

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY 19
JULY 2022, AT 7.00 PM

PRESENT: Councillor M Pope (Chairman)
Councillors S Bell, R Fernando and A Ward-Booth

ALSO PRESENT:

Councillors P Ruffles

OFFICERS IN ATTENDANCE:

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| Michele Aves | - Democratic Services Officer |
| Ben Wood | - Head of Communications, Strategy and Policy |

ALSO IN ATTENDANCE:

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

99 APOLOGIES

There were apologies for absence from Councillors Alder, Crofton and Huggins.

100 MINUTES - 31 MAY 2022

It was moved by Councillor Ward Booth and seconded by Councillor Fernando, that the minutes of the Meeting held on 31 May 2022 be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote take, this motion was declared CARRIED. It was noted that Councillor Bell abstained from the vote as she was not present at the meeting.

RESOLVED – that the Minutes of the Committee meeting held on 31 May 2022 be confirmed as a correct record and signed by the Chairman.

101 CHAIRMAN'S ANNOUNCEMENTS

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

The Chairman sent the Committee's warmest regards to Nick Jennings from the Shared Anti-Fraud Service (SAFS), and wished him a speedy recovery from recent ill health. He welcomed Darren Bowler, Counter Fraud Manager from SAFS to the meeting.

102 DECLARATIONS OF INTEREST

There were no declarations of interest.

103 TRAINING - SHARED ANTI-FRAUD SERVICE - FRAUD AND CORRUPTION AWARENESS FOR ELECTED MEMBERS

The Counter Fraud Manager from The Shared Anti-Fraud Service (SAFS) gave a training presentation to Members on 'Fighting Fraud in Partnership'. He explained what fraud was and the reasons as to why it was committed, referring to Dr Cressey's Fraud Triangle.

Members were advised of the essential role they played in protecting the public purse, and were directed to a must read reference book (the link for which had been provided in the presentation slides).

The Counter Fraud Manager explained the membership of SAFS, their joint working partnerships and their capabilities. He provided Members with case studies and confirmed that the training slides would be made available to all Members in the next edition of the Members Information Bulletin.

The Chairman asked why there were not more members of SAFS. The Counter Fraud Manager said that there were other Local Authorities interested in joining, which he hoped would happen as the service was a great model which offered a bespoke service to each Authority.

The Chairman asked for an update on the Fraud Hub. The Counter Fraud Manager said that that there had been IT problems, but that it was in progress, and was a great idea.

The Chairman asked if councils were affected by reputational damage from fraud. The Counter Fraud Manager said that it was a double edged sword, as Authorities needed to acknowledge incidents and put

procedures in place to avoid repeat occurrences. He said that in his experience, publicity from fraud incidents was not seen negatively, especially when monies were recovered and/or offenders prosecuted.

The Chairman thanked the Counter Fraud Manager for his presentation.

RESOLVED – that the presentation be received.

104 ANTI-FRAUD REPORT 2021/2022

The Counter Fraud Manager introduced the report. He explained how the Shared Anti-Fraud Service (SAFS) was a shared service of which East Herts was a founding member of in 2015, and how it provided a counter fraud function for the council and six others across Hertfordshire and Bedfordshire.

The Counter Fraud Manager advised that the report gave details of the work of both the council and SAFS in 2021/22. He provided Members with some background on SAFS, and explained how it provided a variety of functions for the council to help develop policies and processes to deter fraud.

The Counter Fraud Manager said that SAFS helped to design an anti-fraud plan for the council each year, and directed Members to Appendix A of the report which provided a copy of the 2021/22 Anti-Fraud Plan for the council, which was approved by the Committee in March 2021.

The Counter Fraud Manager said that as usual SAFS

had deployed one Counter Fraud Officer to work exclusively for the council in 2021-2022. He explained how this Officer was managed by SAFS and had access to SAFS intelligence, data analytics and financial investigation expertise at all times.

He said that during 2021-22 SAFS worked closely with East Herts Officers on a review of Anti-Fraud policies for publication, and were also working with the council's Human Resources Team to update a number of Fraud related e training packages.

The Counter Fraud Manager said that the effects of Covid continued to impact on SAFS work throughout the year, and although the service was well placed in its working practices to be able to minimise this impact there were some areas which were out their control, as detailed at page 21 of the report.

The Committee heard how SAFS resources were deployed, including the support given to the council with the administration of various Covid grant schemes, and the twenty fraud and cyber alerts issued to Council Officers in 2021/22.

The Counter Fraud Manager said that the reporting of fraud had declined in 2021/22 compared to previous years, and that it was thought that staff working from home may have resulted in some loss of 'visibility' for SAFS and fraud. In response to this he said that the service was working hard to improve their presence across all council services, and continued to build on the council's anti-fraud culture, including in respect of housing fraud.

The Counter Fraud Manager gave Members an overview of the results achieved by SAFS for 2021/2022, and was pleased to advise the Committee that all but one of the Key Performance Indicators agreed as part of the Plan for 2021/22 had been achieved or exceeded. He concluded by saying that an update of work to date for the first quarter of the year, including the work on revised policies could be seen at page 29 of the report.

The Chairman referred to page 24 of the report and asked if the number of 'failed' referrals by outcome was a typical number. The Counter Fraud Manager said that this was typical, and explained how the service received a lot of referrals which could not be developed due to the sparse information given, or by virtue that they need to be passed onto a different team.

Councillor Bell referred to paragraph 4.3 on page 29 of the report, and asked if the estimated fraud loss attributed to the allegations received by the service was proportionate to a council similar in size to East Herts. The Counter Fraud Manager said that it was comparable, and explained that the use of estimates was a good way for SAFS to identify the differences in the types of fraud being suffered by councils and therefore the areas which required work.

Councillor Fernando asked for clarification of paragraph 2.33 on page 27 of the report. The Counter Fraud Manager apologised for a typing error in this paragraph, and confirmed that the word 'good' needed to be removed from the first sentence. He said that East Herts had not used the Council Tax Review

Framework in 2021/2022 and so would not to be charged for this.

The Chairman asked about the Council's money laundering policy. The Counter Fraud Manager said that this was one of the policies being worked on. He explained that councils do not have to have a money laundering officer, but that this was best practice. He said that the use for such an Officer was minimal but the training overwhelming, and that SAFS were to take over this function. The Counter Fraud Manager gave examples of scenarios where the council may encounter potential money laundering situations.

The Chairman congratulated the Counter Fraud Manager for his report. He summarised that Members had had an opportunity to examine and comment on the work done in 2021/2022 to combat fraud, and to review the performance of SAFS in meeting its key performance indicators.

RESOLVED – that the report be considered and received.

105 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Shared Internal Audit Manager introduced the report, advising Members that it was the first progress report for 2022/2023. He said that there had so far been no changes to the audit plan. He listed the reports key points, and referred to the two high priority outstanding items as detailed in Appendix B. He said that an update would be circulated by email to Members in the next few days.

The Chairman thanked the Shared Internal Audit Manager for his report. He said that the council was broadly where it should be for the time of year, and asked if technology was being used to streamline processes. The Shared Internal Audit Manager said that data analytics had been embedded into their work, but were best used on audits which had a large data set. He said that they were currently a few audits behind the work programme due to recruitment/ retention challenges, which was an issue for many audit services.

The Chairman said that it was good that there were no other high/critical actions outstanding. The Shared Internal Audit Manager said that there was work in progress with regards to cyber security, for which management response had just been received. He said that this would therefore be circulated to Members shortly.

It was moved by Councillor Fernando and seconded by Councillor Bell 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) that the status of the critical and high priority recommendations be noted.

106 ASSETS OF COMMUNITY VALUE REPORT 2022

The Head of Communications, Strategy and Policy

introduced the report, outlining the Community Asset Register and its associated legislation. He said that it was good practice for the Committee to have an oversight of the register, and explained how it protected communities from losing their local assets.

The Head of Communications, Strategy and Policy said that at the time of writing the report there were twenty six Assets of Community Value in East Herts. There had now been one change to this, as the owner of the Countryman Inn had since given notice to sell. He referred to paragraph 2.15 of the report which detailed five further assets which were in the process of being registered and explained that Ley Parkland in Much Hadham was now unfortunately null and void.

The Chairman asked if Members were being advised when an asset was listed or renewed. The Head of Communications, Strategy and Policy said that there was a recommendation made at last year's meeting to alert Members when an asset in their Ward was renewed or listed. He said that this was now happening.

The Chairman thanked the Head of Communications, Strategy and Policy for his comprehensive report, and confirmed that it was useful for the Committee to see this once per year. He summarised that Members had had an opportunity to examine and comment on the Assets of Community Value Report 2022.

RESOLVED – that the report be considered and received.

The Chairman said that the Work Programme did not appear to have altered since the last meeting of the Committee. He said that the final audit accounts had not been available at the meeting, and so it was assumed they would be received in time for the September agenda and feature alongside the relevant training.

The Chairman noted that there was currently no training programmed for the meeting of the Committee in November, and he asked for any suggestions from Members as to what was required. The Shared Internal Audit Manager suggested that cyber security was a training option, and stated that he would make enquiries regarding who could provide this. The Chairman said that this would be useful and asked for this training request to be noted.

It was moved by Councillor Bell 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 (A) the Work Programme, as detailed in the report be approved;

(B) that any training requirements be specified.

108 URGENT ITEMS

There were no urgent items.

The meeting closed at 8.07 pm

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| Chairman |
| Date |