

DARTFORD BOROUGH COUNCIL

**AUDIT BOARD**

**MINUTES** of the meeting of the Audit Board held on Wednesday 23 January 2019 at 7.00 pm.

**PRESENT:** Councillor D A Hammock (Chairman)  
Councillor A Bardoe (Vice-Chairman)  
Councillor J A Hayes  
Councillor A R Lloyd  
Councillor Mrs. J A Ozog  
Councillor D Swinerd

**ABSENT:** Councillor J S Hawkes

**IN ATTENDANCE:** Sarah Martin – Strategic Director (Internal Services)  
Tim Sams – Financial Services Manager  
Russell – Interim Audit Manager  
Heppleston  
Glen Moore – Counter Fraud Manager  
Elizabeth – Grant Thornton UK (External  
Jackson Auditors)

**27. APOLOGIES FOR ABSENCE.**

An apology for absence was received from Councillor J S Hawkes.

The Chairman extended a particular welcome to Elizabeth Jackson from Grant Thornton (External Auditors) following her return from maternity leave, and noted the presence of the Strategic Director (Internal Services), the Financial Services Manager, the Internal Audit Manager and the Counter Fraud Team Manager to present their reports and respond to Members' questions.

**28. DECLARATIONS OF INTEREST.**

There were no declarations of interest made.

**29. CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 24 OCTOBER 2018**

RESOLVED:

1. That the Minutes of the Audit Board meeting held on 24 October 2018 be confirmed as accurate.

## AUDIT BOARD

WEDNESDAY 23 JANUARY 2019

### 30. URGENT ITEMS

The Chairman confirmed that there were no urgent items of business for the Board to consider.

### 31. REFERENCES FROM OTHER COMMITTEES (IF ANY)

There were no references from other Committees for the Board to consider.

### 32. EXTERNAL AUDIT UPDATE

Elizabeth Jackson, Grant Thornton (External Auditors) advised Board Members that the external audit of the Council's 2018-19 accounts was due to commence in the final week in January 2019 following her meetings with key Finance Department staff and the Strategic Director (Internal Services).

She had undertaken a comprehensive hand-over procedure with her GT colleague Darren Wells, was looking forward to renewing her working relationship with the Council, and foresaw no issues arising to prevent the satisfactory completion of the external audit of the Council's 2018-19 Accounts by July 2019 as set out in her Update report [attached at Appendix A to the covering report].

#### RESOLVED:

1. That Members note the Audit Progress Report and Sector Update document from Grant Thornton UK (External Auditors) attached as Appendix A to the covering report from the Financial Services Manager.

### 33. COUNTER FRAUD TEAM UPDATE REPORT

The report and attached Appendix A from the Counter Fraud Manager provided Members with details of the work carried out by the Counter Fraud Team in the period 1 April 2018 to 31 December 2018.

The Counter Fraud Manager expanded on two topics set out in Appendix A to his report:

- **Single Person Discounts (SPDs)** [Table para 3 agenda p. 28 refers]:  
The number of SPDs applied by the Council in 2012 was ambiguously high at **13,980** (representing **34.8%** of the total number of chargeable dwellings of **40,165**). In the intervening years to 2018 the Counter Fraud Team, working in partnership with the Council Tax Team, had deployed effective strategies to reduce fraud and error in this area, and had reduced the total number of SPDs applied in 2018 to **13,734** despite an increase in the total number of chargeable dwellings in 2018 to **45,352**. The work undertaken would clearly generate

## AUDIT BOARD

WEDNESDAY 23 JANUARY 2019

additional tax income for the Council each year, with an estimated **£600K** in 2018/19;

- **Joint Working with DWP:** Following the transfer of responsibility for investigating and prosecuting Housing Benefit fraud from local authorities to the DWP in **February 2016**; Dartford Borough Council had volunteered to join a pilot scheme to re-commence joint working with the DWP in respect of Housing Benefit fraud investigation commencing on **25 February 2019**. The new joint-working arrangements would be more balanced however, given the shift in emphasis for his Team (*post* 2016) to concentrate Council Tax and Business Rate fraud.

In response to specific questions from Members, the Counter Fraud Manager further advised that:

- Requests for a Single Person Discount (SPD) were now pre-examined, which had helped reduce the total number eventually applied. The increase in 1 bedroomed dwellings could be acknowledged as a factor in the decrease of SPDs applied since 2012;
- The renewal of joint-working with the DWP would be absorbed within his Team's existing structure. Advances in technology had produced efficiencies in how the work of his team was undertaken; with more work done from the desktop as opposed to surveillance work in the field. One draw-back of previously excluding local authority investigators from Housing Benefit fraud investigations was that Single Fraud Investigation staff, working in DWP offices, had no direct access to local authority records.

The Cabinet Member for Strategic Council Finances [attending as a Board Member] noted the work undertaken by the Counter Fraud Team in collaboration with the Revenues & Benefits Department, to check the validity of applications for **Small Business Rate Relief (SBRR)** [para. 2 page 27].

He judged the work to be good value for money, and in his role as Cabinet Member, expressed a willingness to look at a business case for the Council to purchase more technology/IT systems to increase work in this area. He asked if there were any statistics available for the work undertaken by the Counter Fraud Team in combating bogus **SBRR** applications.

The Counter Fraud Manager confirmed that the Council had already acquired software designed to combat fraud in the **SBRR** sector. He advised Members that this technology which enabled the team to review all limited companies in England & Wales that had claimed SBRR had already saved the Council £4,500 in potentially lost revenue in one single case alone. Any business case for increased technology would have to be based on the potential for the new technology to pay for itself by detecting

## AUDIT BOARD

WEDNESDAY 23 JANUARY 2019

further fraudulent claims within the **£100M+** total of business rates levied by the Council annually.

### RESOLVED:

1. That Members note the contents of the report as set out in detail in Appendix A;
2. That future reports contain details of Small Business Rate Fraud and that the Counter Fraud Manager consider publishing such statistics to deter offenders;
3. That the Boards thanks and appreciation be conveyed by the Manager to his Counter Fraud Team.

### **34. INTERNAL AUDIT UPDATE REPORT - JANUARY 2019**

The report and attached Appendix A from the Interim Audit Manager provided Members with an update on the progress made to date on the delivery of the 2018/19 Internal Audit Plan. It also provided a broader update on the internal audit service following the last report to the Board in October 2018.

Prior to consideration of the report by the Board the Strategic Director (Internal Services) advised Members that the Interim Audit Manager's contract had been extended to 31 March 2019, and that a further 1 year contract to 31 March 2020 had been provisionally agreed, pending further discussion with Mid Kent.

The Interim Audit Manager advised the Board that he was particularly pleased with the opportunity to extend the current arrangement with the Council until 31 March 2020 to continue his current work in the service and to create a sustainable strategy for the Partnership.

The update report to Members was positive in nature and continued to emphasise his Team's important independent assurance role for both management and Members, in addition to concentrating on Internal Control, Governance and Risk Management. He added the following comments in relation to Appendix A as published in the agenda:

- **Audit Plan Progress** [table p. 35]: The published September 2018 Outturn figure had been amended to reflect greater analysis work undertaken to the end of December 2018. Existing resources remained to complete the Audit Plan, which would now be finalised by the end of April 2019 rather than March;
- **Summary of Final Works** [p. 38]: Summaries would be made available as each project was finalised , and reported to the Board at the next meeting in March 2019;

## AUDIT BOARD

WEDNESDAY 23 JANUARY 2019

- **Audit actions** [p. 41]: an improved narrative for the close-off of the 'Medium' and 'High' rated actions was included to provide greater assurance and transparency;
- **Governance – Counter Fraud** [p. 44]: this internal work by the IA team is in addition to that conducted by the shared service Counter Fraud Team based in Sevenoaks [Min. No. 33 refers];
- **Ad-hoc advice & Consultancy** [p.44]: this work is undertaken following discussions with the Strategic Director (Internal Services) and the Senior Management Team as appropriate;
- **Service Update** [table p.45]: The Table set out the key objectives and recorded progress made in the period under review, linked to the External Quality Assessment (EQA) recommendations [final column] reported to the Board in July 2018. Members would continue to receive regular updates on how the recorded actions progressed;
- **Internal Audit Process** [p. 46]: the updated IA Process detailed on p.46 and effective from December 2018 took into account the requirements of the Public Sector Internal Audit Standards and created a tool for all management to use in respect of their individual audit experience;
- **Performance** [table p. 47]: The table set out how the IA team measured its activity using a new set of performance indicators from 1 December 2018 with a view to better understand how IA processes are embedding, moving forward into 2019/20 the indicators will form a link to the Internal Audit Strategy.

The Chairman expressed his thanks for an excellent report and in response to his question; the Interim Audit Manager confirmed that he was content with the progress he had made working with the IA Team to date, and that he and his team had not encountered any resistance from management in undertaking their audit work; indeed engagement with management had improved, and the theme of IA as 'critical friend' who provided 'added value' to management, had become more well-known across the Council.

The Strategic Director (Internal Services) confirmed this assessment by the IA Manager, and advised Members that feedback from management concerning IA was positive and the morale of the IA Team greatly improved under the new working regime.

Elizabeth Jackson, Grant Thornton (External Auditors) added her own praise in support of the revised format for the IA Update and the positive results being achieved by the Manager and his IA team.

### RESOLVED:

1. That Members note the Internal Audit Progress Report (January 2019) attached as Appendix A to the report.

AUDIT BOARD

WEDNESDAY 23 JANUARY 2019

**35. SELECTIVE INVOICE CHECKS**

At the October 2018 meeting of the Board, Members selected 5 (five) creditor payments for checking by Internal Audit, to provide Members with reasonable assurance that goods and services commissioned or procured and for which payment had been made, were in compliance with Council procedures.

The report advised the Board of the outcome of that exercise, and found that that all 5 creditor payments selected were made appropriately and in compliance with Council procedures as set out in detail in paragraphs 3.2 to 5.5 of the report [agenda pages 49-50].

The report also invited Members to select 5 further payments for checking by Internal Audit, for report to the Board in March 2019.

RESOLVED:

1. That Members note the contents of the report;
2. That Members select a further 5 (five) creditor payments for checking by Internal Audit and that the outcome of that exercise be reported to the next meeting of the Board in March 2019.

The meeting closed at 7.30 pm

Councillor D A Hammock  
CHAIRMAN