



MEETING : AUDIT AND GOVERNANCE COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 19 JULY 2022
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

MEMBERS OF THE COMMITTEE

Councillor Mark Pope (Chairman)
Councillors A Alder, S Bell, K Crofton, R Fernando, A Huggins and
A Ward-Booth (Vice-Chairman)

*(Note: Substitution arrangements must be notified by the absent Member
to Democratic Services 24 hours before the meeting)*

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- must not participate in any vote taken on the matter at the meeting;
- must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
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AGENDA

1. Apologies

To receive any apologies for absence

2. Minutes - 31 May 2022 (Pages 5 - 15)

To approve as a correct record the minutes of the meeting held on 31 May 2022.

3. Chairman's Announcements

4. Declarations of Interest

To receive any declarations of interest.

5. Training - Shared Anti-Fraud Service - Fraud and Corruption Awareness For Elected Members

6. Anti-Fraud Report 2021/2022 (Pages 16 - 37)

7. Shared Internal Audit Service - Progress Report (Pages 38 - 50)

8. Assets of Community Value Report 2022 (Pages 51 - 63)

9. Audit and Governance Work Programme (Pages 64 - 77)

10. Urgent Items

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY 31
MAY 2022, AT 7.00 PM

PRESENT: Councillor A Ward-Booth (Chairman)
Councillors A Alder, K Crofton, R Fernando

OFFICERS IN ATTENDANCE:

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

ALSO IN ATTENDANCE:

Simon Martin	- Shared Internal Audit Service
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35 APPOINTMENT OF VICE- CHAIRMAN FOR 2022/23

It was moved by Councillor Alder and seconded by Councillor Crofton, that Councillor Ward-Booth be appointed Vice-Chairman for 2022/23. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that Councillor Ward-Booth be appointed Vice-Chairman for 2022/23.

36 APOLOGIES

An apology for absence was received on behalf of the Chairman, Councillor Pope. Councillor Ward-Booth chaired the meeting in his absence.

37 MINUTES - 5 APRIL 2022

It was moved by Councillor Alder and seconded by Councillor Fernando, that the minutes of the Meeting held on 5 April 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 Crofton abstained from the vote as he was not present at the meeting held on 5 April 2022.

RESOLVED – that the Minutes of the Committee meeting held on 5 April 2022 be confirmed as a correct record and signed by the Chairman.

38 CHAIRMAN'S ANNOUNCEMENTS

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

39 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

40 TRAINING - THE ROLE OF INTERNAL AUDIT

The Shared Internal Audit Service Manager gave a training presentation on the role of Internal Audit. He

began by explaining how the Shared Internal Audit Service worked in partnership with several Councils across Hertfordshire, with East Herts Council being one of the founding members eleven years ago.

The Shared Internal Audit Service Manager explained the definition of internal audit, and the differences between internal and external audit. He advised Members of the statutory requirement for the Council to have an internal audit provision under the Accounts and Audit Regulations 2015, and the links between internal audit and the Council's Chief Financial Officer.

He went on to explain that the Shared Internal Audit Service was audited by the Public Sector Internal Audit Standards (PSIAS), with annual self-assessments made against PSIAS standards, and an external independent assessment carried out every five years.

The Shared Internal Audit Service Manager explained the role of internal audit in the Council's governance framework. The need for assurance, and how this feeds into the Council being able to account to its residents and service users, and know that it is complying with policies and legislation.

He told Members of the different delivery models for Internal Audit and the Internal Audit cycle, adding that the Annual Assurance Statement and the Internal Audit Annual Report were on the evening's agenda.

Councillor Alder asked how the Shared Internal Audit Service was internal if their staff were employed by Hertfordshire County Council. The Shared Audit Service Manager said that one partner of the service

acted as the service lead for legal and employment reasons, but that many of the team did not carry out work for Hertfordshire County Council, instead focusing on district or borough work.

Councillor Crofton asked if the different partners within the group shared the same standards and processes. The Shared Audit Service Manager said that East Herts Council had its own audit work programme, with none of the other partners having any influence on this.

Councillor Crofton asked if a better way of working was found would the service recommend this to other partners within the group. The Shared Audit Service Manager said that information was shared via a learning newsletter, and that an audit featured in another Council would be looked, at and possibly incorporated into East Herts (or vice versa) if appropriate.

Councillor Crofton asked who the Shared Audit Service reported to within the council, and clarification on how many items were worked on at any one time. The Shared Audit Service Manager said that reporting is made to the relevant Head of Service (the audit sponsor). He said that audit reports were sent to the Head of Strategic Finance and Property, with Members seeing final reports. He advised that liaison meetings with the Head of Strategic Finance and Property were held every four months. He said that twenty audits would be completed over the course of a year.

The Chairman thanked the Shared Audit Service Manager for his presentation.

RESOLVED – that the presentation be received.

41 ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT
ANNUAL REPORT 2021/22

The Shared Audit Service Manager briefly introduced the annual report, listing the report's key messages and asked if Members had any questions.

Councillor Crofton asked for management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2021/2022. The Head of Strategic Finance and Property confirmed that internal audit did have sufficient resources throughout the year, and were also sufficiently independent.

Councillor Alder asked for clarification on the language used in the report, in particular the use of the word "generally". The Shared Internal Audit Service Manager explained that the Public Sector Internal Audit Standards has three levels within its assessment. These are;

- Generally conforms.
- Partially conforms.
- Does not conform.

To be found to be "generally conforming" an organisation has to have complied with the vast majority of the forty seven standards required.

Councillor Alder referred to paragraph 2.14 of the report, and asked if further staff training had been

organised where non-compliance and scope for improvement had been found. The Shared Internal Audit Service Manager said that this would be a matter for management, with the service only making recommendations.

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

RESOLVED - (A) that the Annual Assurance Statement and Internal Audit Annual Report be noted;

(B) that the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP) be noted;

(C) that the SIAS Audit Charter be accepted;

(D) that management assurances that the scope and resources for internal audit were not subject to inappropriate limitations in 2021/22 be sought.

42 STRATEGIC RISK REGISTER - MONITORING QUARTER 4 2021/22

The Head of Strategic Finance and Property introduced the report, advising Members that it was the final of its kind for the year. He said that the report for Quarter 3 had been seen at the last committee meeting, and that

the Quarter 4 position remained much the same.

Councillor Alder followed on from her question which related to the previous item on the agenda. She asked if additional training had been organised for the staff who were identified as requiring it from the SIAS report. The Head of Strategic Finance and Property assured Members that training needs were picked up by management via staff appraisals. He said that should systems need changing this would be also addressed, with any mistakes learnt from.

The Head of Strategic Finance and Property said that he would speak with the Shared Internal Audit Manager outside of the meeting to determine the specifics of the report which Councillor Alder was referring to. The Chairman said that officers would then be able to respond to Councillor Alder's question.

Councillor Crofton asked for clarification on the Strategic Risk Register and questioned the inclusion of equalities within this. He asked if the register included training, efficiency and staff retention. The Head of Strategic Finance and Property said that the Corporate Risk Register included all of the things which could send the Council off course, preventing the delivery of the corporate plan and the performing of its statutory responsibilities.

The Head of Strategic Finance and Property went through the register, giving an in depth explanation of the different risks, their triggers, consequences and mitigations/controls. This included at number four, those pertaining to staff capacity and the skills to deliver services. He also explained the risks associated

with not having equalities impact assessments. He advised Members on how risks were scored and how these related to the matrix, seen at page 57 of the report. He said that the risks identified as the highest, and therefore in the “hot zone” of the matrix were actively managed by the Leadership Team, with other risks delegated to Heads of Service to monitor.

RESOLVED – that the report be reviewed and received.

43 DATA PROTECTION UPDATE

The Chairman introduced the report, summarising that a lot of good work had been done to strengthen the Council’s data protection processes and procedures.

It was moved by Councillor Ward-Booth 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 report be noted and received, and any observations provided to the Information Governance and Data Protection Manager.

44 NEXT STEPS ACCOMMODATION CAPITAL GRANT AUDIT

The Head of Strategic Finance and Property introduced the report, explaining that it related to the Council’s capital scheme to provide temporary accommodation for rough sleepers at The Rectory in Stanstead Abbots. He said that the scheme’s grant provider, Homes

England had initiated an audit, which was carried out by the Shared Internal Audit Service. This audit determined that two breaches of Homes England's grant conditions had occurred. The first breach resulted from a building control certificate not being submitted in a timely way. The second breach resulted from the Council submitting its final payment claim one day ahead of the formal certification of practical completion.

The Head of Strategic Finance and Property listed the changes which the Housing and Health Department had put into place following this audit to avoid any such reoccurrences. These included the use of a single name project manager, and the role of project sponsor being undertaken by the Head of Service. He added that the Homes England process had been new to staff, and that lessons had been learnt.

Councillor Alder said that it was good to see from the report that although mistakes had been made the Council would still be able to make bids for future funding.

The Chairman said that the report gave reassurance that measures were now in place to ensure that such mistakes would not happen again.

The Shared Internal Audit Manager said that it was an unusual piece of work for the service to be asked to do. He said that Homes England had asked the service to carry out the audit on their behalf, but had provided a checklist with the key lines of enquiry for the auditor. He explained that this checklist consisted of mainly yes or no answers to questions which were then submitted

to Homes England via an online portal. The Shared Internal Audit Manager said that they were therefore unable to know what judgement Homes England would make until they made their report to the Council.

RESOLVED – that the report be considered and received.

45 AUDIT AND GOVERNANCE WORK PROGRAMME

The Head of Strategic Finance and Property introduced the report. He said that Members would recall that the external auditors had given an indication that they would be in a position to give their final 2020/2021 accounts opinion at this meeting. As this was not the case, he said that he was assuming that these would be available at the next meeting of the Committee on 19 July 2022. He said that it may be wise to consider cancelling the meeting planned for 19 July 2022 should these accounts again not come to fruition, as other items on the agenda were not crucial and could also slip to the next meeting on 29 September 2022.

The Head of Strategic Finance and Property said that he planned for Members to receive a training presentation on the Transforming East Herts Programme at the meeting on 29 September 2022. He explained that this would be alongside the Transforming East Herts Overall Business Case. He listed the other agenda items for the September meeting and gave an overview for the rest of the meetings of the Committee for the rest of the civic year.

The Chairman asked for any comments or questions from Members, in particular with regards to the possible cancelling of the meeting on 19 July 2022. Councillor Crofton said that cancelling the meeting on 19 July 2022 would be a good idea.

It was moved by Councillor Fernando 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 (A) the work programme as set out in the report be approved; and

(B) that any training requirements be specified.

46 URGENT ITEMS

There were no urgent items.

The meeting closed at 7.58 pm

Chairman
Date

Agenda Item 6

Audit & Governance Committee
East Herts Council July 2022



East Herts Council

Anti-Fraud Report 2021/22

Recommendation

Members are recommended to:

- Review the Councils work to combat fraud in 2021/22
- Review the performance of SAFS in meeting its KPIs in 2021/22

Contents

- 1 Introduction and Background**
- 2 Delivery of the 2021/22 Anti-Fraud Plan**
- 3 SAFS Performance and KPIs**
- 4 Brief update on Anti-Fraud work in 2022/23**
- 5 Transparency Code- Fraud Data**
- 6 Further Reading- Reports and data**

Appendices

- A. Anti-Fraud Plan 2021/2022

1 Introduction and Background

Introduction

- 1.1 This report provides details of the work undertaken by the council and the Shared Anti-Fraud Service to protect the council against the threat of fraud and the delivery of the council's Anti-Fraud Action Plan for 2021/2022. CLMT and the Committee is asked to note this work.
- 1.2 Recent national reports and papers provided to council officers are used by the Shared Anti-Fraud Service (SAFS) to ensure that the Council is aware of new and emerging fraud risks as well as those established/known risks. This helps to mitigate or manage all fraud risks through a programme of work including the Council's annual Anti-Fraud Plan. Details of these reports, along with other recommended reading for Members, can be found below and at **Section 54** of this report.
- 1.3 Some of the most significant recent reports include:

Fighting Fraud and Corruption Locally a Strategy for the 2020's. This strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud. The checklist is maintained and reviewed by SAFS and officers.

Tackling Fraud in the Public Sector 2020. In 2019 CIPFA commissioned a survey and round table events for senior managers in local government to establish what local authorities were doing to tackling fraud. The survey was conducted by an independent body with the support of LGA and MHCLG.

COVID-19 Counter Fraud Measures Toolkit. The Government Counter Fraud Function within the Cabinet Office provided a 'toolkit' of services, guidance, support for local government as part of the national response to the Covid-19 outbreak in the UK.

Calculating Losses from Tenancy Fraud. Since the closure of the Audit Commission in 2012 there has been no concerted effort to put a value on the cost to local authorities of tenancy fraud. This paper, published by the Fraud Advisory Panel & Charity Commission in partnership with LBFIG in 2021, estimates that the cost to local government for each social property that is detected as being sub-let is £42,000.

Background

- 1.4 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office, and the private sector fraud risk across local government in England exceeds £2 billion each year, with some more recent reports indicating levels considerably higher than this.

- 1.5 The Cabinet Office, Department for Levelling Up, Housing and Communities (DLUHC), *formerly the Ministry for Housing, Communities and Local Government (MHCLG)*, National Audit Office, and CIPFA have also issued advice, and best practice guidance to support local councils in the fight to combat fraud and prevent loss to the public purse. This includes the need for all councils to be vigilant in recognising their fraud risks and to invest sufficient resources in counter fraud activities that deliver tangible savings.
- 1.6 It is essential that the council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, as well as plans to deal with the investigation and prosecution of identified fraud.
- 1.7 East Herts Council is a founding partner of the Shared Anti-Fraud Service (SAFS). Members of this committee have received reports about how this service works closely with the Shared Internal Audit Service (SIAS) dealing with all aspects of fraud from prevention and deterrence to investigation and prosecution working across all services and staff at all levels.

2. **SAFS Activity – Delivery of the 2021/2022 Anti-Fraud Plan**

2021/2022 Plan

- 2.1 In March 2021 this committee approved the Anti-Fraud Plan for 2021/2022 that was developed with council officers in partnership with SAFS. A copy of the Plan can be found at **Appendix 1**.
- 2.2 The Plan includes resources and costings for its delivery, and activity to protect the council from fraud. The plan included a copy of the latest Fighting Fraud and Corruption Locally Strategy and Key Performance Indicators (KPIs) for SAFS which were agreed with senior officers. KPI performance can be found in **Section 4** below.
- 2.3 The Anti-Fraud Plan for 2021/22 was designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL) by adopting the five 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue. The plan identifies officers and members who are charged with delivering it.
- 2.4 In 2021/2022 the Council adopted the FFCL checklist as a 'To-do' list to assist in identifying weaknesses in its anti-fraud defences and a method to provide assurance to senior leaders and elected members about the effectiveness of the Councils anti-fraud activity. We will use the checklist as the backbone of the Councils future anti-fraud plans.
- 2.5 Members will note in the Plan that this Committee has a role in ensuring that the Council meets its objectives.

Staffing

- 2.6** The SAFS Team (in April 2021) was composed of 20 accredited and trained counter fraud staff and is based at Hertfordshire County Council's offices in Stevenage.
- 2.7** Each SAFS Partner receives dedicated support and response at present is achieved by allocating a number of staff to work exclusively for each Partner but also allowing officers within the Team to work across Partners from time to time. Providing the Service in this way allows SAFS staff to develop good working relationships with council officers as well as improved resilience and flexibility across the Partnership. SAFS staff have access to council offices, officers and systems to conduct their enquiries.
- 2.8** For 2021/22 SAFS planned to deploy 1 FTE Counter Fraud Officer to work exclusively for the council supported by SAFS Management and Support Team based at Stevenage. The Support Team includes specialists in data-analytics, financial investigations and Intelligence Officers.
- 2.9** SAFS officers are all fully trained and accredited and members, or working towards membership, of the Government Counter Fraud Profession. The Profession is divided into specialisms including awareness training, fraud risk assessment, investigations, intelligence, data-analytics and fraud management.

Fraud Awareness and Reported Fraud

- 2.10** A key objective for the Council is to continue developing its existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Council's stance on fraud and corruption.
- 2.11** In 2021/2022, working closely with SAFS, Council officers began a review of anti-fraud policies to update them ready for publication in 2022.
- 2.12** The Council's website includes pages on how fraud affects the Council <https://www.eastherts.gov.uk/about-east-herts-0/fraud-and-whistleblowing-policies>. The website has links for the public to report fraud and to the SAFS webpage. The SAFS webpage in turn provides further information on fraud, the latest stories, guidance and advice as well as the opportunity for the public to report fraud directly to SAFS.

- 2.13** Working with the Councils HR team SAFS have further developed its anti-fraud and corruption e-training package and completion of this training is mandatory requirement for all staff including new starters
- 2.14** Council staff can use the same methods to report fraud and if they work within Housing or Revenues & Benefits Services they can report fraud directly to SAFS staff working in the Councils offices.
- 2.15** SAFS delivered training to staff via remote/virtual means during 2021/2022 including general fraud awareness, use of the services provided by National Anti-Fraud Service and new services provided by the Cabinet Office as part of the National Fraud Initiative.

SAFS, LBC and Covid-19 Fraud 2021/2022

- 2.16** SAFS ability to conduct investigations in 2021/22 continued to be affected by the decision to the Government lockdowns throughout the year. The service remained in good position to work from home, as the IT infrastructure and working practices were already in place, the impact on our work resulted from the restrictions when working with others;
- The DWP Fraud and Error Service, who we work with on many cases, redeployed all counter fraud staff to the frontline delivery of Universal Credit. These staff only began to return to normal duties, in limited numbers, from early 2022.
 - We were still hampered in accessing the data held by our Partner Councils where we did not have remote access to systems. We have now improved our remote access to many Council systems.
 - Council staff were focused on the local responses to the Covid pandemic and we saw 'business as usual' fraud reporting decline.
 - We had to put special measure in place to interview witnesses or the subjects of investigations due to the lock-down/social distancing restrictions.
 - In addition to this the courts dealing with civil and criminal matters had a backlog of cases due to their enforced closures in 2020/2021 and limited capacity in 2021/2022.
- 2.17** During the pandemic we felt that SAFS role around prevention should be the priority for the service and, imposition of sanctions suspended as they could be counterproductive. We made a decision to resolve most low-level fraud by closing cases and sending advisory or compliance letters to customers. More serious allegations of fraud or those needing immediate attention would be

prioritised and, cases that met this threshold but could not be dealt with quickly should be 'overloaded' for review post lockdown.

- 2.18** SAFS provided support with all of the Grants schemes administered by Council officers, as well as undertaking data-cleansing exercises providing pre and post payment assurance. SAFS provided guidance to the NNDR Team on the services provided by NAFN, CIFAS and the Cabinet Office. SAFS conducted investigations where fraudulent applications for grants appeared to have been made and worked closely with Council officers to resolve these.

Case Study 1:

Referral received following an application for Government Covid-19 Small Business Grant from a Hertford based Company.

Initial enquires by officers suggested that the company may have vacated their premises and were therefor not trading at the qualifying date.

Evidence obtained by SAFS from the landlord of the premises confirmed that the company had vacated the premises before the qualifying date for the Grant being applied for.

The Grant application was refused.

Case 2:

In early 2021 SAFS shared an alert from the National Anti-Fraud Network with all of our partner revenue teams. The alert highlighted the use of a genuine business identity to make fraudulent applications for grants in that business name across various locations by a criminal gang.

The alert included details of emails and bank accounts that would be used to facilitate the fraud and conceal any attempt from the genuine business.

Officers at the Council working on grants made by businesses responded to the alert when they identified a similar matter. In this case officers had already rejected the grant application but the information provided matched that used in other fraudulent applications across the Country.

- 2.19** SAFS provided enhanced and more frequent alerts about mandate / phishing frauds from national bodies including Cabinet Office, CIFAS/CIPFA/NFIB, Police and NAFN.

- 2.20** SAFS worked with NAFN and the Department for Business Energy & Industrial Strategy (BEIS) sharing data and intelligence about national scam emails to local councils attempting to obtain data about local businesses in the hospitality and pharmacy sectors so that fraudulent grant applications can be submitted.

Reactive and Proactive Fraud Investigation

- 2.21** In 2021/2022 SAFS issued fraud alerts on more than 20 occasions to Council officers/departments. These alerts covered areas such as the vulnerability to cybercrime for home working staff, new and emerging scams and spams, ‘impersonation’ or CEO frauds and the increased threat of fraud caused by the Council/Government response to the ongoing Covid pandemic.
- 2.22** SAFS receives weekly/monthly/ad-hoc updates on new threats from a variety of sources including National Anti-Fraud Network (NAFN), National Cyber Security Centre (NCSC), National Intelligence Service (NATIS), City of London Police & National Fraud Intelligence Bureau (NFIB-national lead on fraud and cyber-crime for policing and part of Action Fraud), London Fraud Forum (LFF), Credit Industry Fraud Avoidance Service (CIFAS), CIPFA, Hertfordshire Constabulary and Trading Standards.
- 2.23** During 2021/22 SAFS received 73 allegations of fraud (referrals) affecting Council services- this is a significant reduction compared to 2022/21 when 109 matters were reported.

Table 1. Types of fraud being reported (*in year*):

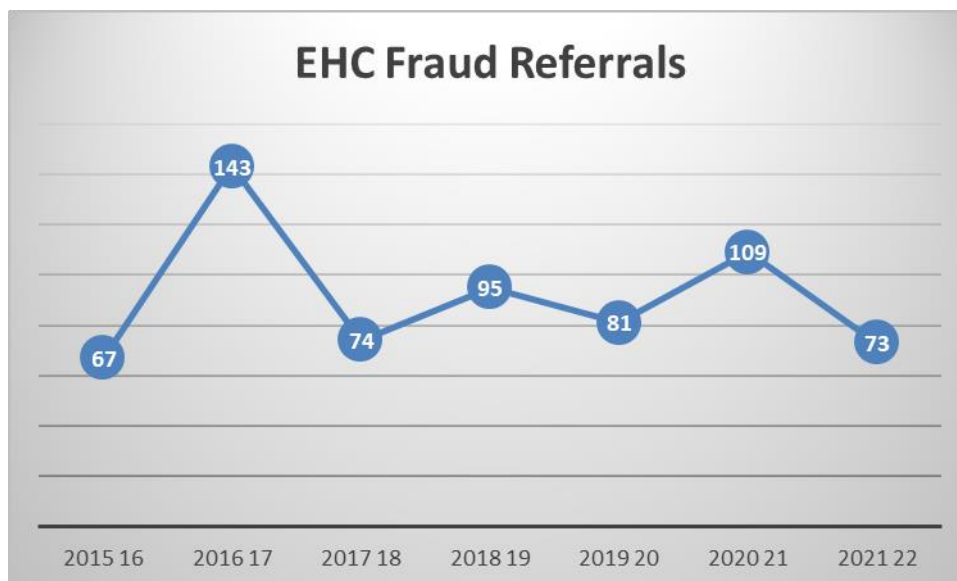
Council Tax Discount/ Housing Benefit	Housing	Blue Badge	NNDR/ Grants	Payment/ Mandate	Payroll	Total
56	4	8	1	3	1	73

Table 2. Who is reporting Fraud

Fraud Reported by Staff	Reports from Public	Data-Matching/ Proactive Investigations	Other ‘Agency’	Total
24	41	7	1	109

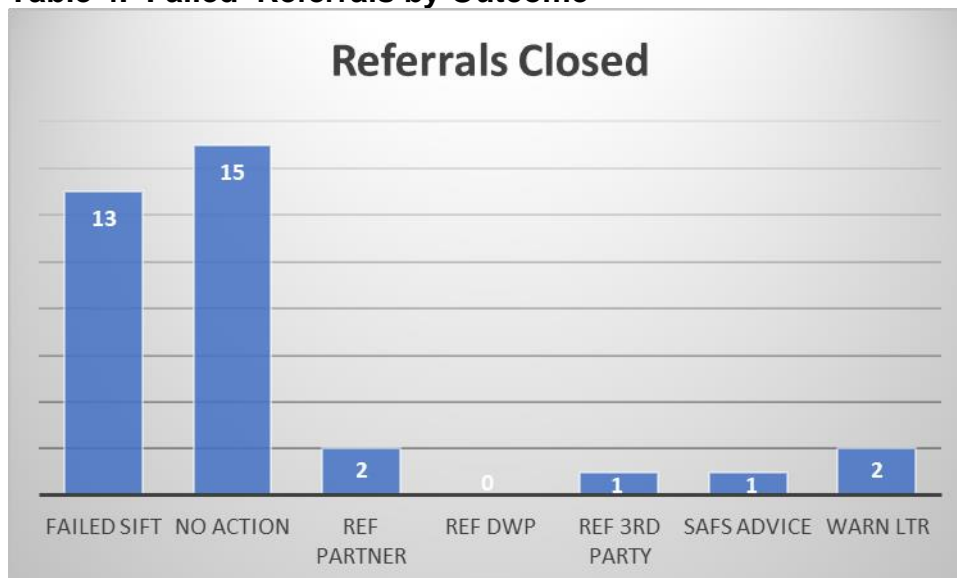
- 2.24** The volume of reported fraud by the public declined significantly and accounts for the 30% reduction in fraud reporting during 2021/22. SAFS regularly review this data to see if there are any trends or concerns for reporting rates, this is shared with officers and used to develop awareness/publicity campaigns locally.
- 2.25** We also saw a reduction in reported housing fraud and have been working closely with colleagues in Housing Services to ensure that any suspicions about fraud in this area are promptly reported to SAFS if they cannot be resolved locally.

Table 3. Historic Fraud Referrals



2.26 It should be emphasised that not every referral/allegation will need to be investigated and some allegations can be false/misleading or simply incorrect. Every referral is risk assessed and sifted by the SAFS Intelligence Team to determine what further action should be taken with each. 34 of the allegations received for the Council in 2021/22 were not selected for further investigation.

Table 4. 'Failed' Referrals by Outcome



2.27 Table 4 above details how those referrals that did not result in an investigation were dealt with.

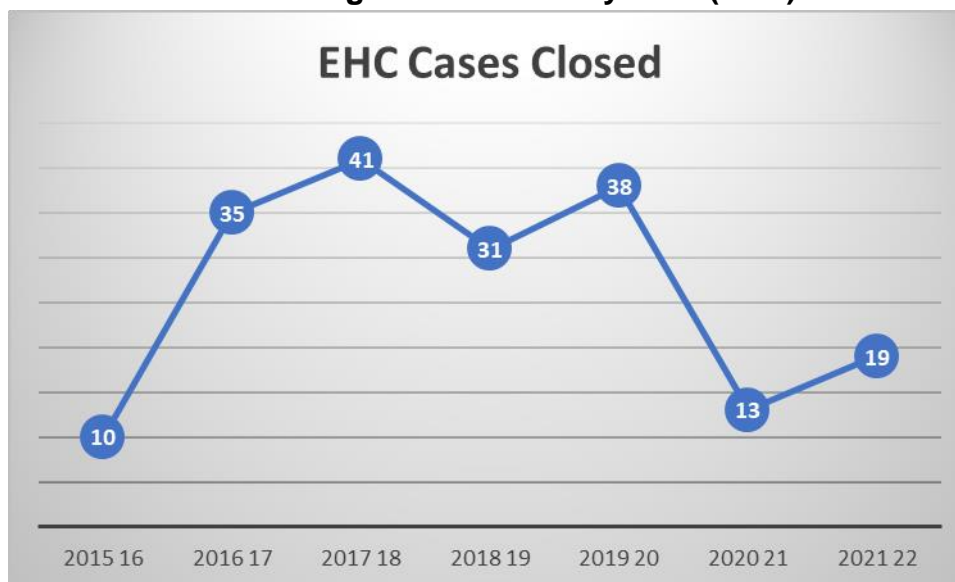
- 'Failed Sift' is normally used where the allegation cannot be attributed to person or a service area of the Council.
- 'No Action Required' are referrals where the 'subject' can be identified but no error/fraud is apparent, or the Council is already aware of the details made in the allegation.

- Referrals that are 'Referred to Partner', DWP or to 3rd parties occur where another agency is better placed than investigate the matter reported.
- 'SAFS Advice' is where some guidance/advice/support has been provided to Council officers, but a full investigation is not required.
- 'Warning Letters' are issued where the matter alleged is minor, this is often the case in the case of alleged Badge abuse.

2.28 In addition to the referrals where no investigation mentioned above 19 referrals regarding potential Council Tax Fraud were dealt with using a 'compliance' model to clear those cases, either due to the lower financial value or the period of any discrepancy was very short. In all these 19 Compliance reviews identified around £8,600 in council tax that could be recovered without the need for a full investigation or any sanctions being applied.

2.29 At this time many cases raised for investigation are still in the early stages. However, of the 19 cases (an increase from 13 in 2020/2021) investigated and closed in the year, 17 identified fraud- with recoverable losses of around £100k, and fraud savings (through prevention) of just over £80k reported. Senior officers have been provided with a detailed breakdown of which services have been affected by fraud and the outcomes from individual investigations.

Table 5. Fraud Investigations Closed by Year (EHC)



2.30 At year end 27 cases remained under investigation with an estimated fraud loss of £187,000.

2.31 SAFS works with several social housing across Hertfordshire providing a tenancy fraud service, any properties recovered in the council's catchment area are let to families from the housing register. In 2021/22 SAFS conducted 4 tenancy fraud investigations within the Councils boundaries with two properties being recovered and let to residents from the Councils housing register.

2.32 The vast majority of fraud referrals received from the public relate to housing benefit or council tax reductions/discounts. SAFS and the Councils Shared Revenue and Benefit services work closely with each other and, on occasion, with the DWP Fraud and Error Service (FES), to investigate allegations of this nature.

***Housing Benefit & Council Tax Reduction Scheme (CTRS) Fraud
Case Study 3:***

An allegation was received that a resident of Hertford had capital in excess of £16,000 that would make the claimant ineligible for Income Support on which the claims for housing benefit (HB) and Council Tax Reduction (CTRS) was based.

A SAFS investigation revealed that the claimant had made several large cheque withdrawals over a period of time in order to maintain the balance below the £16k threshold.

Further enquiries revealed that the claimant had opened a new bank account in order to conceal funds from the cheque withdrawals.

The investigation results were referred to the DWP because HB & CTRS were passported benefits, the DWP cancelled Income Support from February 2018.

This has resulted in overpayments of circa HB £22,500 CTRS £4,500 and the case is now being considered for criminal proceedings.

Case Study 4:

In another referral made to SAFS in 2019, an allegation that an applicant for CTRS had failed to declare that they had commenced work in 2018, which if disclosed, would affect their claims for housing benefit (HB) and Council Tax Reduction (CTRS).

SAFS were asked to investigate the failure and as the investigation commenced enquiries with HMRC and a review of the applicants bank account records revealed further work dating back to 2015 that had not been reported to the Council, or the DWP

The undeclared work created an overpayment of £22,640 HB and £6,213 CTRS. This case is also being considered for prosecution.

Case Study 5:

An applicant for CTRS declared that his employment stopped due to Covid-19. He started to work again and received four self-employed Government Covid grants, but failed to inform the council of these payments.

The earnings and grants came to light following a data match.

Further enquires by SAFS obtained bank statements to ensure full earnings had been correctly declared but upon reviewing the statements it was identified that the grants paid had increased the applicants capital to more than £16k and the Council had not been informed of this.

Further banking evidence has been requested and the Council have suspended all benefits until a full assessment can be made.

- 2.33** The Council did not make good use of the Council Tax Review Framework in 2021/22, but has agreed to take part in the new framework from 2022 onwards. SAFS have worked with colleagues in the finance team at the County Council to ensure that all contractual costs for the 2022 framework are re-imbursed in full for East Herts Council.
- 2.34** The Council fully complied with the statutory requirements of the National Fraud Initiative (NFI) 2020/21. The NFI is a national anti-fraud data sharing/analytics exercise conducted by the Cabinet office every two years across the whole of local, part of central government and the NHS. SAFS supported Council officers dealing with the NFI matches received in February/March 2021 and this exercise was closed in March 2022.

3 SAFS KPI Performance 2021/22

3.1 As part of the Councils Anti-Fraud Plan for 2021/22 a number of KPIs were agreed with SAFS to measure its performance, and the return on investment from this shared service. The targets and performance against these are shown below.

KPI	Measure	Target 2021/22	Performance 2021/22
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	Regular meetings take place with the Service Director – Finance, Had Revenues & Benefits and other members of the senior leadership team. SAFS reports are provided to its Board and the Councils Audit & Governance Committee.
2	Provide an investigation service.	A. 1 FTE on call at the Council. (Supported by SAFS Intel/ AFI/Management). B. 3 Reports to Audit & Governance Committee. C. SAFS Attendance at Corporate Governance, Champion meetings, team management meetings.	A. 1 FTE in place for 2021/2022 B. 3 Reports to AC in July/Dec/March. C. SAFS works closely with Service Champions across the Council.
3	Action on reported fraud.	A. All urgent/ high risk cases 1 Day. B. All other cases 2 Days on Average.	A & B. All referrals responded to within 24 hours on average.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre C. NAFN Access/Training for relevant Council Staff D. 10 Training events for staff/Members in year.	A. EHC has membership of NAFN via SAFS and SAFS provides PNLD licence for EHC Legal Services. B. SAFS is a member of CIPFA via HCC. C. Training has been provided to staff by SAFS and via NAFN webinars. D. Eight formal training events were delivered in 2021/22 for officers in Housing/Benefits, Environmental Health and Planning. Officers were also invited to attend NAFN webinars.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to the Council by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each, Reported.	A. All referrals are logged onto the SAFS CMS. B. The outcomes of all cases are captured on the CMS and reported to Partners and Board.
6	Making better use of data to prevent/identify fraud.	A. Support the NFI 2020/21 Output and reports across services. B. Support the implementation of the Herts FraudHub at EHC. C. Consider other areas where the better use of data will benefit the Council financially.	A. NFI Exercise complete B. EHC have joined the Herts FraudHub, but only started to have an effect early in 2022. C. Additional data-matching was conducted comparing data held housing services to council tax data.

4. Anti-Fraud Work 2022/23

- 4.1 The council has in place a revised Anti-Fraud, Bribery & Corruption policy and an Anti-Money Laundering Policy, and these have been reviewed to maximise their impact on prevention and deterrence as well as updating the policies in line with changes to legislation. These policies are due to publication on the Councils webpages/intranet in the next few weeks.
- 4.2 The 2022/2023 Anti-Fraud Plan was approved by this Committee at its March 2022 meeting. The Plan covers all areas recommended by CIPFA and the *Fighting Fraud and Locally Strategy for the 2020s*.
- 4.3 Between April and June this year a further 21 allegations of fraud have been reported to the Council/SAFS, 34 cases are under investigation (including those carried forward from 2021/22) with an estimated fraud loss of £213k.
- 4.4 SAFS are working closely with the Councils comms team to deliver some extra guidance/awareness for the public on how they can help the Council by reporting suspicions of fraud in July and August
- 4.5 Further fraud awareness training for staff is being planned for with the HR Team including sessions on anti-money laundering for staff in legal/ finance/ procurement/ revenues.
- 4.6 Linked to our Anti-Money Laundering programme of work in 2022 we are working with educational establishments across the County to deliver awareness sessions for students on the risk of becoming 'money mules'

Case Study 6

An investigation was conducted by SAFS into a suspected 'Mandate Fraud' for another SAFS Partner found that £44,000 had been fraudulently diverted to a mule bank account following the interception of communications between the Council and a contractor.

Utilising SAFS in-house Accredited Financial Investigator, the funds were immediately traced to bank accounts belonging to the suspect in the case. The enquiries revealed that the funds had been spent by the subject or transferred to other accounts in the UK and abroad.

The suspect was traced and interviewed under caution where they admitted receiving and distributing the stolen funds. They are now awaiting trial for offences of money laundering.

The subject of this ML investigation was a student nurse who has now been disqualified from continuing with their degree as a result of the alleged offences.

- 4.7 Further updates will be provided to Members on progress with delivering the Anti-Fraud Plan for 2022/23 and all activity being undertaken to prevent the Council suffering losses due to fraud later this year.

5. Transparency Code- Fraud Data

- 5.1 The Department for Communities and Local Government (DCLG) published a revised Transparency Code in February 2015, which specifies what open data local authorities must publish.

- 5.2 The Code requires that Local Authorities publish the following data in relation to Fraud. The response for *East Herts Council* for 2019/2020 is in **Bold**:

- Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.

Nil. (The Council is a Partner to the Hertfordshire Shared Anti-Fraud Service and makes use of the National Anti-Fraud Network (NAFN) to conduct such enquiries on their behalf.

- Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.

1.5 FTE

- Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.

1.5 FTE

- Total amount spent by the authority on the investigation and prosecution of fraud.

£81,600

- Total number of fraud cases investigated.

19 cases investigated and closed in year, a further 70 cases still live at year end.

- 5.3 In addition, the Code recommends that local authorities publish the following (*for East Herts Council Fraud/Irregularity are recorded together and not separated*):

- Total number of cases of irregularity investigated-

See 7 above

- Total number of occasions on which a) fraud and b) irregularity was identified.

17 Cases identified fraud.

- Total monetary value of a) the fraud and b) the irregularity that was detected.
£100k of fraud loss reported in year and £80k in fraud prevention identified.

6. Further Reading

- *Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*
- *Running on Empty (How the Pandemic Revealed a Wasted Decade) Fraud Advisory Panel 2022.*
- *Fighting Fraud and Corruption Locally a Strategy for the 2020's. (CIPFA/CIFAS/LGA)*
- *Tackling Fraud in the Public Sector. (CIPFA 2020)*
- *Guide to Understanding the Total Impact of Fraud (International Public Sector Fraud Forum 2020)*
- *Fraud in Emergency Management and Recovery (International Public Sector Fraud Forum 2020)*
- *COVID-19 Counter Fraud Measures Toolkit. (Cabinet Office 2020)*
- *Local Authority Covid-19 Business Support Grants Fact Sheet (Government Counter Fraud Function 2020)*
- *UK Annual Fraud Indicator 2017.*
- *Fraud and Corruption Tracker 2020. (CIPFA)*
- *United Kingdom Anti-Corruption Strategy 2017-2022. (HMG 2017)*
- *Code of Practice – Managing the Risk of Fraud and Corruption. (CIPFA 2014)*

**East Herts Council
Anti-Fraud Plan 2021/22**

in partnership with

The Shared Anti-Fraud Service



SAFS

Shared Anti-Fraud Service
Fighting Fraud in Partnership

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Introduction

This plan supports the Councils Anti-Fraud and Corruption Strategy by ensuring that the Council, working in partnership with the Shared Anti-Fraud Service (SAFS), has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Councils Strategy states:

Culture- the prevailing set of assumptions and values within the organisation- and the reporting of suspicions of fraud and corruption,

Actions to prevent and deter fraud and corruption,

Controls to detect and ensure investigation of fraud and corruption,

Alertness and vigilance reinforced by training.

This plan includes objectives and key performance indicators that support the Councils Policy and follows the latest best practice/guidance/directives from the Ministry for Housing Communities and Local Government (MHCLG), National Audit Office (NAO), Local Government Association (LGA) and the Chartered Institute for Public Finance and Accountancy (CIPFA).

National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government “is large, but difficult to quantify with precision”. Since 2013 a number of reports have been published including by CIPFA, NAO and MHCLG stating that the threat of fraud against local government is both real, causes substantial loss (including reputational, service as well as financial) and should be prevented where possible and pursued where it occurs. The latest annual estimates of fraud risk to local government exceed £7bn.

The Fighting Fraud and Corruption Locally, A Strategy for the 2020’s, published in March 2020 is supported by CIPFA, the LGA, SOLCACE and a number of External Auditors.

The new Strategy compliments work undertaken in 2019 by CIPFA, NAO and Cabinet Office as well as the *Code of practice on managing the risk of fraud and corruption* CIPFA 2015 adding to its three ‘Pillars’ of **Acknowledge, Prevent & Pursue** with a fourth **Governance** with an overarching aim **Protect** which sits across all Pillars:

Governance: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Ensuring a tone from the top

Protect: Against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.



EHC Anti-Fraud Plan 2021-2022

The Councils Plan will be overseen by the Shared Anti-Fraud Service (SAFS) but officers at all levels across the Council will have responsibility for ensuring that the plan is delivered.

The Anti-Fraud Plan highlights specific areas of work to protect the Council against fraud and corruption, the Council also has a duty to protect the public and it does this through its work across all services but in particular by sharing information and knowledge through communications either directly or via its website. The Council has frameworks and procedures in place to prevent fraud and encourage staff and the public to report suspicions of fraud through a number of channels

The Anti-Fraud Plan follows current best practice contained in the Fighting Fraud and Corruption Locally Strategy (FFCL) and elsewhere. The FFCL checklist attached at **Appendix A** will be completed by March 2022 and reported back to this Committee then with updates throughout the year. This will help determine if there are any further actions or activities that should be added to the Fraud Plan via an in-year update.

SAFS Resources 2021-2022

Anti-Fraud Arrangements

East Herts Council is a Partner of the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the anti-fraud arrangements for the Council since April 2015. In 2019 and 2020 the SAFS Partnership won the 'Outstanding Partnership' award at the Tackling Economic Crime Awards.

SAFS is a Partnership with each organisation paying an annual fee for Hertfordshire County Council to provide a contracted service across the Partnership. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has a seat on that Board. For the East Herts Council the Head of Strategic Finance & Property is the Board representative.

Although SAFS provides much of the Councils proactive, reactive and operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council from fraud, corruption and bribery.

Budget

In December 2020 the SAFS Board agreed to increase the fees for all Partners by 1% to meet increased service costs. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years.

East Herts Council fees for 2021-2022 have been set at £84,064. This sum is payable in four quarters.

Staffing

The full complement of SAFS in 2021-2022 will be 19.6 FTE.

East Herts Council will have exclusive access to 1 FTE Counter Fraud Officer (Investigator), access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* (hosted by Cabinet Office) and can call on SAFS management for liaison meetings, management meetings and three Audit Committees reports per annum. An Accredited Financial Investigator is also available to assist in money laundering or proceeds of crime investigations.

SAFS also has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services to support Councils the in-house legal team.

SAFS will also provide alerts (local and national) to Council officers and senior management of new and emerging fraud risks through its membership of anti-fraud forums and specialist providers including the Fighting Fraud and Corruption Locally Board (FFCLB) the Credit Industry Fraud Avoidance Service (CIFAS), Certified Institute of Public Finance and Accountancy (CIPFA) Finance National Fraud Intelligence Bureau (NFIB) and the National Anti-Fraud Network (NAFN).

Workplans & Projects 2021/2022

SAFS will work in the following areas delivering specific activity agreed with service managers.

Service Area	Agreed Projects
Central Services / Finance	General Support and advice on fraud matters. 3 Reports to Audit and Governance Committee. Qtly Meetings with officer group to consider any new and emerging fraud risks and performance against SAFS KPIs SAFS attendance at Corporate Governance/Enforcement Groups. 10 fraud training/awareness events for staff/members in year. AML/ MLRO Provision- Policy review and training. Liaison with SIAS on fraud risks as part of the Audit Plan and areas of weaknesses identified either through the Audit Plan or from SAFS work. Review of all current and any new Anti-Fraud and Corruption arrangements.
Revenues and Benefits	Reactive investigations for HB/CTRS. Identify systems/processes/new developments to assist in recovery of debt created by fraud. Assist with potential fraud resulting from Covid Grant Schemes administered by the Council. Post payment assurance of grant schemes.
Housing Services	Reactive investigations for housing application or homelessness fraud Provide a focus on fraud risks affecting temporary accommodation costs. Review housing register to identify fraudulent applications and, where appropriate, investigate these.
Data- Analytics	Use of data and technology to prevent or identify fraud. Assist with NFI 2020/21 output and reports. FraudHub. Agreeing a programme for upload of data-sets and reporting of matches to relevant services. Lead on a county-wide Council Tax Review Framework. Use of data-analytics to identify fraud/evasion of business rates and rate collection. Review extension of NFI Powers to 'other' crime and debt collection.
Other / Contingency	Identify fraud risks and training in other areas including payroll, licensing, parking services, planning, procurement processes & contract management.

SAFS KPIs.

SAFS will work to a set of KPIs agreed with senior officers and can be found at **Appendix B** and progress with delivering these will be reported to senior officers and the Finance Audit and Risk Committee throughout the year.

SAFS - Standards of Service.

SAFS will provide the Council with the following anti-fraud services.

1. 24/7 Access to a fraud hotline, email and online solution for public reporting.
2. Process for Council staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design/review of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates which can be adopted by the Council.
6. SAFS will continue to develop with the Cabinet Office and Council officers a data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification and prevention of fraud.
 - The FraudHub will be funded by the Council
 - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
 - Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually.
 - SAFS will work with Council officers to identify data-sets (and frequency) of the upload of these.
 - SAFS will work with Council officers to determine the most appropriate data-matching.
7. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, UK GDPR, PACE, CPIA, HRA, RIPA, IPA* and relevant Council policies
9. Reactive fraud investigations.
 - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response within 24 hours of receipt
 - All cases reported to SAFS will be reviewed within 2 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation or referral to 3rd parties including police, DWP, Action Fraud.
 - The Council will be informed of all reported fraud affecting its services.
 - SAFS will allocate an officer to each case.
 - SAFS officers will liaise with nominated officers at the Council to access data/systems to undertake investigations.
 - SAFS officers will provide updates on cases and a summary of facts and supporting evidence on conclusion of the investigation for Council officers to review and make any decisions.
 - Where criminal offences are identified SAFS will draft a report for Council officers to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal in line with the Council's policies.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
12. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
13. SAFS will provide reports through the SAFS Board and to the Council's Audit Finance Audit & Risk Committee as agreed in the SAFS Partnership Contract.

**Data Protection Act , UK General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act, Investigatory Powers Act.*

Agenda Item 7



East Herts Council Audit and Governance Committee

19 July 2022
Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Status of Critical and High Priority Recommendations

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Internal Audit Plan and Key Findings
 - 2.4 Proposed Internal Audit Plan Changes
 - 2.5 Critical and High Priority Recommendations
 - 2.7 Performance Management

Appendices:

- A Progress against the 2022/23 Internal Audit Plan
- B Implementation Status of Critical and High Priority Recommendations
- C Internal Audit Plan Items (April 2022 to March 2023) - Indicative start dates agreed with management
- D Assurance Definitions / Priority Levels

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2022/23 Internal Audit Plan to 1 July 2022.
 - The findings for the period 1 April 2022 to 1 July 2022.
 - Details of any changes required to the approved Internal Audit Plan.
 - The implementation status of previously agreed audit recommendations.
 - An update on performance management information to 1 July 2022.

Background

- 1.2 Internal Audit's Annual Plan for 2022/23 was approved by the Audit and Governance Committee at its meeting on 5 April 2022. The Audit and Governance Committee receive periodic updates against the Internal Audit Plan. This is the first update report for 2022/23.
- 1.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed changes to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Internal Audit Plan and Key Audit Findings

- 2.1 As of 1 July 2022, 20% of the 2022/23 Internal Audit Plan days have been delivered (the calculation excludes contingency days that have not yet been allocated).
- 2.2 The following final reports have been issued since the last Progress Report to the Audit and Governance Committee:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Payroll (Assurance Mapping) 2021/22	May 2022	Reasonable	Two Medium and Three Low Priority
Main Accounting (Assurance Mapping) 2021/22	June 2022	Substantial	One Low Priority
Contain Outbreak Management Fund (Grant Audit) 2022/23	June 2022	Unqualified	None
Asset Management (Assurance Mapping) 2022/23	July 2022	Substantial	One Medium Priority

- 2.3 The table below summarises the position regarding delivery of the 2022/23 approved projects to 1 July 2022. Appendix A provides a status update on each individual project within the 2022/23 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	2	8%
Draft Report Issued	0	0%
In Fieldwork/Quality Review	3	13%
In Planning/Terms of Reference Issued	2	8%
Allocated	6	25%
Not Yet Allocated	11	46%
Cancelled/Deferred	0	0%
Total	24	100%

Proposed Internal Audit Plan Changes

- 2.4 There has been no amendment to the Internal Audit Plan since it was approved in April 2022.

Critical and High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.6 The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations. No new Critical or High Priority recommendations have been added to the schedule.

Performance Management

- 2.7 The 2022/23 annual performance indicators were approved at the SIAS Board meeting in March 2022.
- 2.8 The actual performance for East Herts Council against the targets that can be monitored in year is set out in the table below:

Performance Indicator	Annual Target	Profiled Target	Actual to 1 July 2022
1. Internal Audit Annual Plan Report – approved by the March Audit & Governance Committee or	Yes	N/A	Yes

the first meeting of the financial year should a March committee not meet			
2. Annual Internal Audit Plan Delivery – the percentage of the Annual Internal Audit Plan delivered (excludes contingency)	95%	24% (59/245)	20% (49/245)
3. Project Delivery – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	95%	17% (4/24)	8% (2/24)
4. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (1 received) Note (1)
5. Chief Audit Executive's Annual Assurance Opinion and Report – presented at the first Audit & Governance Committee meeting of the financial year	Yes	N/A	Yes

Note (1) – 1 received in 2022/23, this relating to a 2021/22 audit where the final report was issued after 1st April 2022.

APPENDIX A - PROGRESS AGAINST THE 2022/23 INTERNAL AUDIT PLAN

2022/23 Internal Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Key Financial Systems – 43 days									
Provision for full or targeted audit of one or more key financial systems. Mapping the remaining key financial systems to confirm appropriate lines of assurance and to inform the annual assurance opinion									
Business Rates (shared with SBC)						43	No	10	Not Yet Allocated
Council Tax (shared with SBC)							No		Not Yet Allocated
Housing Benefits (shared with SBC)							No		Not Yet allocated
Treasury Management (assurance mapping refresh only)							No		Not Yet Allocated
Debtors (assurance mapping refresh only)							No		Not Yet Allocated
Creditors (assurance mapping refresh only)							No		Not Yet Allocated
Payroll (assurance mapping refresh only)							No		Not Yet Allocated
Asset Management (assurance mapping)	Substantial	0	0	1	0		Yes		Final Report Issued
Main Accounting (assurance mapping refresh only)							No		Not Yet Allocated
Operational Audits – 51 days									
Contract Management						15	Yes	1	ToR Issued
Community Wellbeing & Partnerships						10	Yes	5	In Fieldwork
Housing Acquisition & Conversion – Queens Road						10	No	0	Not Yet Allocated
General Fund Health & Safety Property Compliance						10	No	0	Allocated
Refuse Services (shared with NHDC)						6	Yes	0	Allocated
Certifications – 5 days									
Contain Outbreak Management Fund	Unqualified	0	0	0	0	1	Yes	1	Complete
Contingency	N/A	-	-	-	-	4	No	0	Through Year
Corporate Services/Themes – 76 days									

APPENDIX A - PROGRESS AGAINST THE 2022/23 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Transforming East Herts						20	No	0	Not Yet Allocated
Supply Chain Interruption						10	Yes	0.5	In Planning
Elections Payroll						10	Yes	0	Allocated
Customer Services						10	Yes	4	In Fieldwork
Information Governance						10	Yes	0	Allocated
Risk Management (assurance mapping refresh only)						3	No	0	Not Yet Allocated
Corporate Governance (assurance mapping refresh only)						3	No	0	Not Yet Allocated
Whistleblowing						10	Yes	5	In Fieldwork
IT Audits – 10 days									
Malicious Software (shared with SBC)						7	Yes	0	Allocated
Cyber Security (assurance mapping refresh only, shared with SBC)						3	Yes	0	Allocated
Shared Learning and Joint Reviews – 5 days									
Joint Review(s) – Topics to be confirmed by SIAS Board						5	No	0	Not Yet Allocated
Completion of 2021/22 Projects – 6 days									
Various						6	Yes	6	Complete
Contingency – 5 days									
Contingency						5	N/A	0	Through Year
Strategic Support – 49 days									
Head of Internal Audit Assurance Opinion 2021/22						3	Yes	3	Complete
Audit Committee & Recommendations Follow Up						12	Yes	3	Through Year
Client Meetings & Ad hoc Advice						10	Yes	2.5	Through Year

APPENDIX A - PROGRESS AGAINST THE 2022/23 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Plan Monitoring, Work Allocation and Scheduling						12	Yes	3	Through Year
SIAS Development						5	Yes	5	Through Year
Matters Arising: Shared Anti-Fraud Service						2	Yes	0	Through Year
Audit Planning 2023/24						5	Yes	0	Through Year
EHC TOTAL		0	0	1	0	250		49	

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

The following appendix provides Audit and Governance Committee Members with a summary of the most recent update provided by management in respect of outstanding high priority recommendations.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (July 2022)
1.	Payment Card Data Security Standard (2020/21).	<p><u>Recommendation:</u> <u>PCI-DSS Self-Assessment & Compliance Structure.</u> The Council has not completed a SAQ and does not have a formal PCI-DSS compliance strategy/program in place to meet required data security standards. As the option for non-compliance was taken several years ago and since that point there have been multiple personnel changes, the Council should re-assess the level of risk and decide if the non-compliant route is still the most preferred option. A cross-Council PCI-DSS working group should be established to focus on assessing the level of risk presented by sustained non-compliance with the PCI-DSS. This group's primary objective should be to determine whether to accept the level of risk and continue to pay the monthly penalty imposed by WorldPay or agree roles and responsibilities to engineer and maintain compliance with the published standards. Should the decision be made to focus on compliance, the Councils are recommended to consult the best practice guidance produced by the PCI DSS Council in January 2019.</p> <p><u>Agreed Management Action(s):</u> The s.151 officer has advised that the level of risk and the monthly fines for non-compliance does not represent proper management of financial affairs. In addition, the expansion of the number of services to be put on the web, which require the ability to have payment facilities, means that the Council must be PCIDSS compliant in order to proceed. Having previous experience of ICON it is not possible to achieve PCIDSS compliance with this software and suitable replacement software has been identified. This will be implemented jointly with Stevenage BC. A revised Information Security Policy has been developed and will be distributed to staff annually as part of the compliance process. This emphasises card security measures in the short term.</p>	<p>Responsible Officer: Head of Strategic Finance & Property.</p> <p>Due Date: 31 March 2022.</p>	<p><u>July 2022.</u> Verbal update to be provided at the meeting.</p>	Partially implemented.

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (July 2022)
2.	<p>Payment Card Data Security Standard (2020/21).</p>	<p><u>Recommendation:</u> <u>Roles and Responsibilities.</u> As a subsequent output from the formation of the cross-Council PCI-DSS working group, there should be named individuals assigned to steering the Councils compliance journey. Traditionally, the ownership of the compliance process may be the Head of Finance, as they generally occupy the position of signing off the annual Attestation of Compliance (AoC). But it must also be noted that much of the compliance structure content relates to technical configuration, so the Council should designate roles based on this dual ownership. Whilst Finance owns the overall compliance objective, the IT work stream owns the infrastructure that the payment systems sit on. Both departments should have an equal vested interest in compliance.</p> <p><u>Agreed Management Action(s):</u> The above will lead the new system implementation and compliance as he has done this at a previous authority. To achieve compliance the new system will not permit card number entry by staff. Instead, customers choosing to phone up to pay will be handed off to a secure IVR system and will need to enter card details on their phone keypad. Subsequent payments, providing it is for a service with an account number for the customer, e.g. Council Tax, then the system uses a secure token that shows the last 4 digits of the card number and the expiry date. The customer is asked to confirm the expiry date and payment can be taken from that card with no need for card input unless the card is replaced/renewed. About 60% of PCIDSS compliance relates to firewalls, encryption and network security and requires best practice testing and maintenance which will be usefully checked for PCIDSS compliance as well as the standard annual cyber security checks.</p>	<p>Responsible Officer: Head of Strategic Finance & Property.</p> <p>Due Date: 31 March 2022.</p>	<p>July 2022. Verbal update to be provided at the meeting.</p>	<p>Partially implemented.</p>

APPENDIX C – INTERNAL AUDIT PLAN 2022/23 – INDICATIVE AUDIT START DATES AGREED WITH MANAGEMENT

EAST HERTS					
Apr	May	Jun	July	Aug	Sept
Customer Services In Fieldwork	Contract Management Terms of Reference Issued	Community Wellbeing & Partnerships In Fieldwork	General Fund Health & Safety Property Compliance Allocated	Refuse Services Allocated	Supply Chain Interruption In Planning
Information Governance Allocated	Whistleblowing In Fieldwork	Asset Management Assurance Mapping Final Report Issued		Elections Payroll Allocated	Malicious Software Allocated
		Contain Outbreak Management Fund Final Report Issued			
Oct	Nov	Dec	Jan	Feb	Mar
Housing Benefits Not Yet Allocated	Council Tax Not Yet Allocated	Creditors Assurance Mapping Refresh Not Yet Allocated	Corporate Governance Assurance Mapping Refresh Not Yet Allocated	Housing Acquisition & Conversion – Queens Road Not Yet Allocated	
	Business Rates Not Yet Allocated	Debtors Assurance Mapping Refresh Not Yet Allocated	Risk Management Assurance Mapping Refresh Not Yet Allocated	Cyber Security Assurance Mapping Refresh Allocated	
		Treasury Management Assurance Mapping Refresh Not Yet Allocated	Payroll Assurance Mapping Refresh Not Yet Allocated	Main Accounting Assurance Mapping Refresh Not Yet Allocated	

APPENDIX D – ASSURANCE / PRIORITY LEVELS

Audit Opinions	
Assurance Level	Definition
Assurance Reviews	
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.
Grant / Funding Certification Reviews	
Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.
Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.
Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.
Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.
Recommendation Priority Levels	
Priority Level	Definition
Corporate	Critical Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

East Herts Council Report

Audit and Governance Committee

Date of meeting: 19 July 2022

Report by: Councillor Geoffrey Williamson, Deputy Leader and Executive Member for Financial Sustainability

Report title: Assets of Community Value Report 2022

Ward(s) affected: All

Summary – this report updates Members on the current Community Asset Register, following on from a similar update in 2021.

RECOMMENDATIONS FOR COMMITTEE:

- a) That Committee Members review the Asset Register

1.0 Proposal(s)

1.1 Committee Members are encouraged to review the register and comment on any issues regarding Assets of Community Value

2.0 Background

2.1 Committee Members received a detailed report on Assets of Community Value in September 2021. It was requested that an annual update be received on the basis that there should be some oversight of the overall process for maintaining the Community Asset register in East Herts. At the meeting Members also requested that nominating

groups be contacted when the 5 year expiry date is nearing to ensure re-nomination occurs where community groups want this. This request has been actioned and all groups are now made aware when an asset is approaching its 5 year expiry date.

- 2.2 The Localism Act (2011) and associated regulations which came into force in 2012 create opportunities for local organisations to bid for buildings and land defined as community assets when the owner wishes to sell them.
- 2.3 The Regulations Section 88(2) defines an asset / land of community value if:
 - Its actual or current use (or there is a time in the recent past when its use) furthers the social wellbeing or social interests of the local community, and
 - It is realistic to think that there can continue to be (or it is realistic to think that there is a time in the next 5 years)
- 2.4 Groups such as parish councils and constituted local voluntary and community organisations are able to nominate local land or buildings to be included in the list of community assets maintained by the relevant local authority. In two tier areas, this is the District/ Borough Council.
- 2.5 If an asset is placed on the register, the owner is obliged to notify the local authority when intending to dispose of it, which will trigger a moratorium period of six weeks. During this time, the community group can apply to be treated as potential bidders through an expression of interest.
- 2.6 The owner will be able to begin the sale process after an interim period of six weeks if no bidder has come

forward. If a written intention to bid is received in that time, then a full six month moratorium period will take place which gives community groups time to prepare a bid.

- 2.7 The sale itself takes place under normal market conditions and whilst the community group will be given an opportunity to submit a bid the owner is not bound to accept it.
- 2.8 Certain buildings and land are excluded, including residential property and land, hotels, land owned by the church of England and land used by public utilities. A property will remain on the list for five years. It can be re-nominated after that point.
- 2.9 The Localism Act (2011) was brought in by the Conservative/ Liberal Democrat Coalition government to increase community involvement and accountability in delivery of public services. Legislation pertaining to Assets of Community Value (ACV) was designed to provide an additional safeguard for community facilities such as pubs, village halls, shops and local sports grounds.
- 2.10 After an initial period of publicity and interest, the provisions of the Localism Act have received little attention or support from national government in recent years. However, at local level, communities have been continuing to make use of the tool albeit the number of assets purchased by local groups remains relatively low.
- 2.11 The Department for Levelling Up, Housing and Communities does not collect formal statistics on either the number of listed assets or the number bought by community groups. However the Plunkett Foundation do

maintain an overall list which can be found here: [Keep it in the Community Homepage \(force.com\)](#)

- 2.12 In East Herts the current list of assets can be found at Appendix A and also here: [Assets of Community Value Register | East Herts District Council](#)
- 2.13 All the background information on how to nominate can be found here: [Assets of Community Value \(ACV\) | East Herts District Council](#)
- 2.14 Currently there are 26 assets listed. 4 of these have given notice to sell and the moratorium period has expired meaning if they have sold, they will no longer be listed. Of these 26, 3 new assets have been listed since the last report to Committee in September 2021. These are the Farmer's Boy pub near Brickendon, Horses Meadon and allotments, Dane End and the Boot pub, Dane End.
- 2.15 At the time of writing a further 5 assets are in the in process of being registered. These have all been approved and details sent to the land registry. The dates of registration will be put on the website when the land registry confirm they update. These are the Yew Tree pub, Walkern, the United Reform Church, Walkern, White Lion pub, Walkern, the Budgens, Walkern and Ley Parkland in Much Hadham. In the case of the assets in Walkern, these all expired in March 2022. The parish council were made aware and subsequently re-nominated the assets.

3.0 Reason(s)

- 3.1 The Community Asset register has to be kept up to date by East Herts Council, as outlined in the 2011 Localism Act.

4.0 Options

- 4.1 There are no options to not maintain the register as it is a statutory requirement

5.0 Risks

- 5.1 N/A

6.0 Implications/Consultations

- 6.1 Owners of any assets registered (including any leaseholders or tenants) are consulted with upon receiving a nomination

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

No

7.0 Background papers, appendices and other relevant material

- 7.1 Appendix A – East Herts District Council Assets of Community Value Register

Contact Member

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Appendix A

Assets of Community Value Register

The East Herts register of Assets of Community Value, including successful and unsuccessful nominations.

Successful Nominations

Reference	Name & Address of Property	Nominee	Date Listed	Expiry Date	End of Initial Moratorium (6 weeks after date of notice to sell)	End of Full Moratorium (6 months after date of notice to sell)
ACv 02/22	The Farmers Boy Pub Brickendon Lane, Brickendon Herts SG13 8NZ	Brickendon Liberty Parish Council	17/02/22	17/02/27		
ACv 02/22	Horses Meadow and Allotment Munden Road, Dane End, Ware	Little Munden Parish Council	17/02/22	17/02/27		
ACv 11/21	The Boot Public House Munden Road, Dane End, Ware SG12 0LH	The Book Pub Local Residents Group	08/11/21	08/11/26		
ACv 07/21	The Silver Fox 16-18 London Road, Hertford Heath SG13 7RH	Hertford Heath Parish Council	29/07/21	29/07/26		

Successful Nominations

Reference	Name & Address of Property	Nominee	Date Listed	Expiry Date	End of Initial Moratorium (6 weeks after date of notice to sell)	End of Full Moratorium (6 months after date of notice to sell)
ACv 07/21	ZisZis Food Store 155 London Road Hertford Heath SG13 7RH	Hertford Heath Parish Council	29/07/21	29/07/26		
ACv 07/21	The Countryman Inn Chipping, Buntingford SG90PG	Buckland and Chipping Parish Council	29/07/21	29/07/26		
ACv 05/21	Astonbury Woods Astonbury Lane, Hertfordshire	Aston Parish Council	17/05/21	17/05/26		
ACv 03/21	Hertford Heath Village Hall London Road, Hertford Heath, Hertford SG13 7RH	Hertford Heath Parish Council	20/03/21	20/03/26		
ACv 11/20	The Goat Public House, 25 Vicarage Causeway, Hertford Heath, SG13 7RT	Hertford Heath Parish Council	20/11/20	19/11/20	25	
ACv	The Village	Hertford	20/11/20	19/11/20		

Successful Nominations

Reference	Name & Address of Property	Nominee	Date Listed	Expiry Date	End of Initial Moratorium (6 weeks after date of notice to sell)	End of Full Moratorium (6 months after date of notice to sell)
11/20	Hall, 121 London Road, Hertford Heath, SG13 7RH	Heath Parish Council	20	25		
ACv 11/20	Mission Room, 21 Vicarage Way, Hertford Heath, SG13 7RT	Hertford Heath Parish Council	20/11/2020	19/11/2025		
ACv 11/20	Holy Trinity Church, Church Hill, Hertford Heath, Hertford, SG13 7RS	Hertford Heath Parish Council	20/11/2020	19/11/2025		
ACv 11/20	Hertford Heath School, Cub and Beaver Hut, Mount Pleasant, Hertford Heath	Hertford Heath Parish Council	20/11/2020	19/11/2025		
ACv 11/20	Boxwood, Stevenage Road, Walkern, Hertfordshire	Friends of Fairlands Farm CIC.	20/11/2020	19/11/2025		

Successful Nominations

Reference	Name & Address of Property	Nominee	Date Listed	Expiry Date	End of Initial Moratorium (6 weeks after date of notice to sell)	End of Full Moratorium (6 months after date of notice to sell)
ACv 09/20	College Arms Pub, Hertford Heath, 40 London Road, SG13 7PW	Hertford Heath Parish Council	11/09/2020	10/09/2025		
ACv 11/20	Millenium Wood, Little Hadham	Little Hadham Parish Council	11/09/2020	10/09/2025		
ACv 03/20	Hertford Corn Exchange, 39 Fore Street, Hertford, SG14 1AL	Hertford Civic Society	03/03/2020	02/03/2025		
ACV 06/19	The Rose and Crown Public House, 10 Benington Road, Aston Herts SG2 7DX	Aston Parish Council	18/06/2019	17/06/2024	01/11/2020	29/04/2021
ACV 04/19	The Crooked Billet, 140 Musley Hill, Ware SG12 7NL	Community group	10/04/2019	09/04/2024	-	-
CAN 05/18	The Green Man PH, Widford SG12 8SR	Widford Parish Council	11/10/2018	10/10/2023	14/08/2020	02/01/2021
CAN	The Cock Inn,	Stocking	25/04/20	26/04/20	30/01/2020	19/06/202

Successful Nominations

Reference	Name & Address of Property	Nominee	Date Listed	Expiry Date	End of Initial Moratorium (6 weeks after date of notice to sell)	End of Full Moratorium (6 months after date of notice to sell)
02/18	Ginns Road, Stocking Pelham, SG9 0HZ Date of Notice of Intention to Sell 20/12/2019	Pelham Parish Council	18	23		0
CAN 02/18	The Cock Inn, Ginns Road, Stocking Pelham, SG9 0HZ	Stocking Pelham Parish Council	02/01/20 18	26/04/20 23	-	-
CAN 01/18	Fanshawe Pool and Gym, Park Rd, Ware SG12 0AW	Ware Town Council	11/05/20 18	10/05/20 23	-	-
CAD 13/17	28 Windhill, Bishop's Stortford	Bishop's Stortford Royal British Legion Club	09/08/20 17	08/08/20 22	29/10/20 18	-
CAD 02/17	The Brewery Tap, Furneux Pelham, Buntingford, SG9 0LL	Furneux Pelham Community Group	19/12/20 17	18/12/20 22	-	-
CAN 01/17	Land at Ware Park, Wadesmill	Molewood Residents Association	09/07/20 17	08/07/20 22	29/01/2020	18/06/202 0

Successful Nominations

Reference	Name & Address of Property	Nominee	Date Listed	Expiry Date	End of Initial Moratorium (6 weeks after date of notice to sell)	End of Full Moratorium (6 months after date of notice to sell)
	Road, Hertford: Restricted Byway and footpath Date of Notice of Intention to sell: 19/12/2019					
CAN 12/16	The White Lion Public House	Walkern Parish Council	07/03/20 17	06/03/20 22	-	-
CAN 11/16	The Yew Tree PH	Walkern Parish Council	07/03/20 17	06/03/20 22	-	-
CAN 10/16	Walkern & Sandon United Reform Church	Walkern Parish Council	07/03/20 17	06/03/20 22	-	-
CAN 09/16	Walkern Stores & Post Office, 79 High Street, Walkern SG2 7N	Walkern Parish Council	07/03/20 17	06/03/20 22	-	-
CAN 01/16	Sawbridgewo rth Library	Sawbridgewo rth Town Council	31/03/20 16	30/03/20 21	-	-
ACv	Astonbury	Aston Parish	17/05/21	17/05/26		

Successful Nominations

Reference	Name & Address of Property	Nominee	Date Listed	Expiry Date	End of Initial Moratorium (6 weeks after date of notice to sell)	End of Full Moratorium (6 months after date of notice to sell)
05/21	Woods Astonbury Lan, Hertfordshire	Council				
ACv 07/21	The Countryman Inn Chipping, Buntingford, SG9 0PG	Buckland & Chipping Parish Council	29/07/21	29/07/29		
ACv 07/21	ZisZis Food Store 155 London Road, Hertford Heath, SG13 7PN	Hertford Heath Parish Council	29/07/21	29/07/26		
ACv 07/21	The Silver Fox 16-18 London Road, Hertford Heath, Sg13 7RH	Hertford Heath Parish Council	29/07/21	29/07/26		
AVc 11/21	The Boot Public House Munden Road, Dane End, Ware SG12 0LH	The Boot Pub Local Residents Group	08/11/21	08/11/26		

Agenda Item 9

East Herts Council Report

Audit & Governance Committee

Date of meeting: 19 July 2022

Report by: Head of Strategic Finance & Property

Report title: Audit and Governance Committee Work Programme

Ward(s) affected: All

Summary – To present to Audit and Finance Committee the work programme for the year of finance and audit business with a brief summary of each report so that Members can see the business that will come before the Committee at each meeting.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE

- a)** Approve the work programme as set out in the report; and
- b)** Specify any training requirements.

1.0 Proposal(s)

- 1.1 Audit and Governance Committee's audit functions are:
 - 1.1.1 Approving the Council's statement of accounts.
 - 1.1.2 Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - 1.1.3 Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.

- 1.1.4 Be satisfied that the Council's assurance statements, including reviewing the Annual Governance Statement against the good governance framework, properly reflect the risk environment and any actions required to improve it.
 - 1.1.5 Approve internal audit's strategy, its plan and monitor its performance.
 - 1.1.6 Approve the shared anti-fraud service strategy, its plan and monitor its performance.
 - 1.1.7 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
 - 1.1.8 Receive the annual report of the head of internal audit.
 - 1.1.9 Receive and consider the reports of external audit (including the annual audit letter) and inspection agencies, and monitor management action in response to the issues raised.
 - 1.1.10 Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
 - 1.1.11 Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
 - 1.1.12 Oversight of the Council's commercial projects.
- 1.2 Audit and Governance Committee's finance functions are:
- 1.2.1 Receive budget monitoring reports and risk management reports.

- 1.2.2 Lead the cross Member scrutiny and consideration of the Council's draft annual budget and medium term financial plan.
 - 1.2.3 Scrutinise the Council's Annual Investment Strategy, Annual Capital Strategy, Mid-Year Treasury Management Report and Annual Treasury Management Report and through review gain assurance that systems of governance and control for Treasury Management are effective.
 - 1.2.4 Where appropriate, assisting the Council and the Executive in the development of its budget and policy framework by in-depth analysis of financial, procurement and governance related policy issues.
 - 1.2.5 Where relevant to the audit or finance functions of the Committee, overseeing and scrutinising all Internal, Corporate and Corporate Governance functions of the Council.
- 1.3 In order to fulfil these functions a series of reports will be brought to Members to provide:
- 1.3.1 Assurance that the council's financial affairs are being properly managed and that the council is making the best use of resources;
 - 1.3.2 An adequate and effective system of internal audit is operating and that it's approved plan is being delivered;
 - 1.3.3 The Council's governance arrangements are adequate;
 - 1.3.4 That key business risks have been identified, evaluated and are being managed;

- 1.3.5 That key systems and controls are operating effectively giving assurance that the Statement of Accounts is materially correct and can be approved;
- 1.3.6 Receive and consider the external auditor's Audit Plan, report and Annual Audit Letter; and
- 1.3.7 Receive copies of Executive budget monitoring reports, for information, so that the final accounts outturn position can be compared to forecasts during the year.

2.0 Training

- 2.1 Training for Members of the Committee will be delivered for the first 30 minutes of the Committee meeting and will be related to the business before the Committee.
- 2.2 Members are recommended to review the proposed work programme and suggested training and identify any other training needs they require.

3.0 Work Programme

- 3.1 The Committee will recall that the external audit of the council's accounts was due to start in October 2021 and conclude in December 2021. EY delayed the start to the audit until 3 January 2022. The audit is still not concluded, and the external auditor ceased working on the council's audit in May and June to work on their NHS audits. The external auditor has given no estimated date for the completion of the audit.
- 3.2 The work programme for the Committee is proposed to be as follows:

Committee	Date	Report Title	Report Summary
Audit & Governance	29 September 2022	Training: Statement of Accounts	Presentation to Members on the key elements of the Statement of Accounts and the inter-relationship of the core statements.
		Receipt of the External Auditor's Annual Governance Report	In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Finance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.
		Approval of the Statement of Accounts	Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as

Committee	Date	Report Title	Report Summary
			practicable after the conclusion of the audit.
		Transforming East Herts Programme Overall Business Case	To present to Audit and Governance Committee for scrutiny the Transforming East Herts Programme Overall Business Case
		Shared Anti-fraud Service Anti-Fraud Plan progress report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan.
		Draft Annual Governance Statement	To present to Audit and Governance Committee for comment the Draft Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement to accompany the statement of accounts.
		2021/22 Provisional Outturn	To provide Audit and Governance Committee with a copy, for information, of the Executive Report with the provisional outturn position on revenue spending and the capital programme as at the end of the financial year.
		Financial Management 2022/23 – Quarter 1 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive

Committee	Date	Report Title	Report Summary
			Report with the forecast position on revenue spending and the capital programme as at the end of quarter 1
		Annual Treasury Report 2021/22	To provide Audit and Governance Committee with a copy of the Annual Treasury Report so that they can scrutinise the Report.
		Strategic Risk Register Monitoring Q1 2022/23	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 1.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance	15 November 2022	Training:	
		Annual Infrastructure Funding Statement Report 2021/22	To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report 2020/21
		Budget 2023/24 and Medium Term Financial Plan 2023/24 – 2027/28	To provide Audit and Governance Committee with an update on the budget and MTFP including costs pressures, savings and efficiencies against the original proposals, forward budget and planning assumptions for scrutiny.

Committee	Date	Report Title	Report Summary
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		External Audit Planning Report 2022/23	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council.
		Treasury Management 2022/23 Mid-Year Review	To provide Audit and Governance Committee with a copy of the Treasury Management Mid-Year Review Report so that they can scrutinise the Report
		Strategic Risk Register Monitoring Q2 2022/23	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 2.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year
Audit & Governance	24 January 2023	Budget Scrutiny - Budget 2023/24 and Medium Term Financial Plan 2023-27	To present to Audit and Governance Committee the Executive's proposed General Fund Budget and Medium Term Financial Plan for scrutiny.
		Investment Strategy 2023/24 for scrutiny	To present to Audit and Governance Committee the Executive's proposed

Committee	Date	Report Title	Report Summary
			Investment Strategy for scrutiny.
		Capital Strategy and Minimum Revenue Provision Policy 2023/24 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Capital Strategy and Minimum Revenue Provision Policy for scrutiny.
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		Financial Management 2022/23 – Quarter 2 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 2.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance	28 March 2023	Training: Risk Management	Presentation on risk management and its importance for the council
		Strategic Risk Register Monitoring Q3 2022/23 and Annual Review of Risk Management Strategy	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 3 and the annual review of the council's risk management strategy.

Committee	Date	Report Title	Report Summary
		Financial Management Quarter 3 Forecast to Year End	To provide Audit and Finance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 3.
		Review of Internal Audit	To present to Audit and Governance Committee the review of the effectiveness of Internal Audit. Regulation 6 of The Accounts and Audit Regulations 2015 require the Council, at least once a year, to conduct a review of the effectiveness of its internal audit.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance	June 2023	Training	The role of internal audit
		Annual Report on Internal Audit Activity	To present to Audit and Governance Committee the Annual Report on Internal Audit Activity for the preceding financial year.
		Strategic Risk Register Monitoring Q4 2021/22	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 4.
		Receipt of the External Auditor's Annual	In accordance with the Code of Audit Practice

Committee	Date	Report Title	Report Summary
		Governance Report	(the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Finance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.
		Approval of the Statement of Accounts	Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work

Committee	Date	Report Title	Report Summary
			programme for the year.

4.0 Reasons

4.1 To ensure that Audit and Finance Committee is aware of the work programme and ensure that Members have the opportunity to request any training or briefing around upcoming items.

5.0 Risks

5.1 Risk Management is reported to the Committee regularly.

6.0 Implications/Consultations

Community Safety

No

Data Protection

Data Protection reports and policies will be brought before the Committee as appropriate.

Equalities

No

Environmental Sustainability

No

Financial

The report details the Committee's responsibilities in relation to finance.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Legal requirements are noted in the report summaries in the table in this report.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 None

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