

MINUTES OF A MEETING OF THE
PERFORMANCE, AUDIT AND GOVERNANCE
OVERSIGHT COMMITTEE HELD IN THE
PLEASE NOTE THAT THIS MEETING WILL BE
HELD VIRTUAL VIA ZOOM ON TUESDAY 19
MAY 2020, AT 7.00 PM

PRESENT: Councillor M Pope (Chairman)
Councillors S Bull, J Burmicz, L Corpe,
A Curtis and T Stowe

ALSO PRESENT:

Councillors A Ward-Booth

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Scrutiny Officer
Peter Mannings	- Democratic Services Officer
Graham Mully	- Insurance and Risk Business Advisor
Bob Palmer	- Head of Strategic Finance and Property

ALSO IN ATTENDANCE:

Nick Jennings	- Shared Anti-Fraud Service (SAFS)
Simon Martin	- Shared Internal Audit Service
Suresh Patel	- EY

18 APOLOGY

An apology for absence was submitted on behalf of Councillor Alder.

19 MINUTES - 14 JANUARY 2020

The Scrutiny Officer said that the Monitoring Officer would be arranging some more Standards Training in August 2020.

It was moved by Councillor Corpe and seconded by Councillor Stowe that the minutes of the meeting held on 14 January 2020 be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Minutes of the meeting held on 14 January 2020 be confirmed as a correct record and signed by the Chairman.

20 DECLARATIONS OF INTEREST

There were no declarations of interest.

21 CHAIRMAN'S ANNOUNCEMENTS

The Chairman referred to the recent changes to the Committee, as agreed by Council at its meeting on 13 May 2020. He said that the performance aspect of the Committee had been transferred to the Overview and Scrutiny Committee. The change had been agreed to enable a more balanced workload for each Committee, and to reflect practice at other authorities.

The Chairman explained that the change was made on an interim basis, as it was contingent upon the review of scrutiny. It was noted that the Membership of the new Audit and Governance Committee remained the same as that for Performance, Audit and Governance Oversight Committee.

22 EXTERNAL AUDIT 2019/20 AUDIT PLAN

The External Auditor submitted a report on the Audit Plan which set out how the External Auditors intended to carry out their responsibilities; the proposed audit approach and scope for the 2019/20 audit against accountings requirements; and legislation to ensure that the audit was aligned both with the Council's service expectations and also the need to take account of the ongoing situation regarding Covid-19.

The External Auditor provided a summary of the report in terms of:

- An overview of the 2019/20 audit strategy;
- Audit risks;
- Value for money risks;
- Audit Materiality;
- Scope of the audit;
- Audit Team and timeline;
- Independence and appendices.

The External Auditor referred Members to page 37 of the report for an overview and to page 38 for a number of new areas of focus including group accounting and the implementation of new auditing and accounting standards. He said that the External

Auditor had identified a significant value for money conclusion risk in relation to the Council's capital programme. The External Auditor referred in particular to the management and delivery of the programme into 2021 and drew Members' attention to section 3 for further details of this risk and an outline of the planned procedure the External Auditors would use to form a value for money conclusion.

The External Auditor concluded his submission by referring to the impacts of Covid-19 on assets and valuations. He said that he was confident that EY could adhere to the timelines for delivering the Audit.

The External Auditor confirmed to Councillor Corpe that there would be a discussion with the Head of Strategic Finance and Property in respect of arbitration over the Audit Fees.

Councillor Stowe commented on the risks associated with Millstream, the Council's property company. The Head of Strategic Finance and Property said that this was a low level risk as the investment was backed by assets. The holding of rental property was not a high level risk to the Authority.

The Head of Strategic Finance and Property assured the Committee that the risk register had been updated. Councillor M Pope proposed and Councillor S Bull seconded, a motion that the report be received.

After being put to the meeting and a vote taken, this motion was declared CARRIED. Members received the report.

RESOLVED - that the report be received.

23 SHARED ANTI-FRAUD SERVICE - DRAFT PLAN 2020/21

The Shared Anti-Fraud Service (SAFs) submitted a report on the progress of the SAFs and East Herts draft Anti-Fraud Action Plan for 2020/21, which had been carried forward from the cancelled meeting in March 2020.

Members were advised that the report provided details of the Council's anti-fraud and corruption arrangements for 2020/21. The Anti-Fraud Plan ensured that the Council considered and acknowledged the risk of fraud and had in place appropriate policies and processes to investigate fraud.

The Officer said that a new and emerging risk was "phishing" emails which were intended to look exactly like legitimate correspondence from the Council. This resulted in a significant fraud risk to the Council and to the recipient of the email.

The SAFs Officer provided an update on the current situation regarding Covid-19 and Members sought and were provided with clarification on a number of issues including:

- Increases in reported fraud;
- Grants being issued to the Community;

The SAFs Officer explained that he had been working closely with team that was managed by the Head of the Revenues and Benefits Shared Service. He said

that the Council was performing well for an Authority of its size in dealing with suspected cases of fraud.

The Head of Strategic Finance and Property said that grant monies were being moved along as quickly as possible to avoid cases of bankruptcy. Members were reminded that a new Monitoring Officer had been appointed and that controls were in place to control, detect, prevent and mitigate fraud.

The Head of Strategic Finance and Property confirmed to Councillor Curtis that the reclaim of fraudulently claimed benefits was integral part of the normal anti-fraud activity.

It was moved by Councillor Bull and seconded by Councillor Pope that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the SAFs / EHC Anti-Fraud Plan 2020/21 be approved.

24 DRAFT INTERNAL AUDIT PLAN FOR 2020/21

The Shared Internal Audit Service (SIAS) submitted a report on the proposed East Herts Internal Audit Plan for 2020/21. The SIAS Officer provided a summary of the report and referred Members to Appendices A and B for the key reporting data.

The Chairman referred to Page 126 of the report with particular reference to the steady reduction in Audit days since 2018. He referred to the figures as having been reduced from 400 days in 2017/18 to 360 days in

2018/19, to 340 days in 2019/20 and 320 days in 2020/21.

The Head of Strategic Finance and Property said that he would be concerned if the number of audit days went below 300. He said that 300 days was sufficient to give adequate assurance to the Authority.

The Committee asked that it be noted that Members would not wish to see the number of audit days fall below 300. It was moved by Councillor Corpe and seconded by Councillor Pope that the recommendation, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the East Herts Internal Audit Plan for 2020/21, be approved.

25 SHARED INTERNAL AUDIT SERVICES - PROGRESS REPORT

The Shared Internal Audit Service (SIAS) submitted a report on the progress made in delivering the Council's 2019/20 Internal Audit Plan as at 28 February 2020, the findings for that period including the status of previously agreed Internal Audit recommendations. The report summarised the proposed amendments required to the approved 2019/20 Internal Audit Plan and provided an update on performance management information as at 28 February 2020. The SIAS Officer provided a summary of the report.

The SIAS representative said that a more up to date position would be presented to the next meeting in July 2020. The Chairman sought and was provided

with clarification in respect of the Herts Home Improvement Agency. He also referred to a number of outstanding higher priority recommendations.

The SIAS Officer said that immediate workloads in supporting homeworking had meant that some higher priority recommendations had slipped a bit in terms of delivery. He suggested that an Officer from IT could be invited to the next meeting to update Members on the latest position.

Councillor Curtis commented on the percentage of critical higher priority recommendations that had not been implemented by Officers. The Committee supported the suggestion that an Officer from IT come to the next meeting to update Members on the latest position regarding higher priority recommendations.

It was moved by Councillor Pope and seconded by Councillor Bull that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that (A) the Internal Audit progress report be noted;

(B) the status of critical and high priority recommendations, be noted.

26 QUARTER 3 CORPORATE BUDGET MONITORING

The Head of Strategic Finance and Property submitted a report on the finance and performance of the Council as at 31 December 2019. The Head of Strategic Finance and Property referred to an

anticipated underspend of £35k. He said that as this report had been to the Executive on 11 February 2020, no recommendations to the Executive would be made this evening.

The Head of Strategic Finance and Property provided a detailed breakdown of the report and responded to a number of queries from the Committee. There being no general debate and no recommendations to the Executive, the Committee received the report.

RESOLVED – that (A) the projected revenue budget forecast underspend of £35K in 2019/20 be noted (paragraph 2.5);

(B) the capital budget for 2019/20 of £77.812M, of which £78k is estimated to underspend and £64.292m is to be carried forward to future years be noted (paragraph 5.1.1);

(C) the reported performance for the period October 2019 to December 2019 be noted.

27 RISK MANAGEMENT STRATEGY

The Head of Strategic Finance and Property submitted a report regarding the Annual Review of the Risk Management Strategy. The Insurance and Risk Business Advisor said that there were no major changes and he summarised the new 3x3 matrix of plotting the likelihood and impact of risk.

The Insurance and Risk Business Advisor said that this Strategy was reviewed annually and had been report to the Leadership Team in February 2020. The report

had had originally been prepared for the meeting on 17 March 2020 that had been postponed. He referred to the 2 documents included with this report as appendices.

It was moved by Councillor Corpe and seconded by Councillor Pope that the Risk Management Strategy be received. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Risk Management Strategy be received.

28 STRATEGIC RISK REGISTER

The Head of Strategic Finance and Property submitted a report that proposed the content of the Strategic Risk Register for 2020/21. The Insurance and Risk Business Advisor said that this was a live document that been updated by the Leadership Team in April 2020.

Members were advised that the Strategic Risk Register was normally reviewed annually by this Committee and by Leadership Team on a quarterly basis. The Insurance and Risk Business Advisor said that the latest review by the Leadership Team had taken place on 3 February 2020 and the content had been further updated on 27 April 2020.

Councillor Corpe proposed and Councillor Curtis seconded, a motion that the Strategic Risk Register be received. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the report be received.

29 WORK PROGRAMME 2020/21

The Scrutiny Officer said that the work programme had been developed with input from key officers. The Chairman referred to the inclusion of a number of governance items. The Scrutiny Officer explained that Council in May 2020 had agreed to a change to the terms of reference by the transference of performance matters from the former Performance Audit and Governance Committee (now Audit and Governance Committee) to Overview and Scrutiny Committee. This had been necessary to avoid a duplication of function as the issue of "performance" had been included in the remit of both committees.

Councillor Curtis commented on the change from Performance, Audit and Governance Oversight Committee to Audit and Governance Committee. The Committee supported the work programme as detailed in the report submitted.

RESOLVED – that (A) the main agenda items for the next meeting be agreed; and

(B) the draft work programme for the remainder of the year, as amended, be agreed.

The meeting closed at 9.11 pm

Chairman
Date