

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER -
COUNTY HALL, HERTFORD, SG13 8DQ ON
TUESDAY 5 APRIL 2022, AT 7.00 PM

PRESENT: Councillor M Pope (Chairman)
Councillors A Alder, J Burmicz, R Fernando,
A Huggins, R Townsend and A Ward-Booth

ALSO PRESENT:

Councillors D Andrews, E Buckmaster,
J Ranger, P Ruffles and G Williamson

OFFICERS IN ATTENDANCE:

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| Michele Aves | - Democratic Services Officer |
| Jess Khanom- Metaman | - Head of Operations |
| Steven Linnett | - Head of Strategic Finance and Property |
| Katie Mogan | - Democratic Services Manager |
| Alison Street | - Financial Planning Manager |

ALSO IN ATTENDANCE:

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| Duncan Cogger | - Everyone Active |
| Debbie Hanson | - Ernst Young LLP |
| Dan Humpries | - Everyone Active |
| Nick Jennings | - Shared Anti-Fraud |

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| | Simon Martin | Service (SAFS) - Shared Internal Audit Service |
| | Rachel Merez | - Ernst Young LLP |

393 APOLOGIES

An apology for absence was submitted on behalf of Councillor Stowe. It was noted that Councillor Burmicz was substituting for Councillor Stowe.

394 MINUTES - 25 JANUARY 2022

The Chairman read a statement prepared by the Head of Strategic Finance and Property. The statement clarified the grant awarded to the Citizens Advice Bureau (CAB), as discussed at minute number 299 of the previous meeting of the Committee on 25 January 2022.

The Chairman said that when the CAB moved to Wallfields they were paid, in June 2018, the sum of £5,716.28 for moving in costs. This was on top of their grant of £150,793, and a grant for homelessness work of £17,711. The remarks made regarding the dependency on East Herts Council for grant funding were about the third sector in East Herts in general, and not about the CAB specifically. This is why the Council has set up the East Herts Community Alliance, and is working with its members on bid writing to access other funding streams.

Following this statement it was moved by Councillor Fernando and seconded by Councillor Ward-Booth, that the Minutes of the Committee meeting held on 25

January 2022 as amended 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.

RESOLVED – that the minutes of the Committee meeting held on 25 January 2022, as amended, be confirmed as a correct record and signed by the Chairman.

395 DECLARATIONS OF INTEREST

There were no declarations of interest.

396 CHAIRMAN'S ANNOUNCEMENTS

The Chairman reminded the members of the Committee to use their microphones when speaking.

397 TRAINING - RISK MANAGEMENT

The Head of Strategic Finance and Property presented a training briefing on Risk Management. He explained that risk management is the process by which risks are identified, evaluated and controlled, and how this enables the Council to effectively use its resources, secure its assets, successfully achieve its objectives and deliver its strategies.

The Head of Strategic Finance and Property described the different types of risks faced by the Council, and included examples of both strategic and operational risks. He explained the Council's risk management strategy, covering the identification, reporting and monitoring mechanisms, the methodology to be used

and the roles and responsibilities of officers and Members, including that of the Audit and Governance Committee.

The Head of Strategic Finance and Property said that governance processes relating to risk monitoring had improved over the past eighteen months. He explained how risks are identified, recorded and scored using a matrix. He showed an example of the risk register, explaining the importance of the narrative. He said that risk management was subject to frequent auditing.

The Head of Strategic Finance and Property said that there were no proposed changes to the Risk Management Strategy or processes for 2022/23. He outlined the reintroduction of operational risk monitoring, the monitoring of the highest level of operational risks by Leadership Team and the development of risk management training for staff.

The Chairman asked if external audit looked at the risk register. Debbie Hanson from Ernst Young LLP said that the risk register does feed into external audit, allowing auditors to judge value for money.

The Chairman asked how much time was spent considering emerging risks. The Head of Strategic Finance and Property said that consideration of emerging risks was part of the risk management process, and that this was looked at by the Leadership Team, the Executive and the Audit and Governance Committee. He stressed the importance of having an enquiring mind, and a risk management ethos which enabled suitable opportunities to be capitalised upon.

The Head of Strategic Finance and Property said that with regard to emerging climate change it was a case of how quickly and how often these extremes of weather will happen, and how adapted to these changes the Council was. He gave examples of the effect of weather extremes on Council buildings and the possible operational changes needed within refuse contracts.

The Chairman asked if there could be a section devoted to emerging risks within the risk report. The Head of Strategic Finance and Property advised that this could be accommodated.

Councillor Huggins suggested that rather than a separate emerging risks section, a tracked change could be used within the risk register to show new emerging risks. The Chairman said that this was a valid suggestion.

The Chairman thanked The Head of Strategic Finance and Property for his briefing.

398 LEISURE ANNUAL REPORT

The Executive Member for Wellbeing, Councillor Eric Buckmaster introduced the operational report which detailed the current leisure contract awarded to Everyone Active in January 2020. He said that the report covered performance since the start of the contract, and therefore included the challenging times when the Covid pandemic caused the closure of facilities.

He said that the Grange Paddocks Leisure Centre reopened in October 2021, and that Hartham Leisure Centre was expected to reopen fully in the Summer of 2023. He said that the swimming pool at Hartham was due to reopen at the end of the month, and its 3G football pitch would be available by the end of August 2022. The Executive Member for Wellbeing said that he was confident that with increased customer interest and confidence attendance levels would exceed those pre-Covid. He thanked both Officers and contractors for their work and cooperation and introduced Dan Humpries, from Everyone Active who led a presentation to the Committee.

Dan Humpries said that it had been a challenging year, he advised that during the lockdown phase in Quarter 1 equipment had been refreshed, and that the facilities at both Hartham and Fanshawe had been used as Covid testing sites. He said that remote exercise activities had been made available to leisure members via the Everyone Active app, with live workout sessions also available on line via social media platforms. He said that nominations for a month's free membership for NHS workers upon reopening were also received through the 'lockdown legends' scheme.

Dan Humpries said that during Quarter 2 centres reopened, with a focus on retraining staff and a high commitment given to cleaning in line with Covid safe protocols. A walking netball taster was trailed at Hartham in this period.

He said that in Quarter 3 free baby first aid training sessions were offered to new parents. And that Netball

camps in partnership with Saracens were organised. The annual Marie Curie Swimathon was also held in July of this period. He went on to say that Quarter 4 saw the launch of the new Grange Paddocks, which achieved a company record for new subscribers in an opening month. This quarter also saw holiday activity camps for disadvantaged families set up in conjunction with Herts Sports Partnership.

Dan Humpries said that all of the data obtained since the facilities had reopened was positive, and that he was confident that participation would continue to grow. He said that the closure of Hartham swimming pool had affected the data, and that a substantial proportion of revenue came from swim programmes.

He said that dementia awareness was now a key training area for staff. That eighteen new lifeguards had been trained (sixteen of which were local people), and that referrals were still being taken to give ongoing support to talented athletes via the 'E A Champions' scheme. He continued that from May 2022 the swimming pools at Hartham and Grange Paddocks would both launch large inflatable sessions, and that Grange Paddocks was investing in its 'Splash Lagoon'. For more mature users 'Good Boost' aquatic based water therapy sessions were being offered, seven day free passes were being given out in partnership with Herts County Council, and 'Bat and Chat' table tennis sessions organised.

The Chairman thanked Dan Humpries for his presentation, and reminded Members of the need to move a motion to exclude the press and public should they wish to discuss the exempt information contained

with Appendix 1A of the Leisure Annual Report.

Councillor Huggins said that the report was encouraging and that achieving pre Covid participation numbers looked hopeful. He asked what activities were being offered to members who did not feel confident in returning to use the facilities at centres, to older, more isolated residents and those with mental health issues. Duncan Cogger from Everyone Active said that the activities available to members via the app were still available. He said that they were working with the mental health charity Mind, and were seeking a holistic approach to activity participation. He said that further work was needed in these areas, and that the Community Activity Manager would welcome ideas. Additionally, free memberships were being offered to those suffering from Parkinson's Disease in partnership with Parkinson's UK.

Councillor Townsend asked about the available parking spaces at Grange Paddocks. The Head of Operations, said that when the 3G pitch was completed at the end of August 2022 more parking spaces would be released, but that green travel was being promoted.

Councillor Townsend said that the facilities at Grange Paddocks were phenomenal, but he wondered if there were concerns from users regarding the joint changing facilities. Dan Humpries said that there were private cubicles available and that any specific needs would be discussed with users.

Councillor Alder asked if the presentation could be emailed to the Committee Members. She also asked if the leisure centres could offer a social space for

teenagers, and help with the cost of swimming equipment for deprived families. Dan Humpries said that the gym sessions offered to teenagers had been very successful, and that the forthcoming 3G pitch would offer Friday night sessions to users. He said that the inflatable pool sessions were intended for all groups, and there was an intention to add a 'pool party' session to the programme. With regards help with the costs of swim equipment the hiring of swimming costumes was not viable, but other options could be looked into by the Group Aquatics Manager.

The Chairman asked about the energy costs at the leisure centres. Duncan Cogger said that this was the biggest risk of 2022, and that they continued to talk to Government. He added that the centres continued to monitor temperatures to ensure that they were streamlined and efficient.

The Chairman thanked the Everyone Active representatives for their presentation.

RESOLVED – that the Annual Leisure Report 2021 be received and considered.

399 RECEIPT OF THE EXTERNAL AUDITOR'S ANNUAL GOVERNANCE REPORT

Debbie Hanson from Ernst Young LLP introduced the report, explaining that it was a provisional report due to audit procedures not being fully concluded. She drew Members' attention to the scope update on page 13, and listed the specific risks identified. She explained how these risks had been regraded.

She referred to page 18 of the report which related to fraud and error and explained that this section of testing was substantially completed, and that no issues had been identified. She said that the high interest risk testing was complete, and again no issues had been identified. She explained that an error had been identified in the pension liability, but this was an error attributed to Herts Building Control and not the Council and did not expect this error to delay the final audit report further.

She concluded by saying that business rates testing was finished, with an error attributed to Analyse Local. That group testing was largely concluded and that Covid grant testing was completed. She said that value for money testing was not yet fully complete, but that no issues in this area were foreseen.

The Chairman asked if the final audit report would need to be considered by the Committee alongside the approval of the statement of accounts. The Head of Strategic Finance and Property said that this would require the Committee to hold a Sub-Committee meeting of the Audit and Governance Committee at the beginning of May 2022.

It was moved by the Chairman and seconded by Councillor Ward-Booth that the recommendation, as detailed, be approved. After being put to the meeting, and a vote take, the motion was declared CARRIED.

RESOLVED that (B) that the Committee noted that the statement of accounts would need to be approved by the Sub-Committee in the week commencing 2nd May 2022.

The Chairman thanked Debbie Hanson for her report and the Head of Strategic Finance and Property and the Finance Team for their hard work.

As Recommendation (B) had already been carried it was moved by Councillor Huggins and seconded by Councillor Fernando that the recommendations, as detailed, be approved. After being put to the meeting, and a vote take, the motion was declared CARRIED.

RESOLVED – that (A) the external auditor’s Provisional Audit Results Report 2020/21 be received and any comments made; and

(C) the Committee thanked the staff in Strategic Finance for producing the budget and Medium Term Financial Plan as well as facilitating the delayed external audit and commencing preparation for the closedown of the 2021/22 financial year

400 APPROVAL OF THE ANNUAL GOVERNANCE STATEMENT 2020/21

The Head of Strategic Finance and Property briefly introduced the report. He explained that the report referred to the 2021 financial year, and contained the changes as requested by Members.

The Chairman said that the report had previously been seen by the members of the Committee. He said it was a very detailed piece of work, which covered all of the things which Members needed to be mindful of.

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

RESOLVED that Members approve the Annual Governance Statement for 2020/21.

401 APPROVAL OF THE STATEMENT OF ACCOUNTS - 'TO FOLLOW'

This report was not available.

402 MONITORING OF 2021/22 QUARTER THREE STRATEGIC RISK REGISTER, REVIEW OF CONTENT OF THE STRATEGIC RISK REGISTER FOR 2022/23 AND ANNUAL REVIEW OF RISK MANAGEMENT STRATEGY

The Head of Strategic Finance and Property introduced the report. He said that there were no significant changes in risk/ the risk register since the last meeting of the Committee.

The Chairman said that it was an excellent report, and asked about the risk of cyber-attacks. The Head of Strategic Finance and Property said that mandatory cyber training had been introduced for all Council staff and Members. He emphasized the importance of this response and encouraged all to complete the training by 8 April 2022.

The Chairman referred to the matrix of risks contained within the report and asked about the certainty of

several of the Council's most significant risks. The Head of Strategic Finance and Property said that the risk of poor performance by a key partner or contractor was a possibility, but that in such a situation rather than issue penalties the Council would use a positive approach by seeking to work with contractors to obtain a resolution. He said that the risk of a judicial review was always a consideration and that the need to deploy business continuity/ emergency plans had a low likelihood. He said that the Covid pandemic was an example of how the Council can deal with major incidents, and added that the Leadership Team worked on call out of hours to respond to emergency situations. He finished by saying that a key priority was to ensure that the Council's IT systems were secure, and advised the Committee of several completed and planned upgrade and resilience measures.

The Chairman thanked The Head of Strategic Finance and Property for his report and comments.

It was moved by Councillor Fernando and seconded by Councillor Ward-Booth 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 2021/22 quarter three Strategic Risk Register be received; and
(B) the risks monitored at present be retained for 2022/23; and

(C) the Risk Management Strategy remain unchanged for 2022/23.

403 SHARED INTERNAL AUDIT SERVICE - INTERNAL AUDIT PLAN
2022/23

Simon Martin from the Shared Internal Audit Service (SIAS) briefly introduced the plan.

The Chairman asked if the plan's reduction in audit days was as agreed in the budget. Simon Martin confirmed that this was the case, and that the audit plan fitted into these days.

The Chairman asked if assurance mapping was changing the way in which the Shared Internal Audit Service worked. Simon Martin said it was, and that it gave auditors a different set of tools to work with. He said that his team had described these changes as "a marathon, and not a sprint". The Head of Strategic Finance and Property said that these changes allowed for a more rounded view of the service, which highlighted issues and gave better value for money.

The Chairman thanked Simon Martin and officers for the plan.

It was moved by Councillor Townsend and seconded by Councillor Fernando 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 proposed East Herts Council Internal Audit Plan for 2022/23 be approved.

404 SHARED ANTI-FRAUD PLAN 2022/23 REPORT

Nick Jennings from The Shared Anti- Fraud Service introduced the report. He referred to page 240 of the report which detailed the reduced amount of fraud referrals received by the service during the first three quarters of 2021/2022, and explained that the reasons for this reduction were trying to be understood. He said the majority of referrals received by the service related to Housing Benefit and Council Tax matters, and confirmed that there were 26 referrals relating to fraudulent Covid grants which required further review. He added that all of the Covid grant referrals which had been administered by East Herts Council had been found to be correct, with no fraud found.

He drew the Committee's attention to 4.8 of the report which referred to the output from the National Fraud Initiative (NFI), saying that this was a huge data matching exercise, and to 4.9 of the report relating to business grant schemes. He finished by saying that the targets set out in Appendix B of the report would be achieved by year end.

The Chairman thanked Nick Jennings for his report, and asked if the make up of the allegations received by the service remained the same. Nick Jennings said that most referrals were linked to Housing Benefit and Council Tax, and that discrepancies were due to error as well as fraud. He said that more referrals were expected in connection with housing, and so work had been done with housing teams and stressed the importance of encouraging reporting and sharing information.

The Chairman asked about the membership of the service. Nick Jennings said that this had been static since Luton joined in 2017, but that the service did work with authorities outside of its membership.

The Chairman asked about progress of the Fraud Hub which had been discussed at a previous meeting of the Committee. Nick Jennings said that the Fraud Hub would be effective, but work was required to improve the data analytics which at present produced a lot of false positive results.

It was moved by Councillor Fernando and seconded by Councillor Huggins 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 Anti-Fraud Plan 2022/23 be approved; and

(B) the activity to protect the Council against fraud and corruption in 2021/22 be noted.

405 FINANCIAL MANAGEMENT QUARTER 3 FORECAST TO YEAR
END - QUARTERLY CORPORATE BUDGET

The Financial Planning Manager, Alison Street introduced the report, and described the budget overspend and underspend.

The Chairman congratulated officers for the Council's improved financial position. He said that report showed that the Revenues and Benefits Department was the standout performer, and asked how long the Central Government grants related to this department

would continue for. The Financial Planning Manager advised that work would continue with burden grants for the long term.

The Head of Strategic Finance and Property said that although these grants had done a lot of good, Members would also see the negative impact they have had on the Revenues and Benefits Department. He said that this included the pressure and stress placed upon the staff who processed these grants, the increase in the time to process other claims and change of circumstances (such as Housing Benefit), and the effect on collection rates.

Councillor Townsend asked if the Ukraine crisis would place more demands on the Revenue and Benefits Department. The Head of Strategic Finance and Property said that the required housing inspections would probably fall under the Council's responsibility, but at present it was unclear if the responsibility for payments would be the remit of the Council or Social Services.

The Chairman referred to page 64 of the report, and asked for clarity on the forecasted underspend attributed to the shared business and technology services. The Financial Planning Manager said that this underspend was due the slippage on IT projects. The Head of Strategic Finance and Property said that these funds would be used within the next six months upon conclusion of these projects.

The Chairman asked about the Council's debtors. The Head of Strategic Finance and Property said that under the Transforming East Herts project it was proposed

that debt recovery would be centralised back within the Finance Department.

The Chairman referred to page 67 of the report and asked for clarity on projects which had moved into the “approved, but not yet committed” table. The Head of Strategic Finance and Property said that this was a way of managing the Council’s budget, and showed items for which Council approval had been given, but were not yet bound.

It was moved by Councillor Alder and seconded by Councillor Burmicz 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 net revenue budget forecast overspend of £95k in 2021/22 be noted (table 1); and

(B) the revised capital budget of £56.676m for 2021/22, with a forecast underspend of £27.669m, of which £27.603m will be carried forward to 2022/23 (appendix A), be noted.

406 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Head of Strategic Finance and Property introduced the programme and asked for observations from Members.

The Chairman said that the programme worked well.

It was moved by Councillor Townsend and seconded

by Councillor Fernando that the recommendations, as detailed, be approved. After being put to the meeting, and a vote take, the motion was declared CARRIED.

RESOLVED - (A) that the work programme as set out in the report be approved; and

(B) any training requirements be specified.

407 URGENT ITEMS

There was no urgent business

The meeting closed at 9.34 pm

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| Chairman |
| Date |