on a number of audits. This included assurances that the implementation of the Webreq purchase ordering system at the Stirling Centre would not, in itself, delay the purchasing process; although delays may arise from the management approval of orders. In relation to this audit the Audit Services Manager undertook to advise Members as to the implementation date of the recommendations.

In relation to the ICT Governance audit, Members requested a briefing note explaining what measures would be put in place to mitigate the risks arising from officers not accepting one of the audit recommendations.

### **Decision:**

The Committee noted the outcome of Internal Audit's work, the comments made and the requests for further information in relation to the Stirling Centre and ICT Governance audits.

## **663 NATIONAL FRAUD INITIATIVE - COUNCIL TAX SINGLE PERSON DISCOUNT**

### **Discussion:**

This report advised Members of the review of the Audit Commission's data matching exercise on the payment of the council tax single person discount.

It was noted that the Audit Commission had run the National Fraud Initiative (NFI) to identify fraudulent and erroneous payments since 1996. The initiative matched electronic data within and between audited bodies to prevent and detect fraud. This included police authorities, local probation boards and fire and rescue authorities as well as local councils.

The Chief Finance Officer outlined the findings from the NFI exercise, which had identified a total of 125 cases where the single person discount was invalid. It was noted that £31,419 had been recovered and that these cases would now be considered for prosecution.

Members discussed the use of data held by the council, such as benefit and electoral registration systems, and sought clarification on the use of matching data to improve the accuracy of the electoral register as well as validating council tax payments. The Assistant Director (Housing and Corporate Services) and Chief Finance Officer advised as to the data that the council could access, the legal restrictions concerning the use of data by the council and, ultimately, the potential limitations of using council tax data to improve the electoral register.

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The Committee asked questions concerning the control systems and procedures operating in respect of council tax, with discussion taking place on how those liable to tax were identified, the role of the Valuation Office and the use of void checks. Members requested a briefing note outlining the council tax control mechanisms, focussing in particular on the use of void checks to confirm that empty properties were properly accounted for.

During the discussion of this item it was noted that the Kent Finance Officers Association would be discussing ways to verify single person discounts, which included the use of private companies. A briefing note on these proposals was requested.

### **Decision:**

- (a) The Audit Committee noted the outcome from examining the NFI council tax single person discount data matching exercise and noted that a similar exercise would be conducted in 2010, with the results reported to the Audit Committee in due course.
- (b) The Audit Committee requested that officers report to the Business Support Overview and Scrutiny Committee on the accuracy of the electoral register and how data matching exercises, such as those adopted by the Audit Commission through the National Fraud Initiative, could be used to improve the accuracy.
- (c) The Audit Committee requested that officers report back to Members on the council's council tax control mechanisms for ensuring that those liable to tax were identified, focussing in particular on the use of void checks to confirm that empty properties were properly accounted for.

## **664 OUTCOMES OF HOUSING BENEFIT INVESTIGATIONS**

### **Discussion:**

The Audit Services Manager advised Members of progress in investigating allegations of housing and council tax benefit fraud during the quarter ending 31 December 2009 and responded to Members' questions.

It was noted that since the last report to the Committee there had been 13 successful and two unsuccessful prosecutions. Four cautions and two administrative penalties had also been issued. Details of these cases were set out in an appendix to the report. Members were also advised that in the financial year up to 31 December 2009 the investigations team had identified £400,274 of fraudulent overpayments of Housing and Council Tax Benefit and £418,787 of Department for Work and Pensions paid benefits.

### **Decision:**

The Audit Committee noted progress in investigating benefit fraud in accordance with the approved sanction policy.

**665 ONE CUSTOMER ONE TEAM - JOINT MEDWAY COUNCIL AND  
JOBCENTRE PLUS BENEFIT FRAUD INVESTIGATION SERVICE**

**Discussion:**

The Audit Services Manger introduced a report informing the Committee of a joint working arrangement with Swale Borough Council and a potential joint working “One Customer, One Team” arrangement between Medway Council and Jobcentre Plus.

Members were advised that since April 2009 Swale Borough Council and Medway Council had shared their fraud manager, which had enabled the council to explore a “One Customer, One Team” approach and deliver services with both authorities generating an efficiency saving.

The Audit Services Manager informed the committee that early discussions had commenced with Jobcentre Plus concerning the establishment of a single co-located counter-fraud team, which would provide the opportunity to increase capacity to investigate allegations of benefit fraud, as well as leading to operational efficiencies and improved public confidence in the investigation agencies.

**Decision:**

The Audit Committee agreed to discussions taking place to develop an appropriate business model for the investigation of benefit fraud in the Medway area.

**Chairman**

**Date:**

**Anthony Law**

Telephone: 01634 332008

Email: [democratic.services@medway.gov.uk](mailto:democratic.services@medway.gov.uk)

**Medway Council**  
**MEETING OF JOINT MEETING OF ALL COMMITTEES**  
**Wednesday, 19 May 2010**  
**8.19pm to 8.20pm**

**RECORD OF THE MEETING**

**PRESENT:** Councillors: Andrews, Avey, Baker, Janice Bamber, Kenneth Bamber, Bhutia, Brake (Mayor), Brice, Bright, Burt, Carr, Rodney Chambers, Chishti, Clarke, Doe, Etheridge, Filmer, Tony Goulden, Griffin, Gulvin, Haydock, Hewett (Deputy Mayor), Hicks, Jarrett, Mackinlay, Maisey, Mason, Reckless, Royle, Wicks and Wildey

**Substitutes:**

<b>In Attendance:</b>	Chris Buckwell	Parish Council Representative of the Standards Committee
	David Coomber	Parish Council Representative of the Standards Committee
	Anthony Dance	Independent Member of the Standards Committee
	Janet Gray	Independent Member of the Standards Committee
	Alan Marsh	Parish Council Representative of the Standards Committee
	Christopher Sanford	Independent Member of the Standards Committee
	Fatima Shah	Independent Member of the Standards Committee
	Charles Thompson	Independent Member of the Standards Committee
	Rose Collinson	Director of Children and Adults
	Robin Cooper	Director of Regeneration, Community and Culture
	Neil Davies	Chief Executive
	Mick Hayward	Chief Finance Officer
	Richard Hicks	Assistant Director, Customer First, Leisure, Culture, Democracy and Governance
	Julie Keith	Head of Democratic Services
	Deborah Upton	Assistant Director, Housing and Corporate Services
	Ellen Wright	Committee Coordinator

## Joint Meeting of all Committees, 19 May 2010

### 9 ELECTION OF CHAIRMAN

The Mayor (Councillor Brake) was elected to chair the meeting.

### 10 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Val Goulden, Hunter and O'Brien.

### 11 DECLARATIONS OF INTEREST

There were none

#### (A) APPOINTMENT OF COMMITTEE CHAIRMEN AND VICE-CHAIRMEN

##### **Discussion:**

Members considered the report on the agenda for the Annual Council meeting which recommended the appointment of Chairmen and Vice-Chairmen of Committees.

The Mayor put to the meeting the recommendations as set out in paragraph 6.2 (i) of item 7 (B) on the Annual Council agenda.

##### **Decision:**

That the appointment of Chairmen and Vice Chairmen of Committees be agreed as set out in appendix A of item 7(B) of the Annual Council agenda.

#### (B) ESTABLISHMENT AND MEMBERSHIP OF SUB-COMMITTEES AND TASK GROUPS

##### **Discussion:**

Members considered a report, which recommended the establishment of Sub-Committees and task groups and their membership.

The Mayor put to the meeting the recommendations as set out in paragraph 6.2 of item 7 (B) of the report on the Annual Council agenda.

##### **Decision:**

That Sub-Committees (with terms of reference as set out in the Council's constitution) and task groups be established, with their size, allocation of seats to political groups and membership as set out in appendix A of item 7(B) of the Annual Council agenda.



**Joint Meeting of all Committees, 19 May 2010**

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Chairman of the Appointments Committee

Date .....

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Chairman of the Audit Committee

Date .....

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Chairman of the Business Support Overview and Scrutiny Committee

Date .....

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Chairman of the Children and Adults Overview and Scrutiny Committee

Date .....

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Chairman of the Employment Matters Committee

Date .....

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Chairman of the Health and Adult Social Care Overview and Scrutiny Committee

Date .....

**Joint Meeting of all Committees, 19 May 2010**

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Chairman of the International Relations Committee

Date .....

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Chairman of the Licensing and Safety Committee

Date .....

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Chairman of the Planning Committee

Date .....

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Chairman of the Regeneration, Community and Culture Overview and Scrutiny  
Committee

Date .....

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Chairman of the School Transport and Curriculum Appeals Committee

Date .....

**Joint Meeting of all Committees, 19 May 2010**

.....  
Chairman of the Standards Committee

Date .....

**Julie Keith, Head of Democratic Services**

Telephone: 01634 332760

Email: [democraticservices@medway.gov.uk](mailto:democraticservices@medway.gov.uk)

