

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON WEDNESDAY
12 APRIL 2023, AT 9.30 AM

PRESENT: Councillor M Pope (Chairman)
Councillors A Alder, R Fernando and
A Curtis (substitute for A Ward-Booth)

ALSO PRESENT:

Councillors P Ruffles

OFFICERS IN ATTENDANCE:

Michele Aves	- Democratic Services Officer
Steven Linnett	- Head of Strategic Finance and Property

ALSO IN ATTENDANCE:

Darren Bowler	- Shared Anti-Fraud Service (SAFS)
Simon Martin	- Shared Internal Audit Service

426 APOLOGIES

There were apologies for absence from Councillors Bell, Crofton, Huggins and Ward-Booth. It was noted that Councillor Curtis was substituting for Councillor Ward-Booth.

427 MINUTES - 24 JANUARY 2023

It was moved by Councillor Fernando and seconded by the Chairman that the Minutes of the meeting of the Committee held on 24 January 2023, be confirmed as a correct record and signed by the Chairman. After being put to the meeting, and a vote taken, this motion was declared CARRIED. It was noted that Councillor Curtis abstained from the vote.

RESOLVED – that the Minutes of the Committee meeting held on 24 January 2023, be confirmed as a correct record and signed by the Chairman.

428 MINUTES - 28 MARCH 2023

It was moved by Councillor Fernando and seconded by the Chairman that the Minutes of the meeting of the Committee held on 28 March 2023, be confirmed as a correct record and signed by the Chairman. After being put to the meeting, and a vote taken, this motion was declared CARRIED. It was noted that Councillor Curtis abstained from the vote.

RESOLVED – that the Minutes of the Committee meeting held on 28 March 2023, be confirmed as a correct record and signed by the Chairman.

429 CHAIRMAN'S ANNOUNCEMENTS

The Chairman reminded all participants to use their microphones when speaking as the meeting was being webcast.

The Chairman said that the meeting was the last of the Civic Year and extended his thanks to all Members and

Officers for their hard work over the past four years.

430 DECLARATIONS OF INTEREST

There were no declarations of interest.

431 SHARED INTERNAL AUDIT SERVICE - INTERNAL AUDIT PLAN 2023/24

The Shared Internal Audit Service Manager introduced the report which set out the Council's internal audit work programme for 2023/24.

The Shared Internal Audit Service Manager said that the audit approach could be seen from page 26 of the report. He drew Members' attention to page 31 of the report which showed a summary of the work programme with allocation of the 250 purchased audit days. The Shared Internal Audit Service Manager said that the work programme included coverage of key financial systems, as agreed by Leadership Team in February 2023.

The Shared Internal Audit Service Manager said that Appendix A of the report detailed the proposed audits outline scope, with Appendix B giving the proposed audit start dates. He said that flexibility may be required but that it was expected that this work would be delivered by the end of March 2024.

The Shared Internal Audit Service Manager said that the Committee would continue to receive update reports, which would detail the work of completed audits, and any important recommendations.

Councillor Curtis referred to page 31 of the report and asked how the estimates contained within the draft audit

plan had been compiled, and if changes to the estimated allocation of audit days could be made should circumstances transpire.

The Shared Internal Audit Service Manager said that the number of audit days purchased was commissioned by the Council. He said that a professional judgement was made as to if this number was sufficient, of which he was confident. He said that it was possible to flex the audit plan, and that any changes would be reported back to the Committee.

The Shared Internal Audit Service Manager said that the amount of time which was allocated to each audit was again a professional judgement, based upon experience. He said that there was a contingency of days within the plan, which could be drawn upon. He added that should less time be used than expected this surplus would be moved to into the contingency to be utilised on something else.

Councillor Curtis said that this was encouraging to hear.

Councillor Fernando referred to page 33 of the report and asked for further detail on how customer client feedback was being reviewed.

The Shared Internal Audit Service Manager said that a standard customer service questionnaire was sent to lead officers at the conclusion of any audit, but the rate of return was gradually declining. He said that alternative ways of gathering such intelligence were being explored, but that technology was in its infancy.

The Chairman referred to paragraph 1.2 of the

introduction to the report and asked if the strategy document mentioned could be circulated to the Members of the Committee. The Shared Internal Audit Service Manager said that he would arrange for this.

The Chairman referred to page 29 of the report and asked if the approach to work had changed post covid and if the impact of Covid was reducing.

The Shared Internal Audit Service Manager said that that pre Covid work was carried out almost exclusively on site. He said that the impact of Covid meant that the Shared Internal Audit Service (SIAS) continued to deliver most of its work remotely, but that the methodology remained the same. He said that SIAS utilised technology, such as Microsoft Teams for communication, and data analytics for auditing purposes. He said that the impact of Covid was less than it was one/two years ago and continued to diminish.

The Chairman referred to paragraph 2.16 of the report and asked why full completion of every aspect of the work plan was not always possible.

The Shared Internal Audit Service Manager said that this tended to happen in February/March with year-end closure pressures. He said that this may mean that aspects would not be completed until May but would not be cancelled without both the agreement of the audit sponsor and Members being advised.

The Chairman referred to Appendix A of the report and asked why some of the audits were short.

The Shared Internal Audit Service Manager said that

certain audits were carried out annually and therefore required less time than a conventional audit.

The Chairman referred to page 37 of the report and asked who the 'Audit Champion' was.

The Shared Internal Audit Service Manager said that the Audit Champion was the Head of Strategic Finance and Property, who monitored the audit programme. He said that SIAS had quarterly catch ups with the Audit Champion, and that these meetings were also attended by the Shared Anti-Fraud Service.

The Head of Strategic Finance and Property said that he had oversight of the audit programme, which ensured that SIAS were kept on track and up to date with any arising issues. He said that this also ensured that SIAS were not being obstructed internally. The Head of Strategic Finance and Property reiterated that the audit programme was flexible to the Council's needs.

Councillor Curtis asked for confirmation that the Committee's oversight included being informed of any changes to the audit programme.

The Shared Internal Audit Service Manager said that the Committee's update reports would include any such changes to the audit programme.

It was moved by Councillor Fernando and seconded by Councillor Curtis 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 proposed East Herts

Council Internal Audit Plan for 2023/24 be approved.

432 SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD PLAN
2023/2024

The Shared Anti-Fraud Service Manager introduced the report which set out the Council's Anti-Fraud Plan for 2023/24. He reminded Members that the Council was one of the founding Members of the shared service which now comprised of seven other Local Authorities across Hertfordshire and Bedfordshire, as well as several social housing providers across the region.

The Shared Anti-Fraud Service Manager said that the Shared Anti-Fraud Service (SAFS) provided a variety of functions for the Council, which included the development of policies and process to prevent fraud, fraud awareness training and using data and data analytics to identify fraud.

The Shared Anti-Fraud Service Manager said that the Council had a history of effective fraud awareness, prevention and investigation. He said that the Anti-Fraud Plan for 2023/24 was very similar to plans in previous years but highlighted some key areas for particular focus. He said that the key message for 2023/24 was 'prevention', with Fraud Awareness Training open to all Members, particularly to those newly elected in May.

The Shared Anti-Fraud Service Manager said that Key Performance Indicators had been agreed with senior officers to deliver value for money. He detailed a new way of SAFS working for all partners, and the creation of specialist teams to build upon expertise and allow for

resilience and capacity. He also detailed a new bespoke project between SAFS and the Shared Procurement Service.

The Chairman referred to page 47 of the report and asked if the financial modelling which showed that the service would be sustainable for at least the next three years was a typical amount of time. He asked if this was reviewed annually.

The Shared Anti-Fraud Service Manager said that this was a short to mid-term review and appropriate for a shared service.

The Head of Strategic Finance and Property said that finances were discussed at each SAFS board meeting, with reserves monitored to cover the unexpected.

Councillor Curtis asked what impact Welwyn Hatfield Council joining SAFS would have on staff.

The Shared Anti-Fraud Service Manager said that SAFS staff numbers had increased from the teens to twenty-two officers, with two officers allocated to Welwyn Hatfield Council. He said that a further post would be filled in June 2023, with all staff able to flex across all partners.

Councillor Curtis said that this was very reassuring and asked how many Housing Associations were in the partnership, and how much of SAFS time did they take up.

The Shared Anti-Fraud Service Manager said that there were four local Housing Associations in the partnership, each of which had a contract of approximately 10 days. He said that they took up little resources compared to Local Authorities, added to the experience of the SAFS team, and

that investigations freed up housing stock for bidding by Local Authority housing applicants.

The Chairman referred to page 48 of the report and asked if the 285 days of counter fraud work which the Council had access to was adequate with SAFS revised structure.

The Shared Anti-Fraud Service Manager said that the global view, minus annual leave, holidays and training left approximately 250/260 working days. He said that this not based on one SAFS officer but the whole of the service. He said that partners would not see a reduction in service.

The Chairman asked if Fraud Awareness training was mandatory at the Council.

The Shared Anti-Fraud Service Manager said such training was mandatory at East Herts, which was delivered online. He said that there was enhanced training for officers in areas which required an uplift. The Shared Anti-Fraud Service Manager said that as much as possible training was delivered face to face, and that SAFS were in discussion with Democratic Services regarding training for all Members after the election.

The Chairman asked for further detail on the use of SAFS using data analytics with the Councils Benefit Service.

The Shared Anti-Fraud Service Manager said that data analytics highlighted irregularities, with East Herts a member of the Herts Fraud Hub which gave localised and targeted data. He said that the National Fraud Initiative (NFI) delivered data matching to identify and prevent fraud against the public sector.

The Chairman asked for confirmation of the costs for the Fraud Hub.

The Head of Strategic Finance and Property said that the fee for the NFI (as required by the Cabinet Office) was £4,080 and included the Herts Fraud Hub.

It was moved by Councillor Fernando and seconded by Councillor Curtis 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 Anti-Fraud Plan for 2023/24 be reviewed and approved.

433 MONITORING OF 2022/23 QUARTER THREE CORPORATE RISK REGISTER

The Head of Strategic Finance and Property introduced the report and drew Members' attention to the change in the scoring to risks three, four and seven.

The Head of Strategic Finance and Property said that the increase in risk three (performance, resilience and security of IT systems) from A2 to A1 was due to a Cabinet Office review of the shared ICT services. He said that the increase in the risk four (staff capacity and skills to deliver services) from B3 to B2 was due to a national shortage in lawyers, Planning and Environmental Health officers. He said that the increase in risk seven (Judicial Review and/or a major legal challenge) from C3 to B3 was in response to the progress of the Council's key capital projects.

Councillor Curtis referred to risk four (staff capacity and

skills to deliver services) and risk 5 (poor performance or failure of key partner or contractor) and questioned if the scores for these risks should be higher.

The Head of Strategic Finance and Property said that temporary agency staff were being used to fill vacant posts. He said that new recruitment methods were being utilised to attract staff, and opportunities such as carer graded posts and sponsored apprenticeships were being offered. He said that the Council was also exploring the possibility of sharing a Planning lawyer with North Herts District Council.

The Head of Strategic Finance and Property said that with regards to risk 5, the Council pre checked the credit ratings of all suppliers. He said that contracts included bonds and guarantees and that the Council had contingency plans in place should a contract fail.

The Head of Strategic Finance and Property said that contracts were monitored monthly and that poor performance by a contractor could trigger penalties, and a performance management regime before the termination of contract.

The Chairman reminded Members that the risk matrix scored each risk post mitigations.

Councillor Curtis referred to risk 6 (Judicial Review and/or major legal challenge) and asked if officers were confident that the score for this risk should not be higher.

The Head of Strategic Finance and Property said that the costs arising from Judicial Review and/or major legal challenge would not be in compensation. He said that the

costs would be legal and the delay to effected projects. He said that the score for this risk was agreed by the Head of Legal and Democratic Services and was again post mitigations.

Councillor Fernando said that he could see the points raised by Councillor Curtis, but that he agreed with the score for risk 6 post mitigations. The Chairman concurred with Councillor Fernando.

Councillor Fernando said that the change in the score to risk 3 (following a review by the Cabinet Officer of the Council's IT systems) was concerning as it was an area which the Committee had looked at before and suggested that the Council was therefore behind the curve.

The Head of Strategic Finance and Property said that it was unfortunate that the Cyber Awareness training which had been organised for the Committee had not gone ahead as planned due to the adjournment of the previous meeting. He said that this training was to be delivered by the Interim Strategic IT and Partnerships Manager, and therefore the new incoming post holder would be invited to the Committee.

The Head of Strategic Finance and Property said that the Council was not aware of the Cabinet Office's review, but that the increase in the score for risk 3 would have also been increased due to the Committee's concerns.

Councillor Curtis referred to risk 7 (District Plan) and asked if the non-delivery of the District Plan should be scored higher than A2. He said that new Members (post the May 2023 Elections) attitudes to Planning were unknown.

The Head of Strategic Finance and Property said that Head of Planning scored risk 7, which was based on experience. He suggested that the Head of Planning could write to the Chairman to explain her reasoning for the risk score of A2. This approach was agreed by the Chairman.

It was moved by Councillor Fernando and seconded by The Chairman that the recommendations as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED. It was noted that Councillor Curtis abstained from the vote.

RESOLVED – that (A) the 2022/23 quarter three corporate risk register be reviewed, and officers advised of any further action that could be taken to manage risk; and

B) that the risks monitored at present are retained for the remainder of 2022/23 and that no new risks have currently been identified; and

C) that there are no changes to the methodology of risk management proposed for the 2023/24 period.

434 INDEPENDENT MEMBERS OF THE AUDIT AND GOVERNANCE COMMITTEE

The Head of Strategic Finance and Property introduced the report. He said that following the 2020 Redmond Review and subsequent Chartered Institute of Public Finance and Accountancy (CIPFA) guidance it was now mandated that at least one independent member should sit on Audit Committees.

The Head of Strategic Finance and Property said that the Council wished to move to recruit up to two independent members to its Audit and Governance Committee before this became a statutory requirement.

Councillor Curtis said that this was a sensible suggestion and agreed that the independent members should be non-voting.

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

RESOLVED – that (A) the appointment of two independent people (known as independent members) to sit on the Audit and Governance Committee for a period of four years, with a possible extension of a further six months to align to the municipal year be recommended to Council for approval; and

B) that the job advert and job pack as at Appendix A and Appendix B be recommended to Council for approval.

435 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

The Head of Strategic Finance and Property introduced the report. He said that the External Auditor's Report would need to be added to the agenda for the May 2023 meeting of the Committee, and that the Chairman may therefore wish to consider an earlier start time for this meeting.

The Head of Strategic Finance and Property said that due to the adjournment of the Committee Meeting on 28 March 2023 the Cyber Security training would also need to be rescheduled into the work programme.

The Chairman agreed that an earlier start time of 4pm for the May 2023 meeting of the Committee was a good idea due to its heavy agenda and asked that arrangements be made regarding this matter post-election when the Chairman of the Committee was decided.

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

- RESOLVED** – that (A) the work programme as set out in the report be approved; and
- B) that any training requirements be specified.

436 URGENT ITEMS

There were no urgent items.

The meeting closed at 10.58 am

Chairman
Date