

**Medway Council**  
**Meeting of Audit Committee**  
**Thursday, 18 March 2021**  
**7.00pm to 8.26pm**

**Record of the meeting**

**Subject to approval as an accurate record at the next meeting of this committee**

**Present:** Councillors: Browne, Gulvin, Hackwell, Osborne and Tranter  
(Chairman)

**In Attendance:** Wayne Hemingway, Head of Democratic Services  
Perry Holmes, Chief Legal Officer/Monitoring Officer  
James Larkin, Head of Audit and Counter Fraud  
Phil Watts, Chief Finance Officer

**814 Apologies for absence**

There were none.

**815 Record of meeting**

The record of the meeting held on 5 January 2021 was agreed and signed by the Chairman as a correct record.

**816 Disclosable Pecuniary Interests and Other Significant Interests**

Disclosable pecuniary interests

There were none.

Other significant interests (OSIs)

Councillor Gulvin declared an OSI in any references to Medway Development Company Ltd (MDC) because he is a Director of MDC and he relied on a dispensation granted by the Councillor Conduct Committee to take part and vote in any discussions.

Other interests

Councillor Gulvin declared an interest in agenda items 5 (Audit and Counter Fraud Update) and 8 (Audit and Counter Fraud Plan 2021-22) in relation to the consideration of any matters in his portfolio.

**817 Urgent matters by reason of special circumstances**

There were none.

**818 Chairman's Announcements**

The Chairman informed Members that the Committee had been due to receive a report tonight on the final audit findings on the 2019/20 financial statements, however, this had not proved possible. The Chief Finance Officer explained that an issue had been raised by the Council's Auditors (Grant Thornton) relating to the Council's capitalisation of staff costs involved in the creation of capital assets. He explained that this matter had been raised at a late stage in the process and that discussions between the Council and the Auditors was ongoing to resolve the issue.

The Chairman advised the Committee that the Chief Finance Officer would submit a report to the June meeting of the Committee in respect of managing risks associated with the Council's Local Authority Trading Companies (LATCOs). He also advised that a report would also be brought forward to this meeting on proposals for the appointment of an independent member to the Committee.

**819 Audit and Counter Fraud Update**

**Discussion:**

This report provided an update on the work, outputs and performance of the Audit and Counter Fraud Team for the period 1 December 2020 to 31 January 2021. The Head of Audit and Counter Fraud Service highlighted key sections of the report and, in particular, he referred to the loss of a further 45 days from the team's resource owing to redeployment to the Council's Economic Development Team and he updated Members on updated figures for PM13a (now 71%) and PM13b (now 21%) (page 28 of the agenda refers). He advised the Committee that despite pressure on services throughout the year only 15 of the agreed recommendations out of 129 remained outstanding, which represented very good performance.

Members then raised a number of questions and comments which included:

**Resources for 2021/22** – in response to a question as to whether the loss of resource in the current year caused by redeployment to support the Council's pandemic efforts would be addressed next year, the Head of Audit and Counter Fraud Service explained that redeployed staff would be returning to his team on 31 March 2021 so he anticipated there would be no impact on his staff resource in 2021/22.

**Planned Delivery** – in response to a question around the revised delivery of 92% (from 95%), the Head of Audit and Counter Fraud Service confirmed that the revised figure which had been agreed by the Committee, reflected the loss of resource during the year.

## **Audit Committee, 18 March 2021**

**Highways – Winter Service** – in response to a question regarding the implementation of recommendations, the Head of Audit and Counter Fraud Service confirmed that the second recommendation listed on page 36 of the Agenda had been implemented.

The Audit and Counter Fraud Service were thanked by Members for their hard work during the pandemic including members of the team who had been redeployed to assist the Council in responding to the pandemic.

### **Decision:**

The Committee noted the outputs and performance of the Audit & Counter Fraud Service for Medway for the period 01 December 2020 to 31 January 2021 as detailed at Appendix 1 to the report.

## **820 Review of Audit and Counter Fraud Quality Assurance and Improvement Programme**

### **Discussion:**

This report presented a review of the Quality Assurance and Improvement Programme. The Head of Audit and Counter Fraud Service highlighted the proposed change to the Programme by the removal of how staff spend their time as a specific target in light of the ability of staff to take part in wellbeing activities owing to the impact on chargeable time.

Members then raised a number of questions and comments which included:

**Wellbeing** – it was commented that staff's wellbeing and welfare was of paramount importance.

**Gravesham Borough Council** – in response to a question as to whether this target was also being removed for the Gravesham element of the shared service, the Head of Audit and Counter Fraud Service confirmed that this would be the case.

### **Decision:**

The Committee approved the amended Quality Assurance and Improvement Programme, as set out at Appendix 1 to the report.

## **821 Audit and Counter Fraud Strategy 2020-24 - Review of Progress 2020-21**

### **Discussion:**

This report provided an update on progress against the Audit and Counter Fraud Strategy 2020-2024 made by the team during 2020-21 to date. The Head of Audit and Counter Fraud Service advised the Committee that progress had been limited owing to the effect of the pandemic, however, he had drawn out

## Audit Committee, 18 March 2021

some examples of good progress in the review and he cited some examples including designated roles for staff.

Members then raised a number of questions and comments which included:

**Staff development** – it was welcomed that staff were pursuing a number of qualifications, which reflected well on the service.

**ICT** – in response to a question around the development and use of ICT within the service, the Head of Audit and Counter Fraud Service confirmed that the pandemic had resulted in the increased use of ICT, including MS Teams, and it was likely that a blended approach would be taken into the future.

**Integration** – in response to a question around the benefits of team members working within other teams, the Head of Audit and Counter Fraud Service confirmed that this had already been trialled and that there were some clear benefits to this approach and he could look at this again in the future.

**Positive impact** – in response to a question relating to this part of the review and plans to catch up on progress not made this year owing to the pandemic, the Head of Audit and Counter Fraud Service confirmed that he did plan to achieve this and cited some consultancy work which would be undertaken in 2021/22 as examples of progress which would be made. He advised that this was the first annual review of the four year strategy.

### **Decision:**

The Committee noted the report.

## **822 Audit and Counter Fraud Plan 2021-22**

### **Discussion:**

This report provided details of the Audit and Counter Fraud Plan 2021-22. The Head of Audit and Counter Fraud Service advised the Committee that a number of factors had been taken into account by the Service in developing the Plan, as set out in section 3 of the report. The Plan had been developed on the basis of the normal staff resource being available in 2021/22.

Members then raised a number of questions and comments which included:

**Council Plan 2016/21** – it was noted that a new version of the Plan had been agreed recently.

**Core Governance and Financial Systems assurance work** – in response to a question on the cyclical activities and whether any work not undertaken in 2020/21 would be undertaken in 2021/22, the Head of Audit and Counter Fraud Service cited the example of the planned audit of the Payroll Service which had been moved into the 2021/22 year and that he would make adjustments if

## Audit Committee, 18 March 2021

necessary to the Plan. However, the cyclical list remained as the main priority for the Service.

**Capital Programme** – in response to a question, it was confirmed that monitoring of the Capital Programme was covered under item 10 (budget monitoring).

### **Decision:**

The Committee approved the Audit and Counter Fraud Plan 2021-22 for Medway as set out at Appendix 1 to the report.

## **823 Counter Fraud and Corruption Strategy - Review**

### **Discussion:**

This report sought the Committee's comments on the proposed Counter Fraud and Corruption Strategy prior to submission to Full Council for adoption. The Head of Audit and Counter Fraud Service explained the background to the review of the current Policy following a review of ethics at Gravesham and the CIFAS publication of the Fighting Fraud and Corruption Locally Strategy 2020 and the rationale of developing a new Policy which could be adopted by both Medway and Gravesham which would help the Shared Service as it would only need to have regard for one Policy.

**Member training and training for staff** – it was commented that further Member training on counter fraud and corruption would be beneficial. The Head of Audit and Counter Fraud Service that he was willing to provide further Member training on this and he undertook to liaise with Democratic Services on this matter. He also explained that ICT were currently rolling out a system called "Meta compliance" which ensured the policies were read and agreed by staff.

Further discussion took place about how these issues could be embedded within the culture of the Council, such as staff induction and the Head of Audit and Counter Fraud Service undertook to raise this matter with the Head of HR.

**Third parties** – in response to a question as to whether third parties the Council entered into contracts with would be required to sign up to a code of conduct (an example from Dudley Metropolitan Borough Council was cited), the Chief Legal Officer advised that he was confident that the Council did require third parties to enter into a code of conduct and that he would check this outside of the meeting and would confirm the position with the Committee.

**Scope of the Policy** – in response to a question as to whether wholly owned subsidiaries should be included in the list of bodies the Strategy was particularly relevant to (page 85 of the Agenda refers), the Head of Audit and Counter Fraud Service explained that they were separate companies so this was not something that he could necessarily include in the Strategy, however, he would have a further discussion with the Chief Legal Officer.

## **Audit Committee, 18 March 2021**

**Whistleblowing** – in response to a question to a reference to whistleblowing being included in the document (page 94 of the Agenda refers), the Head of Audit and Counter Fraud Service confirmed that the Speak Up Policy had been referenced throughout the document, however, he would undertake a further review of the Strategy prior to submission to Full Council.

**Benchmarking** – in response to a question around benchmarking, the Head of Audit and Counter Fraud confirmed that he responded to the CIPFA benchmarking survey. It was noted that Members would like to see a copy of the latest benchmarking report.

### **Decision:**

The Committee recommended the proposed Counter Fraud and Corruption Strategy, as set out at Appendix 1 to the report, to Full Council for adoption.

**Chairman**

**Date:**

**Wayne Hemingway, Head of Democratic Services**

Telephone: 01634 332509

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