

**Medway Council**  
**Meeting of Audit Committee**  
**Thursday, 29 June 2023**  
**7.00pm to 7.39pm**

**Record of the meeting**

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

**Present:** Councillors: Browne (Chairperson), Bowen (Vice-Chairperson),  
Gulvin, Hackwell and Nestorov

**In Attendance:** Steve Dickens, Democratic Services Officer  
James Larkin, Head of Internal Audit and Counter Fraud  
Phil Watts, Chief Operating Officer

**79 Apologies for absence**

There were none.

**80 Record of meeting**

The record of the meeting held on 16 March 2023 and the record of the Joint Meeting of Committees held on 24 May 2023 were agreed and signed by the Chairman as correct.

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

There were none.

**82 Disclosable Pecuniary Interests and Other Significant Interests**

Disclosable pecuniary interests

There were none.

Other significant interests (OSIs)

There were none.

Other interests

There were none.

**83 Audit Committee - Review of Terms of Reference**

The Head of Audit and Counter Fraud Shared Service reported the proposed changes to the terms of reference reflected the Position Statement on Local Government Audit Committees issued by Chartered Institute of Public Finance & Accountancy (CIPFA). The main changes provided clarity on membership and responsibilities, the position statement was explicit in relation to the role of an Independent Member, however, this was something which would need to be considered by the Committee separately.

Members then raised comments which included the following:

**Appointment of an Independent Member** - A Member proposed a further report to consider options for the appointment of an Independent Member to the Committee as set out in section 3.9 (page 20) of the report.

A Member noted that the issue had previously been considered in 2021 and had not been taken forward. Members of the Committee were in his view independent, and he was unsure of the value the addition of an Independent Member would provide.

A Member highlighted there would be an additional cost to the Council and criteria for the role would need to have been fully considered before any appointment was made. The Member stated they were unsure of the benefit of an Independent Member of the Committee but would be content to support further report to consider those details.

A Member commented that a report would provide clarity on the role, review the criteria for appointment of an Independent Member and any issues the Committee would be required to have considered in making a recommendation to Council.

It was agreed that a report would be provided to a future meeting of the Committee.

**Decision:**

The Committee reviewed the revised Terms of Reference, as set out in Appendix 3 to the report and recommended adoption by Full Council following consideration of a report of the Audit Committee to consider the appointment of an Independent Member to the Committee.

**84 National Fraud Initiative Exercise Annual Update**

The Head of Internal Audit and Counter Fraud Shared Service introduced the report which provided an update on the National Fraud Initiative (NFI) exercise. The report outlined significant progress had been made, with all activity related to the 2020-21 and 2021-22 exercises concluded and a large proportion of work for the 2022-23 exercise also completed.

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Members then raised comments and questions which included the following:

**Blue Badges** - A Member commented that he was surprised at the high cost of misuse of Blue Badges and large volume despite the 'tell us once' service. The Head of Internal Audit and Counter Fraud Shared Service explained the notional saving per badge was calculated nationally by the Cabinet Office. There was a high volume of badges cancelled but due to how the data was collated and matched, this would be over a short timeframe. The Head of Internal Audit and Counter Fraud Shared Service undertook to discuss the matter further with colleagues in the relevant department.

**Council Tax** - A Member commented that he was concerned that the exercise which related to Finance (section 5.27) had not been completed for a number of years and asked if this could be considered as a priority to be completed. The Head of Internal Audit and Counter Fraud Shared Service agreed there were a large number of matches, but noted this included repeated payments, so for example, payments that were made on a quarterly basis would show four matches. As such there had been a large number of false matches.

The Head of Internal Audit and Counter Fraud Shared Service added that the service had considered the proactive work which could be undertaken in the future to support Council priorities such as procurement which would cover some of those matches and may identify duplicate payments. This proactive work would not only identify fraud and error but would also support the Council to meet its other objectives.

A Member highlighted that in his view some work on the procurement side was required. There had been occasions where contracts had been considered by the Procurement Board at a late stage, this had limited due diligence. The Member added the report showed the value of the Shared Service to the Council.

### **Decision:**

The Committee noted the report.

## **85 External Quality Assessment**

The Head of Internal Audit and Counter Fraud Shared Service introduced the report which showed a positive and improved result where the service had excelled in two areas and was considered established in the other area.

Appendix 2 outlined recommendations which had been taken forward and those which had been rejected where it was not felt necessary nor helpful to implement the recommendation.

Members then raised comments and questions which included the following:

**Rejected Recommendations** - A Member agreed that the recommendations which were rejected were minor, however the rejection of recommendations by

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the independent auditors may have been misunderstood. The Member asked if this related to the remit of the assessment. The Head of Internal Audit and Counter Fraud Shared Service agreed rejection of recommendations could be misunderstood, however, implementation of some recommendations would be unhelpful to the Council in completing its work, for example, recommendation four was for the Council to align opinions and priorities with the risk management process. Gravesham and Medway had different risk management systems, consequently this would create additional workload.

A Member agreed some recommendations had been unhelpful and had misunderstood Medway systems such as recommendation ten which related to confidentiality of reports.

### **Decision:**

1. The Committee noted the work already undertaken in relation to recommendation R2 and agreed the proposed actions to be taken by the Internal Audit & Counter Fraud team in relation to recommendations R1, R3, R7, R9 and R11, as set out in appendix 2 (EQA Recommendations Matrix).
2. The Committee noted recommendations R4, R5, R6, R8 and R10 as set out in appendix 2 (EQA Recommendation Matrix).

## **86 Internal Audit and Counter Fraud Annual Surveys 2023**

The report informed Members 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 Internal Audit Annual Survey was considered first. The Head of Internal Audit and Counter Fraud Shared Service highlighted the improved response rate. The survey had been sent to Directors, Assistant Directors, Service Managers and Members. The survey showed high levels of satisfaction with the service and a good understanding of the role of the Service.

The Internal Audit Charter had been read by 50% and the Service would consider ways to ensure this was more widely known.

Members then raised comments and questions which included the following:

**Response Rate** - A Member commented that although the number of responses had increased, the total number of responses had been 22 and he would like to see more responses in the future. The Head of Internal Audit and Counter Fraud Shared Service agreed that further responses would be helpful and noted that no responses had been received from Adult Services, Frontline Services, Communications and Community Services and this may have been due to workloads in those services at the time of the survey.

The Chief Operating Officer stated that 22 responses represented a 25% return and undertook to discuss with senior colleagues ways in which responses could be encouraged.

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The Head of Internal Audit and Counter Fraud Shared Service then introduced the Counter Fraud Annual Survey results. There were fewer responses than last year and there were some negative responses with 30% not aware of the service and 80% reported not having taken part in training in the last 12 months. That was a disappointing result as the Service had worked hard to undertake more training sessions for staff.

The lack of awareness had impacted on other parts of the survey. Staff were asked whether the team reflected the Core Principles of the Service, in 2022 the vast majority of comments had been neutral. The methodology of the survey this year removed neutral responses which may have been the cause of more negative responses being received. The Service would reflect on how the survey could enable a response such as 'don't know'.

Members then raised comments and questions which included the following:

**Staff Training** - A Member noted that 80% of staff had not received training and over half had reported that they felt it would be beneficial. Another Member asked if training could be made compulsory, The Head of Internal Audit and Counter Fraud Shared Service explained that they were developing webinars for new starters, however, more in-depth Counter Fraud training was tailored to the relevant service.

### **Decision:**

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

**Chairman**

**Date:**

**Steve Dickens, Democratic Services Officer**

Telephone: 01634 332051

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