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James Ellis
Head of Legal and Democratic Services

MEETING	:	AUDIT AND GOVERNANCE COMMITTEE
VENUE	:	COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE	:	WEDNESDAY 12 APRIL 2023
TIME	:	9.30 AM

PLEASE NOTE TIME AND VENUE

THIS IS THE RECONVENED MEETING OF THE ADJOURNED AUDIT AND GOVERNANCE COMMITTEE OF 28 MARCH 2023

This meeting will be live streamed on the Council's Youtube page:
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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)

Substitutes

Conservative Group:	Councillors J Burmicz and A Curtis
Liberal Democrat:	Councillor M Goldspink

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

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AGENDA

1. Apologies

   To receive any apologies for absence

2. Minutes - 24 January 2023 (Pages 7 - 21)

   To approve as a correct record the minutes of the meeting held on 24 January 2023.

3. Minutes - 28 March 2023 (Pages 22 - 23)

   To approve as a correct record the minutes of the meeting held on 28 March 2023.

4. Chairman's Announcements

5. Declarations of Interest

   To receive any declarations of interest.

6. Shared Internal Audit Service - Internal Audit Plan 2023/24 (Pages 24 - 39)

7. Shared Anti-Fraud Service - Anti-Fraud Plan 2023/2024 (Pages 40 - 52)

8. Monitoring of 2022/23 Quarter Three Corporate Risk Register (Pages 53 - 86)

9. Independent Members of the Audit and Governance Committee (Pages 87 - 109)

10. Audit & Governance Committee Work Programme (Pages 110 - 123)

11. 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 24 JANUARY 2023, AT 7.00 PM

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

ALSO PRESENT:

Councillors E Buckmaster, G McAndrew, P Ruffles and G Williamson

OFFICERS IN ATTENDANCE:

Jess Khanom-Metaman	-	Head of Operations
Steven King	-	Finance Management Trainee
Steven Linnett	-	Head of Strategic Finance and Property
Peter Mannings	-	Democratic Services Officer

ALSO IN ATTENDANCE:

Duncan Jones	-	Partnership Development Management (Hertfordshire Waste Partnership)

Simon Martin - Shared Internal Audit Service

319 APOLOGIES

There were no apologies.

320 MINUTES - 15 NOVEMBER 2022

It was moved by Councillor Crofton and seconded by Councillor Ward-Booth that the Minutes of the meeting of the Committee held on 15 November 2022, be confirmed as a correct record and signed by the Chairman. After being put to the meeting, and a vote taken, this motion was declared CARRIED.

RESOLVED – that the Minutes of the Committee meeting held on 15 November 2022, be confirmed as a correct record and signed by the Chairman.

321 CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's announcements.

322 DECLARATIONS OF INTEREST

There were no declarations of interest.

323 TRAINING - HERTFORDSHIRE WASTE PARTNERSHIP - WASTE MANAGEMENT - FINANCIAL DRIVERS

The Partnership Development Manager (Hertfordshire Waste Partnership) gave a presentation in respect of local authority waste management, with a particular

focus on changing financial drivers and funding flows.

The Partnership Development Manager, the Executive Member for Environmental Sustainability and the Head of Operations all answered questions from Members.

The Executive Member for Environmental Sustainability said that Officers would be preparing a paper for the Executive on the way forward based upon the content of the local authority waste management presentation.

Councillor Huggins asked if the matter of the volatility of waste featured in the risk management matrix under a financial heading and whether this could be included going forward. The Head of Operations said there was a financial heading within the strategic risk register and performance and contractors were also included in the risk register.

Councillor Pope reminded Members that the strategic risk register would be on the agenda at the next meeting. Members received the presentation.

RESOLVED – that the presentation be received.

324 BUDGET 2023/24 AND MEDIUM-TERM FINANCIAL PLAN 2023 – 2028 FOR SCRUTINY

Executive Member for Financial Sustainability submitted a report that set out the Medium-Term Financial Plan (MTFP) which was based on the expectation of local government experiencing a further round of austerity.

The Executive Member for Financial Sustainability talked about the assumptions that had shaped an earlier version of the 2023/24 budget and the MTFP for 2023. He said one assumption was that council tax would be applied at the maximum of £5. Members were reminded that the Autumn Statement from the Chancellor permitted an application of council tax at £5 or 2.99% and 2.99% equated to £5.50 for East Herts. The Executive Member said that this translated to an additional income of £33,000 for an additional penny a week on council tax bills.

The Executive Member for Financial Sustainability said the Head of Strategic Finance and Property had adjusted the figures in the report following the receipt of the provisional settlement just before Christmas. He said that the overall net cost of services had not changed significantly and neither had the savings target for 2023/24.

The Executive Member for Financial Sustainability referred to diligent work of the Leadership Team in producing a set of savings detailed in the report which equated to £866,000. He said the savings target for 2023/24 had been overachieved and he detailed some examples of how the savings had been achieved.

The Executive Member for Financial Sustainability said the savings taken together equated to £930,000 which was £108,000 more than the required savings target of £822,000. He said the £108,000 would be put towards the savings that would need to be found from 2024 onwards.

The Executive Member for Financial Sustainability

talked about the cautious use of reserves on a temporary basis and the full detail of the timescales were in the report. He spoke at length about the capital programme and talked about the MTFP and the allowance that had to be made for the minimum revenue provision.

Councillor Huggins asked for some clarity as to how the figure of a 10% increase in local council tax support cases had been reached. The Executive Member said this prediction was based on the experience and knowledge of the Head of the Revenues and Benefits Shared Service.

Councillor Bell said the Citizens Advice Bureau (CAB) reduction in funding could result in an increase in costs elsewhere for the council where the CAB could not deal with issues due to the loss of income. The Executive Member said the CAB had reduced the costs of its operations as there were no face-to-face facilities.

Councillor Huggins asked about the contract rate for the IT Shared Service. The Head of Strategic Finance and Property said that the council had made central provision for inflation in respect of major contracts and the IT Shared Service was a major contract.

The Head of Strategic Finance and Property responded to questions in respect of business rates and capital projects. Members received the report.

> **RESOLVED** – that (A) Members noted that the proposed budget would make use of the flexibility from Government to increase Council Tax by 2.99%, which would result in a Band D

Council Tax increase of £5.50 which is 50 pence a year more than the planned £5 increase included in the March 2022 Medium Term Financial Plan;

(B) Members noted that Leadership Team would proceed with the savings plan for 2023/24 for changes under delegated authority and that do not directly impact residents or all of local businesses;

(C) Members noted that in order to smooth the delivery of the substantial savings targets over the Medium-Term Financial Plan that the General Reserve and the Interest Equalisation Reserve are used as reported;

(D) Members noted that a temporary use of £400k of the New Homes Priority Spend Reserve, repayable in 2027/28 and 2028/29, may be used to assist with smoothing the delivery of savings as reported;

(E) Members noted that the pausing of non-essential capital schemes to prioritise completion of the major projects; provide essential capital financing for the purchase of food waste caddies and changes to Buntingford Depot as part of the new contract fuel and energy strategy;

(F) Members note the pausing of the £9.6 million of capital spend will reduce revenue costs of Minimum Revenue Provision and interest by £719k per annum on rebased capital

financing charges using current interest rates;

(G) Members noted the savings requirements, that will need to be delivered to balance the budget in the Medium Term, the delivery profile of which has been smoothed using earmarked reserves, are:

- 2023/24 £822k
- 2024/25 £2,170k
- 2025/26 £2,192k
- 2026/27 £2,053k
- 2027/28 £567k.

(H) Members noted the level of budget reductions required to balance the budget in the medium term is beyond further efficiency measures alone and instructs Leadership Team to commence preparations for the Reconciling Policy, Performance and Resources exercise that the new Council, elected in May 2023, will need to undertake alongside the new Corporate Plan, to balance the budget over the medium term.

325 INVESTMENT STRATEGY 2023/24

The Executive Member for Financial Sustainability submitted a report in respect of the council's treasury management and annual investment strategy 2023/24.

The Head of Strategic Finance and Property said CIPFA had revised the treasury management code of practice and the prudential code and this was the first year when that revised code had come into force. Members noted that there was a new liability benchmark or

treasury indicator which supported the financing risk of the capital financing requirement.

The Head of Strategic Finance and Property said long term treasury investments including pooled funds must be classified as commercial investments unless justified by a cash flow business case. Members were advised that the more complex the treasury management function the more rigorous the training for both officers and Members.

Councillor Ward-Booth asked about the borrowing terms in respect of short-term borrowing. The Head of Strategic Finance and Property said the terms were for any period up to and including 364 days and the current borrowing was for around about the six-month mark.

Councillor Huggins proposed and Councillor Fernando seconded, a motion 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 Treasury Management and Annual Investment Strategy 2023/24 be reviewed.

326 DRAFT CAPITAL STRATEGY AND MINIMUM REVENUE PROVISION POLICY 2023/24 ONWARDS

The Executive Member for Financial Sustainability submitted a report in respect of the Council's Draft Capital Strategy and Minimum Revenue Provision (MRP) policy for

2023/24 onwards.

Councillor Pope talked about the condition survey and the provision in the budget for repairs to the boiler. The Head of Strategic Finance and Property said this had been allowed for in the capital programme. Councillor Pope and the Head of Strategic Finance and Property touched on the topic of the future decarbonisation of the heating system. The Head of Strategic Finance and Property said that any bid for grant funding was conditional on clarity about the council staying at Wallfields.

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

RESOLVED – the Executive's Draft Capital Strategy and Minimum Revenue Provision policy 2023/24 onwards be endorsed; and

(B) the principle of selling assets to raise capital receipts to reduce the revenue costs of the capital programme be endorsed.

327 DRAFT STRATEGIC ASSET MANAGEMENT PLAN 2023- 2028

The Executive Member for Financial Sustainability submitted a report in respect of the council's Draft Strategic Asset Management Plan 2023 – 2028. He said the report presented a refresh of the asset management plan for the next 5 years and this plan worked alongside the capital strategy.

The Executive Member for Financial Sustainability said that the aim was to ensure that all the council's property assets were performing to the optimum and how they were contributing to the council's corporate priorities. Members were referred to the Appendix for a full list of the property assets with a valuation and details of any income.

The Head of Strategic Finance and Property replied to a query from Councillor Pope in respect of general and earmarked reserves. He said that as at 31 March 2022, significant reserve movements were not made in year and they tended to be year-end entries. Members were advised of reserve funding and grants which could only be used for specific activities such as electoral registration and homelessness.

Councillor Huggins commented on the inequality of residents in rural areas paying for the upkeep of parks and open spaces in urban areas. He said that there was £50,000 a year in the budget for play equipment and there was no clear steer as to the plan for this budget going forward.

The Head of Strategic Finance and Property said that now double taxation had been identified Officers needed to assess what the amount was and bring a paper before Members for a considered decision going forward.

Councillor Huggins proposed and Councillor Fernando seconded, a motion that the Executive's Draft Strategic Asset Management Plan be endorsed for recommendation to Council, subject to the observation

made by Councillor Huggins in respect of there being no clear plan for the £50,000 annual budget for play equipment.

RESOLVED – that the Executive's Draft Strategic Asset Management Plan 2023-2028 be endorsed for recommendation to Council, subject to the observation made by Councillor Huggins in respect of there being no clear plan for the £50,000 annual budget for play equipment.

328 FINANCIAL MANAGEMENT 2022/23 - QUARTER 2 FORECAST TO YEAR END

The Executive Member for Financial Sustainability submitted a report in respect of the net revenue budget of £11,526m for 2022/23 and the revised capital budget of 33.555M for 2022/23.

The Executive Member for Financial Sustainability said that the headline figure for quarter two to year end was an overspend of £192,000. He said that it was not at all uncommon for there to be an overspend at this stage in the year and the year-end figure would reflect a much better position.

The Executive Member for Financial Sustainability said there had been some slippage in the capital programme in respect of Hertford Theatre and Hartham and this was reflected in a carry forward figure of £9.3m.

Councillor Ward-Booth asked about how confident was the council in the statement that the Northgate End Car Park would achieve the budgeted income once the

Old River Lane development was completed.

The Executive Member for Financial Sustainability said the statement was making it clear that the desired improvement in car parking revenue was not expected until the Old River Lane development was completed.

Councillor Bell referred to the net cost of services and asked how much of the cost increase was due to inflation increases and how much of the net cost was down to other external factors. The Executive Member for Financial Sustainability pointed to the additional costs from the national pay award and the increases in the major contracts such as the grounds maintenance contract and the refuse and street cleansing contract which were well above the assumed increases in the budget due to increased inflation.

The Head of Strategic Finance and Property responded to questions in respect of outstanding debts, credit control and officer training. Members were advised that there were shortages of planners, lawyers, accountants, environmental health officers and a new video method of recruitment was being used to recruit planning officers.

The Executive Member for Financial Sustainability said he would need to talk to Human Resources in respect of the point raised by Councillor Huggins in respect of how far behind were local authority salaries for planners when compared to commercial alternatives to local authority planners.

Councillor Ward-Booth proposed and Councillor Fernando seconded, a motion that the

recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that (A) the net revenue budget forecast overspend of £192k be noted; and

(B) the capital programme outturn of £21.057m be noted and the revised carry forward of £9.294m be approved.

329 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT - JANUARY 2023

The Shared Internal Audit Service (SIAS) Manager submitted a report which provided Members with the progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2022/23 Internal Audit Plan to 6 January 2023.

The SIAS Manager said 72% of the audit plan days had been delivered and the satisfactory outcomes of five audits were summarised at paragraph 2.2 and they all provided a substantial or reasonable level of assurance.

The SIAS Manager said a new audit of IT software and licenses had been added to the work programme. He confirmed to Councillor Pope that it was not unusual for new audits to be added mid-year in response to emerging risks. Members were advised that there was contingency of 10 audit days in the work programme and this new audit had been resourced from the contingency budget.

The SIAS Manager highlighted the status of high priority recommendations as detailed in Appendix B, subject to the upgrade or replacement of the ICON cash management software.

The Head of Strategic Finance and Property said that he had been trying to contact the software provider to get their account manager to scope out a plan for when this new software could be upgraded or replaced before the financial system was placed in to the cloud.

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

RESOLVED – that (A) the Audit Progress Report be noted;

(B) the changes to the Internal Audit Plan as of 6 January 2023 be approved; and

(C) the Status of Critical and High Priority recommendations be noted.

330 DATA PROTECTION UPDATE

The Executive Member for Corporate Services submitted a report that provided an update in respect of data protection compliance, including data breaches and subject access requests (SARs). Members noted the update report.

RESOLVED – that the contents of the report be

noted.

331 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Head of Strategic Finance and Property submitted a report in respect of the Audit and Governance Committee Work Programme so that Members could see the business that would come before the Committee at each meeting.

It was proposed by Councillor Ward Booth and seconded by Councillor Fernando that the Audit and Governance Committee Work Programme be approved as detailed in the report. After being put the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Audit and Governance Committee Work Programme be approved as detailed in the report.

332 URGENT ITEMS

There was no urgent business.

The meeting closed at 9.12 pm

Chairman .....

Date .....

MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD IN THE COUNCIL CHAMBER, WALLFIELDS, HERTFORD ON TUESDAY 28 MARCH 2023, AT 7.10 PM

PRESENT: Councillor M Pope (Chairman)
Councillors R Fernando

OFFICERS IN ATTENDANCE:

Michele Aves	-	Democratic Services Officer
Steven Linnett	-	Head of Strategic Finance and Property
Harman Sura	-	Interim Strategic IT and Partnerships Manager

ALSO IN ATTENDANCE:

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

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that the Committee was not quorate, and that therefore the meeting would have to be adjourned until a date to be announced.

The meeting closed at 7.11 pm

Chairman .....

Date .....

INTERNAL AUDIT PLAN 2023/24

EAST HERTS COUNCIL

AUDIT & GOVERNANCE COMMITTEE

28 MARCH 2023

RECOMMENDATION:
MEMBERS ARE RECOMMENDED TO APPROVE THE PROPOSED EAST HERTS COUNCIL INTERNAL AUDIT PLAN FOR 2023/24

Contents

1. Introduction and Background

2. Audit Planning Process
   - 2.1 Planning Principles
   - 2.2 Approach to Planning
   - 2.10 Planning Context
   - 2.13 Internal Audit Plan 2023/24

3. Performance Management
   - 3.1 Update Reporting
   - 3.3 Performance Indicators

Appendices

A Proposed East Herts Council Internal Audit Plan 2023/24

B Proposed Audit Start Dates

1. Introduction and Background

1.1 The mission of Internal Audit is "to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight". The Public Sector Internal Audit Standards (PSIAS) encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). These Standards note that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

1.2 The SIAS Board has approved the SIAS Internal Audit Strategy in December 2021 and this strategy outlines how SIAS will achieve the mission of Internal Audit and ensure ongoing compliance with the PSIAS. The following report follows the key principles within the Strategy related to Audit Planning and Resourcing, with the Strategy document itself being available to Members upon request.

1.3 The PSIAS set out how SIAS must approach audit planning. The specific standards that SIAS must adhere to are as follows:

Standard	Description
2010	A risk-based plan, setting out audit priorities consistent with the goals of the organisation.
2010	Linked to annual opinion need and Internal Audit Charter
2010.A1	Based on documented risk assessment, updated at least yearly and consulting Senior Management and Members
2010.A2	Reflect expectations of Senior Management, Members, and other stakeholders
2020	Communicated to Senior Management for review and to Members for approval
2030	Ensure internal audit's resources are fit and effectively used
2030	Must explain how resource adequacy assessed, and set out results of any limits

1.4 The Council's Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Chief Audit Executive's Annual Opinion Report.

1.5 The Shared Internal Audit Service's (SIAS) Audit Charter was presented to the May 2022 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 and revised on 1 April

2017. An updated version of the SIAS Audit Charter will be brought to the May 2023 Audit & Governance Committee meeting for Member approval.

1.6 Section 2 of this report details how SIAS complies with these requirements.

2. Audit Planning Process

Planning Principles

2.1 SIAS audit planning is underpinned by the following principles:

a) Focus of assurance effort on the Council's key issues, obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.

b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.

c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.

d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource-constrained environment, all needs cannot be met.

e) Identification of responsibilities where services are delivered in partnership.

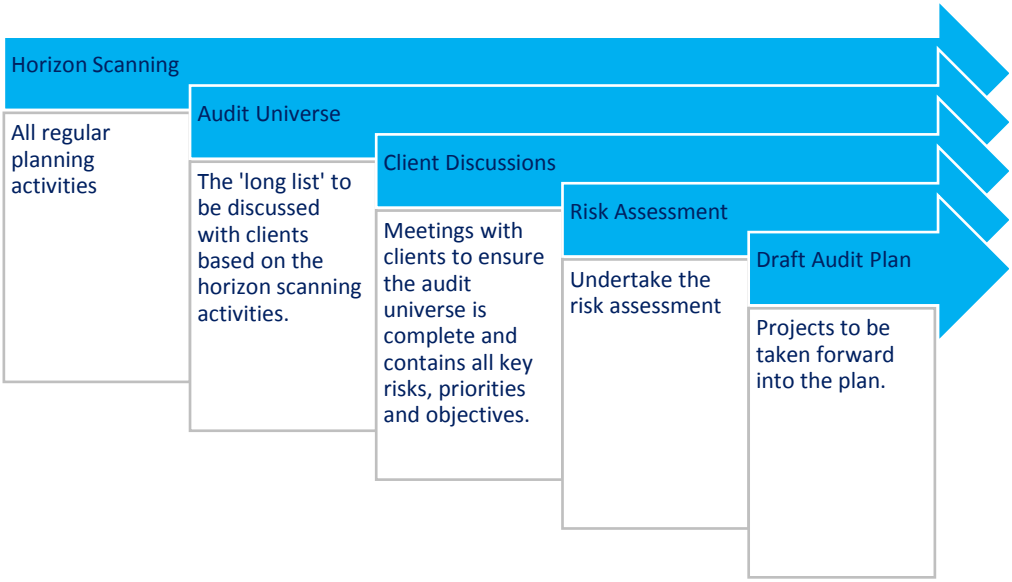
f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.

g) Capacity to deliver key commitments including governance work.

h) Capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

Approach to Planning

2.2 SIAS has developed an approach to annual planning that ensures ongoing compliance with the requirements of the PSIAS, SIAS applies the following methodology at its partners:



Horizon Scanning and Audit Universe

2.3 SIAS conducts horizon scanning to ensure that it is aware of the key issues and risks locally and nationally as well as the corporate and service objectives of the Council. To do this, SIAS undertakes the following activities:

2.4 Following the horizon scanning work, SIAS creates an Audit Universe based on all auditable areas and entities. The Audit Universe forms the basis of discussions with senior managers.

Client Discussions

2.5 SIAS undertook detailed discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the gathering of information to inform the risk assessment phase of audit planning.

Risk Assessment

2.6 The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual assurance opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.

2.7 The risk assessment behind the development of the 2023/24 Internal Audit Plan was strongly correlated to the Council's plans and associated monitoring through risk assessments, KPI's and project progress.

2.8 SIAS also include considerations of financial materiality, corporate significance, vulnerability and change and management concerns, as part of the risk assessment, including alternative sources of assurance through the Three Lines (of Defence) model.

Draft Audit Plan

2.9 The results of the risk assessment and discussions with senior managers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Senior Leadership Team to seek their views on the assessments completed and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2023/24.

The Planning Context

2.10 The context within which local authorities provide their services remains challenging:

- Covid-19 will continue to have an impact in future years. Whilst the longer-term impact of the pandemic remains speculative, the current challenges and risks relate to public health, economic impact, growth, and equality for local authorities.

- The result of the changes to trading with EU based companies will have an impact on Council services with additional risks needing to be considered that include

compliance with customs rules, continuity of supply / services and workforce pressures related to the right to work in the UK.

- Latest forecasts show a mixed outlook for the UK economy, reflecting increasing national and international uncertainties. Local authorities will need to be attuned to the impact on their local economies, services, and any direct investments of their own.

- Demand is still rising, driven by complex needs, an ageing population, and challenges in the healthcare system. With reduced financial support, local authorities will have to continue to become more innovative and commercial.

- Cyber security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected to successful cyber-attacks. Continued vigilance and awareness remain key to protecting the information assets of local authorities.

- Digital transformation continues to offer opportunities along with significant risks. The innovative use of technology is helping to reduce costs, as well as be more efficient and transparent. However, factors such as security, privacy, ethical and regulatory compliance are a recognised concern.

- Local authorities are facing significant challenges in relation to talent management, both in terms of recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may become an increasing concern.

- Many local authorities have declared a Climate & Ecological Emergency in the past couple of years and made commitments to become Net Zero. Whilst the pandemic has distracted some from this priority, it cannot be ignored and is now a greater challenge to maintain focus and deliver the necessary carbon reductions.

2.11 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.

2.12 The challenge of giving value in this context, means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.

- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.

- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as use of technology to achieve 'whole population testing' and new insights over sampling or 'continuous assurance' where appropriate.

- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks and the impact this has had on audit activity.

Internal Audit Plan 2023/24

2.13 The draft plan for 2023/24 is included at Appendix A and contains a high-level proposed outline scope for each audit; Appendix B details the likely start months. The number of days commissioned in 2023/24 is 250 days.

2.14 The table shows the estimated allocation of the total annual number of purchased audit days for the year.

	2023/24 Days	%
Key Financial Systems	**49**	**19**
Other Audits	**125**	**50**
IT Audits	**12**	**5**
Corporate Governance / Risk Management	**4**	**2**
Strategic Support*	**47**	**19**
Contingency and other	**7**	**3**
Carry forward work 2022/23	**6**	**2**
Total allocated days	**250**	**100%**

* This covers supporting the Audit & Governance Committee, monitoring delivery of the audit plan, client liaison and planning for 2023/24

2.15 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The cancellation of any audits will require approval from the Head of Strategic Finance & Property.

2.16 Members will note the inclusion of a provision for the completion of projects that relate to 2022/23. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible;

especially given the high dependence on client officers during a period where there are competing demands on their time, e.g. year-end closure procedures.

2.17 The nature of assurance work is such that enough activity must have been completed in the financial year for the Chief Audit Executive to give an overall opinion on the Authority's internal control environment. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Head of Strategic Finance & Property.

Resources

2.18 The Standard 2030 requires SIAS to consider our resources, how these will be effectively used and any limitations of the adequacy of resources.

2.19 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.

2.20 SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.

2.21 SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has three team members studying towards their professional qualifications.

2.22 The service will be adequately resourced to deliver the number of planned internal audit days commissioned by East Herts Council. There are currently no limitations on the adequacy of resources in place to deliver the East Herts Council Internal Audit Plan 2023/24.

3. Performance Management

Update Reporting

3.1 SIAS is required to report its work 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 provision is fulfilling its statutory

obligations. Progress against the agreed plan for 2023/24 and any proposed changes will be reported to this Committee four times in the 2023/24 civic year.

3.2 SIAS will report on the implementation of agreed critical and high priority recommendations as part of the update reporting process.

Performance Indicators

3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2023/24 are shown in the table below. Actual performance against target will be included in the update reports to this Committee.

Performance Indicator	Performance Target	Reporting Frequency
1. **Public Sector Internal Audit Standards** – the service conforms with the standards	Yes	Annually
2. **Internal Audit Annual Plan Report** – approved by the March Audit & Governance Committee or the first meeting of the financial year should a March committee not meet	Yes	Annually
3. **Annual Internal Audit Plan Delivery** – the percentage of the Annual Internal Audit Plan delivered	95%	Quarterly
4. **Project Delivery** – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	95%	Quarterly
5. **Client Satisfaction*** – percentage of client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	TBC*	TBC*
6. **Chief Audit Executive's Annual Assurance Opinion and Report** – presented at the first Audit & Governance Committee meeting of the financial year	Yes	Annually

*The approach for obtaining client feedback is currently being reviewed, therefore this indicator will be added, if it remains relevant, upon completion of this exercise. In the meantime, SIAS continues to send customer satisfaction questionnaires to lead officers at the conclusion of each audit, with any issues identified discussed with the client to support continuous learning and development of the service.

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2023/24

Audit	Proposed Outline Scope	Proposed Days
COVERAGE OF KEY FINANCIAL SYSTEMS		
Business Rates (shared with SBC).	An audit covering risks linked to raising liability, billing (including reliefs and discounts), collection, and recovery.	49
Council Tax (shared with SBC).	An audit covering risks linked to raising liability, billing (including reliefs and discounts), collection, and recovery.	
Housing Benefits (shared with SBC).	An audit covering risks linked to claim submission, assessment, changes in circumstances and payment.	
Asset Management Assurance Mapping Refresh.	A short review of the existing assurance map for any changes and exceptions.	
Creditors.	An audit covering risks linked to requisitioning / ordering process, creating and amending supplier accounts, the payment of invoices, systems access and reconciliations with interfacing systems.	
Debtors.	An audit covering risks linked to creating and amending debtor accounts, the receipt of remittances, recovery action, systems access and reconciliations with interfacing systems.	
Treasury Management Assurance Mapping Refresh.	A short review of the existing assurance map for any changes and exceptions.	
Payroll Assurance Mapping Refresh.	A short review of the existing assurance map for any changes and exceptions.	
Main Accounting Assurance Mapping Refresh.	A short review of the existing assurance map for any changes and exceptions.	

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2023/24

Audit	Proposed Outline Scope	Proposed Days
COVERAGE OF OPERATIONAL SERVICES		
S106 Agreements.	An audit covering risks linked to recording and monitoring S106 contributions, spending contributions due and received.	94
Land Charges.	An audit covering risks linked to processing local land searches, fees & charges.	
Community Grants & Funding.	An audit covering the risks linked to the application of policies and procedures for awarding grant funding to local organisations.	
Houses in Multiple Occupation.	An audit covering the risks linked to property that is being used by multiple occupants, compliance with legislation.	
Environmental Health Case Management Record Keeping.	An audit covering the risks linked to accuracy and completeness of record keeping within the environmental health case management system.	
Customer Services Cash Handling.	An audit covering the risks linked to the receipt and banking of miscellaneous income received through Customer Services.	
Court Cost Tracking.	An audit covering risks linked with payments due to the Council in respect of recovery of court costs.	
Residents Parking Permits.	An audit covering the risks linked with applying for and receiving parking permits.	
Planning & Development Fees.	An audit covering the risks linked to levying and collecting fees & charges associated with planning developments.	

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2023/24

Audit	Proposed Outline Scope	Proposed Days
COVERAGE OF CORPORATE SERVICES/THEMES		
Tender Process.	An audit covering risks linked to tender invitation, receipt, evaluation, and award.	35
Risk Management Assurance Mapping Refresh.	A short review of the existing assurance map for any changes and exceptions.	
Corporate Governance Assurance Mapping Refresh.	A short review of the existing assurance map for any changes and exceptions.	
Transformation.	Provision to provide support and internal audit coverage associated with the transforming East Herts programme.	
Grant Audits	To provide for auditing external funding arrangements where the funding body attaches associated conditions e.g. Homes England.	
COVERAGE OF INFORMATION TECHNOLOGY		
Mobile Device Security (shared with SBC).	An audit covering risks linked to the framework for mobile device security and safety.	12
IT Project Management (shared with SBC).	An audit covering the risks linked to governance and delivering projects within the IT programme.	

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2023/24

Audit	Proposed Outline Scope	Proposed Days
CONTINGENCY		
Contingency.	To provide for adequate response to risks emerging during the course of the financial year.	7
STRATEGIC SUPPORT		
Head of Internal Audit Opinion 2022/23.	To prepare and agree the Head of Internal Audit Opinion and Annual Report for 2022/23.	3
Audit & Governance Committee & Recommendation Follow Up.	To provide services linked to the preparation and agreement of Audit & Governance Committee reports, meeting with the Audit & Governance Committee Chair prior to each Audit & Governance Committee (as required) and presentation of reports / participation at Audit & Governance Committee. Follow up of Critical and High priority recommendations.	10
Client Liaison, Ad-hoc Advice.	This involves meetings and updates with the Council's Audit Champion and other key officers.	10
Plan and Progress Monitoring.	To produce and monitor performance and billing information, work allocation and scheduling.	12
SIAS Development.	Included to reflect the Council's contribution to developing and maintain the shared service / partnership through its service plans and corporate activities.	5
Matters Arising From SAFS	To deal with any audit related matters arising from work carried out by the Shared Anti-Fraud Service (SAFS).	2

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2023/24

Audit	Proposed Outline Scope	Proposed Days
2024/25 Audit Planning.	To provide services in relation to preparation and agreement of the 2024/25 Audit Plan.	5
2022/23 projects requiring completion.	Additional time, if required, for the completion of 2022/23 audit work carried forward into the 2023/24 year. Any unused days will be returned to contingency for use on emerging risks and audits or allocated to audits in the reserve list.	6
TOTAL		**250**

APPENDIX B – EHC PROPOSED AUDIT START DATES

Apr	May	Jun	July	Aug	Sept
Land Charges	S106 Agreements	Mobile Device Security	Community Grants & Funding	Houses in Multiple Occupation	Debtors
Customer Services Cash Handling	Tender Process	Environmental Health Case Management Record Keeping		Court Cost Tracking	Planning & Development Fees

Oct	Nov	Dec	Jan	Feb	Mar
Creditors	IT Project Management	Business Rates	Council Tax	Treasury Management Assurance Mapping Refresh	
Residents Parking Permits	Housing Benefits	Payroll Assurance Mapping Refresh	Asset Management Assurance Mapping Refresh	Risk Management Assurance Mapping Refresh	
			Main Accounting Assurance Mapping Refresh	Corporate Governance Assurance Mapping Refresh	

At this stage, the above is an indicative spread of audits as not all services have specified a preferred start date.

SAFS
Shared Anti-Fraud Service
Fighting Fraud in Partnership

East Herts Council

Audit & Governance Committee Report

Anti-Fraud Plan 2023/24

Purpose

1 This report provides members with details of the Councils Anti-Fraud Plan for 2023/24.

Recommendations

2 The Committee is RECOMMENDED to:

I. Review and approve the Anti-Fraud Plan 2023/24.

Background

3 Recent reports have been provided to officers and are being used by SAFS to ensure that the Council is aware of its fraud risks and finds ways to mitigate or manage these effectively wherever possible.

These reports include:

Fighting Fraud and Corruption Locally a Strategy for the 2020's. The 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 several 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.

The Public Sector Fraud Authority 2022/23: Building for Success. The government has created the Public Sector Fraud Authority to transform the way that the government manages fraud. The PSFA works with departments and public bodies to better understand and reduce the impact of public sector fraud.

4 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office, and the Private Sector, fraud risk across local government in England exceeds £2billion each year, with some more recent reports indicating levels considerably above this.

5 The Cabinet Office, Department for Levelling Up Housing and Communities (DLUHC), NAO, and CIPFA have issued advice, and best practice guidance, to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for vigilance in recognising fraud risks and the investment of sufficient resources in counter fraud activities.

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.

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 with services and Council staff at all levels.

Report

Anti-Fraud Plan 2023/24

8 The reports and papers mentioned at section 3 above and guidance from the NAO, DLUHC and the Local Government Association (LGA) recommend that organisations have effective and robust counter fraud and corruption measures. These measures require the acknowledgement of fraud as a tangible risk, policies, and procedures to deter and prevent fraud and the provision of sufficient resources to investigate fraud and recover losses caused by fraud. Above all an organisation should have a plan to protect itself against fraud.

9 Council officers and SAFS management develop and agree an **Anti-Fraud Plan** each year and the proposed plan for 2023/24 is presented at **Appendix A**.

The Plan and Fighting Fraud and Corruption Locally

10 The Anti-Fraud Plan for 2023/24 has been designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL) by adopting the 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue.

11 The Plan identifies officers/members who will have a role in delivering it and SAFS will work with all concerned to ensure they understand their role both in delivering the Plan and supporting the FFCL strategy.

12 Members will note that this Committee has a role in ensuring key elements in the Plan are implemented and in monitoring the Councils anti-fraud work.

13 We have also included new areas of work for SAFS working with senior managers including Fraud Risk Assessments, and a review of the Councils procurement/contact management processes.

Counter Fraud Funding and Resources 2023/24

14 At pages 4 – 6 of the main body of the Plan (**Appendix A)** details are provided of funding on counter fraud in 2023/24.

15 Page 7 of the Plan includes reference to the SAFS KPIs for 2023/24 and the SAFS Standards of Service agreed.

16 SAFS has changed the way it will deliver its services to all of its Partners in 2023/24 with a measurable number of service/workdays which will include staff training, investigation capacity, access to SAFS management, intelligence & fraud alerts, and data-analytics. The days, allocation across service areas, and programmes of work, have all been agreed with senior officers across the Council.

17 SAFS will maintain its relationship with third party specialist providers and national networks to keep the Council informed of new and emerging fraud threats or changes to best practice that assist in deterring/preventing fraud and corruption.

18 SAFS will continue to work closely with Council officers working in those services mentioned in the Plan.

19 Regular reports will be provided to senior manager and this Committee on progress delivering the Plan for 2023/24.

Appendices

20 The following appendices are attached to this report: -

Appendix A – East Herts Council - Anti-Fraud Plan 2023/24.

List of Background Papers - Local Government Act 1972, Section 100D

21
(a) International Public Sector Fraud Forum guidance 2022
(b) Fighting Fraud and Corruption Locally a Strategy for the 2020s.
(c) Fraud and Corruption Tracker 2019.
(d) UK Annual Fraud Indicator 2017.
(e) A Councillors Workbook on Bribery and Fraud Prevention.
(f) Local Government Transparency Code (February 2015).
(g) The National Fraud Strategy: Fighting Fraud Together.
(h) CIPFA Red Book 2 – Managing the Risk of Fraud – Actions to Counter Fraud and Corruption.

East Herts Council
Anti-Fraud Plan 2023-2024

In partnership with

The Hertfordshire Shared Anti-Fraud Service

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Introduction

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

The Council's **policy statement on fraud and corruption**;

- **Be clear that the council will not tolerate fraudulent or corrupt acts and will take firm action against those who defraud the authority, who are corrupt or engage in financial malpractice.**
- **Provide a consistent framework for managers and Members, which enables effective deterrence, prevention, detection and investigation of fraud and corruption.**
- **Detail the responsibilities of employees, management and Members with regards to fraud and corruption.**
- **Assist the Head of Strategic Finance and Property in the fulfilment of the role as the council's Section 151 Officer and the Head of Legal and Democratic Services in the role as the council's Monitoring officer.**
- **Explain the role of council officers in relation to the prevention of fraud and actively promote a culture of openness and honesty in all dealings. (The council has Codes of Conduct for Members and officers.)**

This plan includes objectives and key performance indicators that support the Councils Policy and follows the latest best practice/guidance/directives from the Department for Levelling Up Housing and Communities (DLUHC), 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 DLUHC indicating 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.

In 2022 the Public Sector Fraud Authority (Cabinet Office) published a report stating that in 2021/22 the public sector had experienced more than 5 million acts of fraud, that more than £33bn in public money was lost to fraud each year and that fraud against the Covid-19 Financial Support packages alone had cost £19bn.

The *Fighting Fraud and Corruption Locally, A Strategy for the 2020's*, published in March 2020 and supported by CIPFA, the LGA, SOLCACE and External Auditors provides a framework for the Council to adopt in developing its counter fraud activity and this Anti-Fraud Plan follows the guidance and recommendations of the *Strategy*. A copy of the *Strategy* can be found at https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally

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 including the four 'Pillars' of ***Govern Acknowledge, Prevent, Pursue*** with an overarching aim of ***Protect***:

For the Council this includes protecting public funds it administers and protecting the Council and its residents against fraud and cybercrime.

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Anti-Fraud Plan 2023-2024

The Councils Anti-Fraud Plan will be managed by the Hertfordshire 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 and in particular by sharing information and knowledge through communications either directly or via its website or social media outlets. 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 for 2023-2024 follows the guidelines and checklists contained in the *Fighting Fraud and Corruption Locally Strategy* and progress against this will be reported to senior management and the Councils Audit and Standards Committee. A break-down of work included in the Plan can be found at **Appendix A** along with the officers with responsibility for ensuring the plan is delivered.

SAFS Resources 2023-2024

Anti-Fraud Arrangements

East Herts Council is a founding member 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. The SAFS Partnership, as well as East Herts Council, includes Stevenage Borough Council, Broxbourne Borough Council, Hertfordshire County Council, Luton Borough Council, North Herts Council, Hertsmere Borough Council and from April 2023 Welwyn and Hatfield Council. The SAFS also provides services to other public sector bodies across Hertfordshire.

The SAFS Team is made up of 21.5 full time equivalent staff in 2023/24. All staff are fully trained and accredited (or working towards this) specialising in fraud prevention, fraud investigation, fraud awareness, fraud risk assessment as well as proceeds of crime, anti-bribery and anti-money laundering.

Since 2019 the SAFS Team has been nominated for and/or won awards for the services it provides including the ***Tackling Economic Crime Awards*** (TECAS), the ***Institute of Revenue Rating and Valuation Awards*** (IRRV), the ***Public Finance Awards*** (PFA), and most recently in February 2023 the ***Public Sector Counter Fraud Awards.***

SAFS is a Partnership with each organisation paying an annual fee for Hertfordshire County Council for a contracted service for all Partners. 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 Hertsmere Borough Council the **Head of Strategic Finance and Property** is the Board representative.

Although SAFS will provide much of the Councils 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 2022 the SAFS Board agreed fees for all Partners from April 2023. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for at least the next three years.

Fees for East Herts Council for 2023-2024 have been agreed at £89,180+ VAT.

Staffing

The full complement for SAFS in 2023-2024 is planned to be 21.5 FTE.

The Council will have access to 285 days of counter fraud work, 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 reports per annum to the Audit and Standards Committee. An Accredited Financial Investigator is available to assist in money laundering or proceeds of crime investigations.

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

SAFS will 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), Fraud Advisory Panel (FAP) and the National Anti-Fraud Network (NAFN).

Workplans & Projects 2023-2024

As well as an agreed programme of work (see **Appendix A**) SAFS will work in the following areas delivering specific activity agreed with service managers. Progress with this work will be reported to the relevant head of service/managers on a quarterly basis.

Service Area	Agreed Projects
Cross Cutting Corporate Initiatives	**General Support.** Three Reports to Audit & Governance Committee. SAFS attendance at Corporate Governance Groups and management meetings. Assisting with the review of the Councils existing anti-fraud policies. Money Laundering Reporting Officer (MLRO) role. Assist with NFI Output and the Herts FraudHub. Assisting with Payroll fraud matters including disciplinary investigations. Identify new fraud risks and fraud alerts across all Council services and providing a resource to support any investigation, reporting or risk assessment required from any emerging fraud or corruption. **Training.** Five fraud training/awareness events for staff/members in year delivered face to face/virtually/hybrid. Review and re-release of SAFS I-Learn training package on fraud/bribery/money laundering – accessible via the Councils intranet. Roll out of NAFN training and registration for appropriate services/officers. **Procurement.** Work with the Shared Procurement Service developing a bespoke risk assessment for fraud in procurement/contracts.
Revenues and Benefits	This work will be arranged with the Shared Revenue and Benefit Service hosted by the Council. Proactive training and awareness for management and front-line staff. Reactive investigations for housing benefit, council tax support/discount and business rate fraud. Support for single person discount review utilising 3rd party framework. Identify systems/processes/new developments to assist in recovery of debt created by fraud. Use of data-analytics to identify fraud/evasion of business rate liability and collection. Joint working with DWP where council tax support and other 'national' benefits are in payment.
Housing Services	This work will be arranged with the Councils housing services and in partnership with Clarion Housing Group, Catalyst Housing (now part of Peabody), B3Living and other housing providers with stock within the Councils area. Proactive training and awareness for management and front-line staff. Reactive investigations for Housing Application, tenancy fraud- including sub-letting or right to buy fraud, and misuse of temporary accommodation. Provide a focus on fraud risks affecting temporary accommodation costs. Review housing register to identify fraud risks and, where appropriate, investigate these.

SAFS Key Performance Indicators (KPI) & Standards of Service.

SAFS will work to a set of KPIs agreed with senior officers and these targets will assist in delivering the Councils Anti-Fraud Plan. The KPI's can be found at **Appendix B** and will be reported to senior officers and Audit and Standards 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 via email/phone/weblinks.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Money Laundering.
4. A Money Laundering Reporting Officer service as laid out in the relevant Council policies.
5. Assistance in the design/review of Council policies, processes, and documents to deter/prevent fraud.
6. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
7. 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 datasets (and frequency) of the upload of these.
   - SAFS will work with Council officers to determine the most appropriate data-matching.
8. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
9. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA* and relevant Council policies.
10. 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 decide on any further sanctions/prosecutions.
11. 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.
12. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
13. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
14. SAFS will provide reports through the SAFS Board and to the Council's Audit Committee as agreed in the SAFS Partnership Contract.

**Data Protection Act , 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.*

Appendix A.

EHC / SAFS Action Plan 2023/2024

FFCL Pillars	Objectives	Activities	Responsible Officer
Governance	Having robust arrangements and executive support to ensure anti fraud, bribery and corruption measures are embedded throughout the organisation.	Ensure the Councils Anti-Fraud and Corruption Strategy & Fraud Response Plan and associated policies to deter, prevent, investigate and punish acts of fraud or corruption are reviewed against latest best practice. Review and update the Councils Money Laundering/ Bribery/ Cyber-Crime Policies	Chief Executive / Monitoring Officer / S.151 Officer
		The Councils Audit & Governance Committee will receive reports during the year about the arrangements in place to protect the Council against fraud and the effectiveness of these.	Head of Internal Audit /Head of SAFS
		The Audit & Governance Committee and its Chairman, along with the senior management team, will ensure compliance with the latest best practice in the Councils anti-fraud arrangements including that published by CIPFA, NAO and LGA.	A&G Committee Chairman/ S.151 Officer / Monitoring Officer
		System/process weaknesses or risks revealed by instances of actual fraud will be fed back to departments/services with recommendations to manage/mitigate these risks. Reports will be shared with senior managers or the Shared Internal Audit Service (SIAS) to review outcomes and management response to recommendation.	Head of Internal Audit / Head of SAFS
		SAFS will assist the Council in providing its Fraud Data for the Transparency Code annually	Head of SAFS
		The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.	Monitoring Officer / Head of Human Resources
ACKNOWLEDGE	Accessing and under-standing fraud risks. Committing the right support and tackling fraud and corruption. Demonstrating that it has a robust anti-fraud response. Communicating the risks to those	Inclusion of Fraud Risks and actions to manage/mitigate/reduce this in its Annual Governance Statement.	Risk Manager / Head of SIAS/ S.151 Officer
		The Councils Communication Team will publicise anti-fraud campaigns and provide internal communications to staff on fraud awareness	Head of SAFS/ Communications Mgr
		The Council and SAFS will provide fraud awareness & specific anti-fraud training across all Council services and implement E-Learning modules available for staff that is mandatory.	Head of HR / Head of SAFS
		The Council is a member of the Hertfordshire Shared Anti-Fraud Service (SAFS). Council Officers will ensure that the services provided by SAFS are appropriate and provide an effective ROI in both in terms of savings delivered and added value.	S.151 Officer
		Audits conducted by the SIAS will take account of known or emerging fraud risks when audit activity is being planned. The SIAS will report any suspected fraud to senior management and SAFS to review.	Head of SIAS
		All SAFS staff will be fully trained and accredited. SAFS will continue to work with the Cabinet Office to support the Counter-Fraud Profession.	Head of SAFS
PREVENT	Making the best use of information and technology. Enhancing fraud controls and processes. Developing a more effective anti-fraud culture. Communicating its' activity and successes.	SAFS will provide fraud alerts and new and emerging fraud threats to be disseminated to appropriate officers/staff/services.	Head of SAFS
		SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA, CIFAS.	Head of SAFS
		Develop the Councils use of the Herts *FraudHub* and support Council officers with the output from NFI 2022/2023 Exercise	Head of SAFS/ S.151 Officer
		The Council, and SAFS, will seek to work with other organisations, including private sector, to improve access to data and data-services that will assist in the detection or prevention of fraud.	Head of SAFS/ S.151 Officer
		The SAFS Mgt will provide reports to the SAFS Board quarterly on anti-fraud activity across the Partnership and any learning to be shared with all Partners	Head of SAFS
		The Council will review data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA to maximise the use of sharing data with others to help prevent/identify fraud.	Monitoring Officer
		SAFS will work with the LGA and Cabinet Office to support the work of the Public Sector Fraud Authority.	Head of SAFS
PURSUE	Prioritising fraud recovery and use of civil sanctions. Developing capability and capacity to punish offenders. Collaborating across geographical and sectoral boundaries.	All fraud reported to the Council will be captured via SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members. SAFS will work with officers to promote the reporting of suspected fraud by officers and the public.	Head of SAFS
		All investigations will comply with relevant legislation and Council Policies. Investigations will include civil, criminal and disciplinary disposals	Head of SAFS
		SAFS will use its case management system to record and report on all fraud referred, investigated and identified.	Head of SAFS
		Legal Service and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses- supported by relevant policies.	Monitoring Officer/ S.151 Officer
		SAFS and the Councils Shared R&B Service will work with DWP to deliver joint investigations where fraud affects both council tax and housing benefit or other 'national' 'benefits'	Head of SAFS/ Head of R&B Service
		SAFS will use its in-house expertise as well as external partners when considering the use of POCA, Surveillance or IT Forensics.	Head of SAFS
PROTECT	Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.	SAFS will provide reports and data to Fraud Champions on all anti-fraud activity as required by Council officers.	Head of SAFS
		Reports for Audit Committee on all Counter Fraud activity at the Council 3 times in 2023-2024	Head of SAFS / S.151 Officer
		The Council has in place measures to protect itself against cyber crime, malware and other potential attacks aimed at its IT infrastructure, with training for staff and elected members	S.151 Officer/ Head of IT
		SAFS will work with bodies including MHCLG/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government	Head of SAFS

Appendix B.

SAFS KPIs - 2023/ 2024- EHC

KPI	Measure	Objectives	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. **A.** Meetings to take place with the Councils **Head of Strategic Finance and Property**, quarterly. B. **Head of Strategic Finance and Property** will sit on the SAFS Board that meets quarterly. C. Regular meetings to take place with Service Leads to agree and update local work plans. D. Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. 285 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management). B. 3 Reports to Audit & Governance Committee. C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases will be responded to within 24 hours. B. All other cases 2 Days, on Average.	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts, trends, best practice C. NAFN Access/Training for relevant Council Staff D. 5 Training events for staff/Members in year. (To be agreed with Service leads and HR)	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to officers by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers. C. SAFS will work with social providers across the Borough.	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Support the output from NFI 2022/23 Council services. B. Membership and VFM from the Herts FraudHub in 2023/24.	Build a data hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.

East Herts Council Report

Audit and Governance Committee

Date of meeting: 28 March 2023

Report by: Executive Member for Corporate Services

Report title: Monitoring of 2022/23 quarter three corporate risk register

Appendixes:

Appendix 1 – Summary of corporate risks quarter three

Ward(s) affected: All

Summary – The report provides updates on our 13 corporate risks for quarter three and details of how East Herts will manage these risks moving forward.

RECOMMENDATIONS FOR Audit and Governance Committee:

A) The 2022/23 quarter three corporate risk register be reviewed, and officers advised of any further action that could be taken to manage risk.

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

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

2.0 Background

2.1 Leadership Team reviews the content of the corporate risk register quarterly and provides updates that are relayed within this monitoring report to Audit and Governance Committee. In preparation for the next financial year, a separate report is normally produced which recommends of any changes to the 13 corporate risks set and this is set out in quarter four reports.

2.2 Following a change in management of administering risk updates and writing reports, it was agreed that corporate risks are managed directly on our performance management system Pentana, which is also used to manage our corporate actions, thus allowing a more holistic approach to performance and risk management.

2.3 This enables users to be able to see real time updates on each risk and contributes towards our digital by design aim by allowing members to self-serve. Members can log in at any point to **Pentana** to assess our risk register (please consult a member of Democratic Services for login details).

3.0 Risk register results for quarter three

3.1 Leadership Team has set a risk tolerance level. Risks above the tolerance levels are actively managed and regularly reviewed to ensure that contingency and mitigation action is being taken. Risks below the tolerance line are managed by Heads of Service but these are often delegated. (Heads of Service are responsible for keeping all risks under review and taking action to reduce the impact of the risk on the council.)

3.2 A summary of risk scores and business risks are shown in the matrix and table below. Risks in the red are those actively managed.

3.3 Details of how we score the risk score can be found underneath these tables. Please see appendix 1 for a comprehensive breakdown of each risk.

		Likelihood			
		1	2	3	4
Impact	A	9,13	7,10		1,3,8,12
	B		11	2,4,6	
	C				5
	D				

Risk	Title	Risk Score
1	Financial resources	A4
2	Corporate governance and external political environment	B3
3	Performance, resilience, and security of IT systems	A4
4	Staff capacity and skills to deliver services	B3
5	Poor performance or failure of key partner or contractor	C4
6	Judicial review and or major legal challenge	B3
7	District Plan	A2
8	Climate change	A4
9	Child / vulnerable adult protection	A1
10	Equalities	B2
11	Internal control	B2
12	Outbreak of disease in humans	A4
13	Business Continuity Plan / Emergency Plan	A1

Likelihood	Score	Description	Likelihood of occurrence	Probability of occurrence
	4	High	Monthly	The event is expected to occur or occurs regularly
	3	Medium	Annually	The event will probably occur
	2	Low	1 in 5 years	The event may occur
	1	Very Low	Less frequently than 1 in 5 years	The event may occur in exceptional circumstances

Impact	Score	Description	Financial	Reputation	Service / operation
	A	Critical	> £1m p.a.	Serious negative media	Catastrophic fall in service quality or long-term disruption to services
	B	Significant	£400,000 to £1m p.a.	Adverse national media	Major fall in service quality or serious disruption to services
	C	Marginal	£100,000 to £400,000 p.a.	Adverse local media	Significant fall in service quality
	D	Minor	< £100,000	Public concerns restricted to local complaints	Little impact to service quality

3.4 There are changes to the quarter two matrix position amongst three risks; -

3.5 Risk three (Performance, resilience and security of IT systems)

The risk level has risen from A2 to A1. The matrix score has increased due to a Cabinet Office review of the shared ICT service raising issues with our current network and system which will require major investment and resource to update

3.6 Risk four (Staff capacity and skills to deliver services)

The risk level has risen from B3 to B2. There continues to be issues in filling of certain roles within the organisation that are of national shortage. Several roles have been identified as having no natural succession plan and steps are being taken to address this but leave the Council vulnerable.

3.7 Risk seven (Judicial Review and or major legal challenge)

The risk level has risen from C3 to B3. This is in response to the progress of some of our key capital projects such as Old River Lane, Hertford Theatre and Hartham Leisure Centre. Any Judicial Review at this stage of development is likely to have far more wide reaching impact on the organisation than prior to construction

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Community Safety

No

Data Protection

None specific but the topic features within the corporate risk register.

Equalities

None specific but the topic features within the corporate risk register.

Environmental Sustainability
None specific but climate change features within the corporate risk register.

Financial

None specific but risk management can provide protection of budgets from unexpected losses. Better governance can be demonstrated and the annual audit plan is risk based.

Health and Safety

None specific but risk management processes can provide a safer environment across the District and all services for the benefit of the public, staff and our contractors.

Human Resources
No

Human Rights
No

Legal
None specific but legal matters feature within the corporate risk register.

Specific Wards
No

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Appendix 1

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
A 4	1- Financial Resources Risk Owner – Head of Strategic Finance & Property	• Reduction in government grant combined with higher demand for demand-led services such as homelessness, or failure to generate income. • Failure to realize capital receipts from disposals to support capital expenditure. • External auditor challenges MRP Policy and capital financing decisions • Council Tax referendum levels set too low to generate sufficient tax revenue • Sudden economic downturn results	• Reductions in services required • Performance against community expectations and targets reduced • Investment in improvement not possible or severely reduced • Failure to meet statutory duties with potential for legal action or Local Government Ombudsman finds significant cases of maladministration • Corporate Manslaughter charges if maintenance works not carried out, e.g. Legionella in air handling and cooling units • Large numbers of staff redundancies • Major media engagement • Potential for MHCLG intervention	• Minimum Balances held on risk assessment basis to cushion impact over short term (max 2 years) • Modelling of impact of grant settlement scenarios and function and funding changes • Three-year MTFP savings programme • Transforming East Herts savings plan due to be reported at June Executive to deliver savings and efficiencies through an emphasis on digital self-service; process automation; agile working leading to a much-reduced accommodation requirement with target of £1 million cashable savings. • Transforming East Herts Commercial Strategy will specify commercial skill sets and set out the council's approach to risk appetite and give guidance on how income generating ideas should be taken forward. • New capital programme items must make a return for the investment in cost reductions or income on top of covering the interest and MRP costs

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
		in negative Tax base figures because of increased local Council Tax support claims • Members do not agree significant savings budget setting leading to an unbalanced budget which leads to a s.114 report • Delay and/or significant cost over runs on major projects	• Delay leads to cost increases beyond the ability of the council to finance the capital costs • Delays and cost overruns lead to non-delivery of savings requiring service offer reductions to compensate • Projected savings not achieved after project completion due to changes in market away from service offer • Significant local media engagement • Reputational damage.	• Charges will be required to be in conformity with proposed corporate policy on charging recovering total costs and concessions will need to be justified in policy terms and funded by higher charges for others. • Business case reviews to ensure that projects make a return • Cost and income estimates commissioned from industry expert consultants to feed into business case • Project delivery by Major Projects Team with quarterly reports on progress to Leadership Team and Executive. • Capital Programme is phased and financed across years and contingency built into budgets so can be re-phased if required.

Update on current position
1- Financial Resources In developing our medium and longer term plans we will need to have regard to the broader context in which we will be working. This includes: • The impact of operating in the current economic situation with significant inflation driven by global supply chain issues and the impact of the Rosso-Ukrainian war and the "weaponisation" of energy supplies by the Russian government causing global price increase and supply shortages. • The shape of the government's economic and policy agenda, the impact of "going for growth" under Liz Truss continues to negatively affect the economy with resulting increases in borrowing. Government will not reform the funding formula or local government finance system and there is no sign of additional funding for local government other than tinkering round the edges of the system to maintain councils like East Herts with funding protection. There is also now uncertainty about the Government's Levelling Up agenda and whether future funding streams will be honoured - the Treasury has recently restricted DLUHC from incurring new capital expenditure. • The cost-of-living crisis and the high likelihood of the UK falling into recession will cause spending pressures through potential increases in local council tax support, reductions in payments and higher levels of debt, increases in voluntary arrangements and bankruptcy increasing write offs; • Specific uncertainty over the future of local government funding, with key reforms due to be introduced from 2023/24 as indicated in the Levelling Up White Paper. The level of Government funding that the council will receive from 2022/23 onwards is not confirmed but the Comprehensive Spending Review levels indicate local government funding overall will be flat, i.e., no growth.; These are significant areas of change will have a potentially significant financial impact and absolutely key will be any floor protection mechanism as East Herts is judged to have too much government support at present. • The lasting impact the pandemic will have on young people in terms of education and employment opportunities. • The growing impact of climate change, the national and local commitments to achieve carbon neutrality and the introduction of a range of new measures through the Environment Bill.

Update on current position
• The impact of Government reviews and reforms of public services and changes in policy– for example changes to infrastructure, transport and planning and potential local government structural changes. • The ongoing need to support post-Covid recovery and adjustment, both in our services and for society and the economy, against a backdrop of residual risk of further waves of infection and the potential need for an ongoing vaccination programme; and • Reviewing the way that we work and accelerating our planned changes to move towards a more hybrid way of working and evolving our working practices to ensure we have modern, flexible workspaces and workstyles as part of the Transforming East Herts Programme. In addition, as part of the MTFP process for 2023/24 Heads of Service have been asked to model a minimum savings target of 20% with the constraint concerning no significant change to the service offer being imposed The latest MTFP Projections were reported to Executive on 25th October and require the Council to make savings of £2 million (total £4 million) in 2024/25 and 2025/26. Savings of this magnitude are beyond efficiencies and Members will need to make some challenging decisions which will inevitably lead to service reductions. The Council's business and financial planning is underpinned by the Corporate Plan and its four priorities, which provide a clear focus for decisions about spending and savings and direct activity across the Council. The four priorities are: • Sustainability at the heart of everything we do. • Enabling our communities. • Encouraging economic growth; and • Digital by default We are now planning for Charringtons to be vacant by April 2023 and given the nature of the building and its services, which are all time life expired, it is not possible to let it to tenants before it is handed over to City Heart for regeneration. We will instead be offering the building to the emergency services for training purposes.

Update on current position
Savings plan for 2022/23 is on target Fees and Charges policy approved at December 2021 Council which sets full recovery as the standard charging basis. There have been a number of below cost charges agreed with no clear policy or justification in the past that are having to be dealt with as part of aligning charges with North Herts for joint commercial waste services. New template developed for staff hourly charges for full cost recovery developed for income opportunities with other local authorities. Grange Paddocks Leisure Centre construction completed October 2021 and 3G pitch construction completed. Northgate End construction work is complete with multi-storey car park open in June 2022. Numerous snagging and design issues have been identified since opening and are being addressed between property, parking and the contractor, Real. Practical completion of the commercial and residential block occurred in November 2022 and the flats and commercial space are now being marketed for sale. Old River Lane /Arts Centre change in scope progressing and approved by Council in March 2021 alongside the business plan. Development Agreement and Development Management Agreement draft to be agreed with s.151 officer and monitoring officer input. Master Planning process is underway and approval of the Masterplan SPD by Executive in June 2022. All major capital projects are at risk of price increases because of the combined impact of COVID / BREXIT related inflationary pressures. In addition to the increasing cost of materials, there is a significant shortage of labour supply for the construction and M&E industries, which is in turn pushing up the price of labour. This is a national issue as evidenced by the average 13% increase in the Office for National Statistics Construction Output Prices Index. The insurance market has also hardened significantly which will likely result in higher buildings insurance premiums and / or levels of excess or difficulties obtaining cover The national shortage of HGV drivers and labour market shortages is driving up pay and this will lead to pressures on the cost of the waste contract as well as the cost and delivery of building materials. The price of labour for construction has increased due to skills shortages caused by skilled EU workers returning to the EU

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
B 3	2 - Corporate Governance and external political environment Risk Owner – Chief Executive / Head of Communications Strategy & Policy	• Brexit trade deal risks • Planning policy changes • Local government reorganisation / Devolution • Climate change / zero Carbon / Build Back Greener • Change to local taxation • Leadership /Management change • Recession leading to increase in unemployment, business failure; low business growth and commercial property values decreasing significantly.	• Potential project delays due to labour shortages or materials imports, or increased project costs due to tariffs or supply chain difficulties. • Non-Tariff barriers leading to supply chain price increases and longer replenishment times. Some UK businesses may relocate to the EU making current domestic supplies into imports. • Government policy changes to introduce development zones, ends s.106 and CIL for government infrastructure levy • Government imposes unitary authorities and reduce exchequer grants by savings made • District required to be carbon neutral from 2030 and Government targets set with fines for non-achievement	• Address issues of labour shortage with contractors at progress meetings. Raise skills shortages at the LEP to ensure we train young people. • Consider forward funding stockpile of materials subject to delays as part of contract mobilisation • Consider risks to supply chain as part of procurement exercises • Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies • Both officers and Members are engaged in Herts Growth Board (with consideration of the devolution framework in the Levelling Up White Paper which was published in February 2022) • Work underway to progress carbon reduction and also exploring potential investments that support

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
			• Business Rates and or Council Tax replaced with Land Value Tax or Local Income Tax • Potential protests and non-payment campaigns • Measure may end land banking with developers commencing on multiple sites to build out permissions and avoid LVT • Uncertainty as to tax yields and redistribution mechanisms cause difficulties budgeting • Change in leadership politically sets radically different policy agenda and tone • Change in Leadership Team structure • Unemployment. • Empty properties / shops. • Lower rental income from council property portfolio. • Increased demand on council services. • Reduction in Council Tax Base due to LCTSS being a discount.	this aim but would also produce income for the council in the medium term. • Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies. • LVT is in operation in Denmark, Estonia and Latvia and there are suggested routes to implementation already published. Local Income Tax would require key data from HMRC before implications could be understood. • Corporate Plan process • Member induction and training • Code of conduct • Monitoring Officer/ s.151 officer • HR policies • Estimates of workload v capacity • Corporate Plan process • European Regional Development Fund project to support businesses with advice and support on growing. Ware and Bishop's Stortford Launchpad are both seeing strong demand.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
			• Reduction in Business Rates income to the safety net level	• UK Shared Prosperity Fund investment plan submitted to DLUHC, focusing partially on business support and growth.

Update on current position
2 - Corporate Governance and external political environment. • External environment is uncertain due to economic slow down, high inflation and cost of living challenges. The Councils' MTFP is going to Exec on 14th Feb and Council on 1 March setting out pressures and proposed responses in terms of the impact on inflation, wage pressures and material costs to the council directly and through its contractors. • The council is also overseeing two new schemes for residents (an energy rebate scheme for people without contracts and an additional council tax discretionary scheme. More guidance is expected in the next few weeks with the scheme launching in April (supporting vulnerable residents) • The UK Shared Prosperity Fund has also been confirmed as going ahead by government and projects will be delivered from Q4. • Further inflationary pressure is building with public sector pay disputes and the union pay claim for 2023/24 is for a 13% increase plus work to tackle the real terms pay reductions for local government staff. It is unlikely that pay awards of 2% can continue and there are already shortages of qualified staff which is being made worse by qualified staff being able to command salaries 32% higher in the interim and agency sectors. • Resident satisfaction with the council increased in the residents' survey launched in November 2022 which demonstrates that hard decisions to reduce service levels or introduce new or higher charges, if properly explained, seem to be accepted by the public.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
A 4 (A3 - Q2)	3.Performance, resilience, and security of IT systems Risk owner – Deputy Chief Executive	• Data and/or information lost causing breach of Data Protection Act • Cyber-attack results in total loss of data and systems • Investment in ICT does not result in savings	• Substantial fine from Information Commissioner • Major media engagement • Reputational damage • Disruption to services potentially long-running • Inability to carry out enforcement as no records to check against • Resources devoted to recovery moved off to assist police investigation delaying recovery • Major media engagement • Reputational damage • Council becomes financially unsustainable	• Network Virtual Desktop configuration prevents download of data to local storage devices • Network firewall and security systems tested and monitored • Staff training • Confidential waste shredded • Massive reductions in printing since pandemic • Intuned laptops to be rolled out underway • Projects to include estimated benefits and monitored through benefits realisation reports. The investment requirements are tried and tested systems that have resulted in savings elsewhere.

Update on current position
3.Performance, resilience, and security of IT systems. Key points. • GDPR Officer monitors and reports any data breaches. • M365 roll-out was completed in February 2023. • The ICT Committee continues to have oversight of the programme with regular progress updates provided.

Update on current position
• A permanent ICT Partnership Manager has been recruited and is due to take up the role in March 23 A Cabinet Office review of our IT security was undertaken in order to qualify for grant funding to assist with cyber security. This has exposed serious issues with our network and systems. The ICT Shared Service estimate that the necessary upgrades and new security features will cost £1.623 million of which £335k is capital and £1,288k of recurring revenue expenditure. East Herts Officers have made it clear that there will be no new money for these works and that the ICT budget will need to be prioritised to meet these costs. East Herts expected the network to be run properly and that upgrades would be undertaken in a timely way. It now appears that they were not with a substantial leap now required to catch up.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
B 3 (B2 – Q2)	4. Staff capacity and skills to deliver services Risk Owner - Head of Human Resources and Org Development	• Loss of key staff • Staff capacity unable to deliver projects • Unable to recruit to key posts • Industrial action	• Disruption to Council services • Poor customer service • Internal control or governance failure • Reputation damaged in the media • Staff cannot undertake level or volume of work to meet all priorities • Council does not deliver performance expectations • Opportunities lost to improve outcomes • Partners lose confidence in ability to deliver • Public lose confidence in ability to deliver • Disruption to Council services • Poor customer service • Internal control or governance failure • Reputation damaged in the media • Disruption to Council services • Poor customer service • Non-delivery of projects	• Staff / manager development including the on-line learning pool and maximise the benefits of the apprenticeship levy. • Develop a future manager programme. • Succession planning for key staff within Services • Use of flexible retirement to ensure continuity of experienced staff whilst bringing on staff into roles • Prioritisation of work through the Corporate Plan and Executive Members • Major projects taken forward with corporate project management standards via the Major Projects Team • Market supplements where appropriate • Selective use of external resources and contingent labour through neutral vendor to drive down costs. • Internal communications emphasising welfare and mental health • Review the external trading model to ensure it 'washes its face' and does not impede on our ability to support HR / OD within the council. • Contingency planning

Update on current position
4. Staff capacity and skills to deliver services We still face challenges in recruiting to posts where there is both a local and national skills shortage, in some cases we are reliant on agency / interim staff to cover vacant posts whilst we try to recruit. As part of Lean Six Sigma phase 3, we will be reviewing our end-to-end recruitment process to ensure it is easy to use and offers the candidate a great experience, how we advertise, our learning and career development offer etc. As part of transformation, we are also challenging ourselves about the skills sets we need to deliver services moving forward and this does mean looking at all of the roles we have that are traditional in councils. We still have some one-off key roles that would leave us vulnerable if the postholder were to leave. We are looking at succession planning across the council to 'grow our own' across the council. There have been warnings that this year's flu season will probably be worse than last year, so we are heavily promoting free Flu vaccines for staff who do not qualify for vaccinations through their primary healthcare provider. These are funded through Public Health. The aim is to keep staff healthy and those residents they might come into contact with. We also have a proven process for dealing with another big outbreak of COVID that can be put into effect immediately if that were to happen. As the numbers of COVID cases rise with the new variant we will closely monitor the situation and follow UK Gov guidance. As of January 2023, we are experiencing a larger than normal number of staff with heavy colds, chest infections and other 'Flu type' symptoms. We will closely monitor and follow UKgov guidance. Worst case scenario would be large percentages of staff unable to work could have a significant impact on our ability to deliver our services.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
C 4	5. Poor performance or failure of key partner or contractor Risk owner - Head of Operations	• Poor performance or failure of key partner or contractor • Failure to mobilise major outsourced contracts properly and/or on time	• Disruption to all Council services • Additional costs resulting from response • Demand to partner organisations to provide mutual aid to support our response • Cost and time involved in unplanned procurement exercises • Major media engagement • Reputational damage • Damage to relations with outsourcing partner and potential damages claim	• Risk of contractor failure increased due to COVID. Regular discussions are continuing with contractors and key third sector partners to ensure minimal failures in delivery. • Credit risk scores are obtained for major contractors during the operation of the contract and particular attention is paid to trade news concerning contractors' financial health. • Offer of open book accounting to examine any potential cost increases as a result of changing circumstances. • Waste-related business continuity plans are also regularly reviewed. Brexit restrictions and the closure of Asian export markets will impact on the sale of materials and income may cease and costs may increase. Talks are ongoing with other Hertfordshire authorities to determine alternative options. The council is investigating a circular economy option for the plastics waste stream in particular.

Update on current position
5. Poor performance or failure of key partner or contractor • Risk of business failure remains the same due to inflation, risk of recession and Brexit: staff shortages and increased use of agency staff (and risks associated with service delivery of no shows, not knowing the routes etc); Business continuity plans

Update on current position
refreshed and regular dialogue maintained with contractors who have been informed the council would look at cost increases provided the council was told in advance and the contactor undertook to use reasonable endeavours to resolve cost pressures themselves. • Customer numbers and membership figures closely monitored at leisure centres. Continued discussions with contractor to monitor impacts of utility prices and exploring options for purchasing energy that reduces costs. • Contingency plans to step in should contractors fail. Principal route will be to use a TEKAL company to provide the service pending retendering as the company vehicle preserves the private sector T&Cs of employment. • Recyclate prices vary widely month by month and concern that Government collection system changes may remove valuable recycling from waste stream • Escalated performance management discussions have taken place with waste contractor, an action plan to manage recruitment and vehicle breakdown is now in place. • Impact of new collection system and changes to waste financial flows are being monitored and impacts assessed. • HCC AFM system to end in 2023/24 but East Herts had removed AFM from budget in 2021/22 as income very low. 2022/23 AFM income windfall gain but no budgetary impact from AFM change on East Herts.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
B 3 (C3 – Q2)	6. Judicial Review and or major legal challenge Risk owner - Head of Legal and Democratic Services	• Council loses case • Not enough staff to deliver services internally • Inability to recruit to key posts	• Council policies may no longer be fit for purpose • Unregulated activity until soundly based policy put in place • Large costs award against Council • Reputational damage • Major media engagement • Monitoring Officer and/or s.151 officer issues Report in the Public Interest • Department for Levelling Up, Housing and Communities intervention • Potential requirement to repeat procurement exercise and compensate unsuccessful bidders in first exercise • Additional and or abortive costs • Dip in quality of support being offered. • Delay in response time and consequential impact on deadlines. • Points not being picked up at an early enough stage. • Increased expenditure on obtaining external support. • Existing staff spread too thinly.	• All Executive, Committee and Council reports require sign off by legal and finance to ensure compliance with budget and policy framework and current legislation. • List of policies maintained with review dates. • Information Governance function strengthened to ensure compliance with data protection. • Policies should be backed by evidence and Leadership Team consideration involves constructive challenge as well as formal Monitoring Officer and s.151 officer. • Periodically going out to recruit to test the market at a given time. • Reviewing external advice to ensure it is to the required standard.

Update on current position
6. Judicial Review and or major legal challenge A successful legal challenge resulting in one of the Council's major capital projects being halted could potentially result in heavy financial penalties or repercussions.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
A 2	7. District Plan Risk owner - Head of Planning	• Failure to refresh District Plan to timescales and /or refreshed District Plan found to be unsound at examination	• Planning becomes developer led rather than planning policy led through 5-year land supply test • Additional costs to redo work Additional costs of planning appeals and possible judicial reviews • Reputational damage • Loss of affordable housing andS.106 / community infrastructure levy benefits • Failure to meet 5-year Housing Land Supply requirements • Possible intervention by the Department for Levelling, Housing & Communities	• Evidence based planning policy decisions • Strong focus on Member, Parish, partner and community buy-in

Update on current position
7. District Plan It is a legal requirement for Local Planning Authorities to review local plans at least once every five years. Reviews should consider changing circumstances affecting the area, or any relevant changes in national policy. The District Plan was adopted in October 2018, over 4-years ago. Significant uncertainty around the government's proposed reforms to the planning system and uncertainty around the standard method for assessing housing need has meant that it has not been possible to properly assess what a review would need to consider. Early work has however suggested that the District Plan will need to be updated to reflect various changes that have been made to national planning policy (including new policies on climate change; sustainability; biodiversity; and design) and a potential update to local housing need.

Update on current position
The recently published consultation on the NPPF now provides some clarity on the government's proposed reforms and will enable the Council to progress more detailed work over forthcoming months. Whilst it difficult for the Council to agree a detailed timeline at this stage, work can begin updating the plan's evidence base, so that the Council is in a strong position to commence any formal stages once the government has confirmed any changes to the planning system.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
A 4	8. Climate change Risk owner - Head of Housing & Health	• Severe weather causing major incident (includes flood, wind, snow, cold and heat) • Drought • Weather extremes require substantial retrofit costs for asset adaptions	• Disruption to Council services as staff diverted to response • Additional costs of response • Service changes required if long recovery phase • Service change required to adapt e.g. heatwave early day starts • Major media engagement • Disruption to some services through water restrictions • Additional costs of support to vulnerable service users • Public health issues • Non-availability of capital resources may cause working conditions on some days to be unbearable. • Instances of abandoning assets where hold the line defences against floods no longer viable • Increasing attacks by non-native species causing biodiversity loss • Increased costs arising from new operating requirements, e.g. sustained +30 degree heat requires refuse freighter insides to be degreased and jetted out regularly to prevent oils and fats combusting	• Business Continuity Plan Severe Weather section • Emergency Plan including specific response plans to flooding etc. • Health and Safety Policy details severe weather response • Council reducing carbon footprint for the district • Emergency Plan • Business continuity plan • Council reducing carbon footprint for the district • New modern workspace work stream of the Transformation Programme will address climate change issues in the design

Update on current position
8. Climate change. In addition to Q1 notes, we are making strides in the following; • Diesel vans in the municipal fleet replaced by Nissan Leaf Battery Electric Vehicles saving 242 tonnes of CO2 per year • Implement stricter emission requirements for all new vehicle application and renewals, 100% will be electric or euro 6 by April 2023 • seeking external funding to introduce e- vehicle chargers in rural locations of district and all of EHDC land holdings • planting or provided over 7,700 trees in 22/23 • survey work to assess costs with a view for government funding for decarbonisation of heating and hot water at Wallfields Q1 notes Climate change motion agreed July 2019. • Multi-agency environmental and climate change forum continues. • Energy efficiency modifications to key existing buildings and new electricity contract is from renewable sources. • Review underway of motor fleet with extended use of e-vehicles. • Carbon footprint reducing as a consequence of pandemic and homeworking. Future agile working will support. • Food waste minimisation campaign to reduce carbon footprint by food being wasted as well as the disposal route. • List of achievements posted on website at Environmental Sustainability | East Herts District Council • Training commenced for officers. • Clean Air Day campaign held. • Engagement with insurers over design / materials for new buildings. Use of sustainable materials and modern methods of construction proving problematic. Insurers want more emphasis on property protection (in addition to life saving standards).

Update on current position
• Major developments are also situated in or adjacent to flood zones. Construction insurance for Hertford Theatre procured after significant difficulties due to the materials and methods of construction, plus the flood risk. Premium rates substantially higher than normal. Similar difficulties anticipated with buildings insurance upon completion. • HCCSP strategic theme – adaptation. • Climate Change Strategy 2022 – 2026 approved by Council in July 2022.

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
A 1	9. Child / Vulnerable Adult Protection Risk owner - Head of Housing & Health	• Child / vulnerable adult protection failure	• Possible legal action for damages • Possible prosecution • Major media engagement • Reputational damage	• Safeguarding policy • Annual training for staff and Members

Update on current position
9. Child / Vulnerable Adult Protection. The annual safeguarding training has been updated from 2023/24. The member induction training following the May 2023 election will cover safeguarding.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
A 2	10. Equalities Risk owner - Head of Comms, Policy & Strategy	• Council found to have discriminated against individuals or communities with protected characteristics OR council has made a decision without considering equalities and diversity implications.	• Possible legal action for damages • Possible enquiry and report by Equalities & Human Rights Commission • Major media engagement • Reputational damage	• New strategy being developed to address challenges and embed equalities and diversity in decision making.

Update on current position
10. Equalities Responsibility for equalities has transferred to the Community Wellbeing Team. Part of their approach will be to refresh the strategy and agree a new set out of actions going forward.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
B 2	11. Internal control Risk owner - Head of Strategic Finance and Property	• Failure of internal control or unethical behaviour	• Qualified accounts • Possible Police involvement if fraud involved • Major media engagement • Reputational damage • Increased costs as a result of loss or fine or compensation payments	• Key reconciliations carried out regularly. • Internal audit work planned and undertaken on key areas. • Assurance Mapping • Electronic workflow where controls much harder to circumvent • Separation of duties appropriate to the staffing numbers

Update on current position
11. Internal control. Audits remain on track and there is sufficient audit scope for an assurance opinion to be given Assurance Mapping approach for key systems introduced which shows visually where assurance is gained and also identifies duplications and unnecessary steps which will inform officers undertaking lean process reviews and help Audit & Governance Committee to see where there are risks and then internal audit resources can be directed there. Full suite of updated anti-fraud and corruption policies approved by Audit and Governance Committee in November 2021. Intranet and website content updated. The Shared Anti-Fraud Service recommenced meetings with teams to provide training and increase awareness. The s.151 Officer is working closely with the Monitoring Officer to ensure the Constitution is up to date and reflects the modern working environment of the council, e.g. we no longer issue cheques therefore references to cheques in the constitution are no longer required.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
A 4	12. Outbreak of disease in humans Risk owner - Head of Housing and Health	• Pandemic and/or Public Health Emergency Declared	• Loss of staff and/or key skills due to illness and related absenteeism • Requirement to enable entire workforce to work from home • Requirement for Council and Committees to meet via video conference • Loss of income/additional costs • Loss of essential services /utilities/ suppliers • Demand from partner organisations to provide staff and other resources to support their response • Major media engagement • Disruption to all Council services • Increased risk of fraud from support programmes	• Business Continuity Plan • Emergency Plan • Dynamic risk assessments and keeping office open and COVID secure in line with government guidance. • Agile working introduced and scaled up to ensure social distancing • Fraud alerts on pandemic circulated by SAFS

Update on current position
12. Outbreak of disease in humans. No further update from Q2 position The threat of new variants and new waves of infection is real and constant but our agile working policy means the Council is much better positioned to adapt. Previous quarter notes as follows; • Updates on financial compensation are included under Risk 1 • Updates on recovery work on supporting the local economy are detailed under Risk 2

Update on current position
• Alternative working methods instigated as a result of Covid 19 including home working and IT communications solutions (Zoom, Teams, WhatsApp and the like) • Blended working arrangements commenced autumn 2021 with staff working 50% at the office and 50% from home. • Detailed, up-to-date risk assessments in place including frequent Covid self-testing • Live Well, Work Well programme amended to incorporate greater emphasis on staff mental health • Joined up working with key partners, notably HCC and the police, to ensure coherent and planned use of financial and staff resources, for example Covid marshals and joint visits/advice/enforcement actions re: businesses. (Covid marshal scheme extended during quarter one.) Shop safe, shop local campaign held. • Restart grants for businesses and community covid recovery grant schemes opened. • Public facing recovery plan published in April. • In-person Member meetings resumed. • East Herts vaccination plan drawn up. Bidding for resources for vaccine tracing. • The council continues to work with HCC Public Health as the national Covid measures and guidance recede.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Score	Risk Title / Risk Owner	Trigger	Consequence	Mitigation / control
A 4	13. Business Continuity Plan / Emergency Plan Risk owner - Head of Housing & Health	• Major Incident Occurs • Plan fails	• Loss of essential services / utilities/ suppliers • Demand from partner organisations to provide staff and other resources to support their response • Major media engagement • Disruption to all Council services • Unable to support partner organisations to provide staff and other resources to support their response • Possible legal action or public inquiry	• Emergency Plan Major Incident protocols • Business Continuity Plan • Keep plans under review every 6 month and keep evidence. • Review of response after every incident • Training for staff in EP roles • Regular exercises once a quarter • Emergency and Resilience work provided through Hertfordshire County Council

Update on current position
13. Business Continuity Plan / Emergency Plan. No further update from Q1 position. Q1 notes as follows • Desk top exercise accessing plans and refresh of contact lists to be undertaken • Communications test undertaken from County to Districts to check notification cascade. • Review of business continuity plan by internal team underway. Cabinet Office review of cyber security has led to grant funding plus a Cyber Treatment Plan is now in place. All staff and Members have completed mandatory cyber risk online training. Proposed test of the emergency plan postponed during pandemic. The test will be the priority once the business continuity plan review is complete. Review of IT Disaster Recovery Plan to take place.

East Herts Council Corporate Risk Register – 2022/23 quarter three

Key to scoring

	Score	Description	Likelihood of occurrence	Probability of occurrence
Likelihood	4	High	Monthly	The event is expected to occur or occurs regularly
	3	Medium	Annually	The event will probably occur
	2	Low	1 in 5 years	The event may occur
	1	Very Low	Less frequently than 1 in 5 years	The event may occur in exceptional circumstances

	Score	Description	Financial	Reputation	Service / operation
Impact	A	Critical	> £1m p.a.	Serious negative media	Catastrophic fall in service quality or long-term disruption to services
	B	Significant	£400,000 to £1m p.a.	Adverse national media	Major fall in service quality or serious disruption to services
	C	Marginal	£100,000 to £400,000 p.a.	Adverse local media	Significant fall in service quality
	D	Minor	< £100,000	Public concerns restricted to local complaints	Little impact to service quality

East Herts Council Report

Audit and Governance Committee

Date of meeting: Tuesday 28 March

Report by: James Ellis, Head of Legal and Democratic Services

Report title: Independent Members of the Audit and Governance Committee

Ward(s) affected: All

Summary – This report provides Members with information on the appointment of two independent people to the Audit and Governance Committee as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA)

RECOMMENDATIONS FOR: The Audit and Governance Committee to recommend to Council that:

a) the appointment of two independent people (known as independent members) to sit on the Audit and Governance Committee for a period of four years, with a possible extension of a further six months to align to the municipal year be approved.

b) the job advert and job pack as at Appendix A and Appendix B be approved.

1.0 Proposal(s)

1.1 As above. There are no alternative options as the Government has mandated that at least one independent member must sit on the Audit Committee.

2.0 Background

2.1 The Audit and Governance Committee plays a key role in the Council's arrangements to support good governance. It has the specific role of monitoring the Budget, approving the council's Statement of Accounts and acting as the council's audit committee. The Committee also carries out the monitoring of treasury management functions.

2.2 The Committee meets approximately four times a year, with meetings held in person in the Council Chamber at East Herts Council's Wallfields Offices in Hertford, commencing at 7pm.

3.0 Reasons

3.1 The 2020 independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities[1] recommended that consideration should be given to the appointment of at least one independent member, suitably qualified, to audit committees.

[1] Redmond Review

3.2 In its response to the Redmond Review in June 2022, the Government announced that local authorities would be required to have an audit committee with at least one independent member. There response in full was:

"Fundamentally, it is important that councils, as with other public bodies, have appropriate measures in place: the government considers it proportionate to establish a simple principle that local authorities should have an audit committee, with at least one independent member."

3.3 Following the Redmond Review, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance[2] recommending that local authority and police audit committees include at least two independent members.

3.4 The Independent people would be non-councillors with some experience in the area of audit, similar to those who sit on the Council's Standards Committee. The independent people would be non-voting members of the committee and will be there in an advisory consultative manner. Suitably qualified and experienced independent members serving on Audit Committees can also bring specialist knowledge and insight to the workings and deliberations of the committee which, when partnered with elected members' knowledge of working practices and procedures, ensure:

- An effective independent assurance of the adequacy of the risk management framework.

[2] CIPFA for independent local authority audit committee members ¦ ICAEW

- Independent review of the Authority's financial and non-financial performance.
- Independent challenge to and assurance over the Authority's internal control framework and wider governance processes.
- Oversight of the financial reporting process.

3.5 The appointment of independent members on the committee will assist and promote good governance and scrutiny of the committee. Subject to adequate vetting procedures and adherence to the Person Specification, this initiative should augment the Audit Committee's independence, provide additional expertise, and provide an opportunity for the community to play an enhanced role in the governance of the Council.

3.6 It is recommended that recruitment be on a competitive basis following the Council's rules and procedures, including an open advertisement and interviews, as currently undertaken for independent members of the Standards Committee. Reasonable travel and other expenses will be paid to the person concerned.

4.0 Options

4.1 Members are invited to recommend to Council the appointment of two independent members to the Audit and Governance Committee. This would follow the recommendations of the Redmond Review and CIPFA.

4.2 Members could choose not to recommend to Council the appointment of two independent members to the Audit and Governance Committee - This is not recommended and

would result in the council not following the requirements and guidance of both the Redmond Review and CIPFA.

5.0 Risks

5.1 The timely appointment of independent members to the Audit and Governance Committee will reduce the risks associated with the absence of independent challenge and oversight.

6.0 Implications/Consultations

6.1 Leadership Team were consulted on the draft Independent Members of the Audit and Governance Committee report on 14 March 2023.

Community Safety
No

Data Protection
No

Equalities
Yes

Environmental Sustainability
No

Financial
Any costs associated with the recruitment, selection, appointment and subsequent disbursements to any independent panel members would need to be contained from within existing revenue service budgets.

It is recommended that renumeration for the independent members is in line with that which is paid to the independent member of the Standards Committee. This is currently £2,500 pa, paid in monthly instalments.

Health and Safety
No

Human Resources
Appointments will be made in line with Human Resources recruitment and retention policies and best practice.

Human Rights
No

Legal
The Council's Audit Committee is defined by the Local Government Act 2000 and its purpose is to give assurance to elected members and the public about the governance, financial reporting and performance of the Council.

Specific Wards
No

7.0 Background papers, appendices and other relevant material

7.1 Appendix A – Job Pack - Independent Members of the Audit Committee.

7.2 Appendix B – Job Advert -Independent Members of the Audit Committee.

Contact Member

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East Herts Council

Appointment of Independent Members of The Audit and Governance Committee

The Audit and Governance Committee

The Audit and Governance Committee is currently composed of 7 elected members and is politically balanced. The Committee meets approximately four times a year, with meetings held in person in the Council Chamber at East Herts Council's Wallfields Offices in Hertford, commencing at 7pm. The successful applicant will need to be available to attend these meetings and any associated training and development events.

The Committee is a key element of the Council's arrangements to support good governance. It has the specific role of monitoring the Budget, approving the council's Statement of Accounts and acting as the council's audit committee. The Committee also carries out the monitoring of the council's treasury management functions.

The co-option of an independent member to the Committee will help to bring additional knowledge and expertise and will also reinforce its political neutrality and independence. Co-opted members to Council committees are not members of the Council itself, therefore other than in limited circumstances they have no voting rights. Co-opted members would instead be consulted during committee meetings and their views taken into account by voting members of the committee.

Following a review by Sir Tony Redmond in 2020, the Chartered Institute of Public Finance and Accountability (CIPFA) recommended that "each authority's audit committee should include at least two co-opted independent members".

Key Responsibilities and Commitments

The independent member will need to have appropriate skills, experiences and competencies to meet the key responsibilities and commitments below.

- Committing to attend and constructively participate in meetings.
- Thorough preparation for meetings through careful consideration of all agenda reports and documents.
- Questioning Executive Members and senior management on issues arising from committee papers with due regard to the role of the committee.
- Adopting and demonstrating a politically neutral perspective in questions asked and the general contribution to the work of the committee.
- Applying relevant skills and experiences to add value and depth to the work of the committee.
- Committing to personal development in the role.
- Committing to attend training sessions in accordance with agreed development
- Signing and abiding by the Members Code of Conduct.
- Adopting the highest levels of personal integrity, openness and honesty.

Person Specification

The attributes that we are looking for are listed below. Applicants for the role should complete the application form to express their interest and explain how they meet the desirable requirements.

- Good advocacy skills: able to present relevant and well-reasoned arguments and provide effective and constructive challenge.
- Ability to effectively analyse and interpret complex issues arising from written and verbal reports on finance, audit, risk management and governance matters.

- Good understanding of the importance of accountability and probity in public life.
- Ability to demonstrate objectivity, integrity and discretion.
- Good communication and interpersonal skills; a confident public speaker.
- Ability to maintain confidentiality of sensitive information.

Knowledge of the following is desirable:

- Previous experience of audit committees.
- Understanding of local government and the role of officers and members.
- The council's objectives, key activities and the key challenges it faces.
- Financial management / accountancy / risk management / governance within the public or private sector.
- Understanding of the roles and purpose of Internal and External Audit.

<u>Other</u>

You must:

- Have local connections, and either reside within the area of East Hertfordshire, carryout the main part of your work or have other recognisable ties to the area.
- Agree to abide by the provisions of the Members Code of Conduct while serving on the Committee.
- Disclose to the Council any matter that might damage its reputation or indicate a real or perceived conflict of interest with the role of the Committee.

You must **not**:

- Be a councillor or officer of the Council or have been so in the preceding five years prior to appointment.

- Be related to, or a close friend of, any councillor or officer of the Council.
- Have been convicted of any offence attracting a sentence of imprisonment (whether suspended or not) for not less than a period of 3 months without the option of a fine. The Council has the right to DBS check any independent committee members.
- Be an undischarged bankrupt.
- Have significant business dealings with the Council.
- Have a formal connection with any political group.
- Be an employee of or the holder of a significant office in an organisation with close commercial links with the Council.
- Have Council Tax, Business Rates arrears or other debts owing to the Council.

Remuneration

£2,500 pa, to be paid in monthly instalments.

Behaviour and Code of Conduct

Whilst operating as a member of the Audit and Governance Committee, co-opted independent members are expected to follow the Local Government Association's Model Councillor Code of Conduct 2020.

A copy of the current code of conduct can be found here:

Model Councillor Code of Conduct 2020 (eastherts.gov.uk)

Application and Selection Process

Please submit your application form (below) to James Ellis, Head of Legal and Democratic Services and Monitoring Officer:

- **Email:** james.ellis@eastherts.gov.uk
- **By post:** James Ellis, Head of Legal and Democratic Services, East Herts Council, Wallfields, Pegs Lane, Hertford, Hertfordshire, SG13 8EQ

The **closing date** for applications is

APPLICATION FOR APPOINTMENT AS AN INDEPENDENT MEMBER OF THE AUDIT AND GOVERNANCE COMMITTEE

1 PERSONAL DETAILS
TITLE:
FULL NAME:
HOME ADDRESS:
CONTACT TELEPHONE NO:
EMAIL:

2 Have you ever been a Councillor, co-opted member or officer of East Herts Council or a Councillor, co-opted member or officer of a parish or town council which falls within East Hertfordshire?
YES/NO
If your answer to this question is yes, please give the date on which you ceased to be a *Member or employee.*
3 Are you related to, or a close friend of, a member or employee of East Herts Council?
YES/NO
If your answer to this question is yes, please give details below

4 Are you, or have you been a member of a political party?
YES/NO
If the answer to this question is yes, please give details below

5 Please indicate whether there is any matter concerning your own conduct which, if it were generally known, might affect public confidence in your ability to contribute to the work of the Audit and Governance Committee.
YES/NO
If your answer to this question is yes, please give details below.
6 Please confirm that you are able to meet the attendance requirements of the role i.e. attending early evening meetings in person at the designated Council venue.
YES/NO

7 Please say why you wish to be considered for the post of Independent Member and what you could offer the Council. Give brief details of your experience (e.g. employment / business / professional /voluntary/ public service) and qualifications, and any other matter which you consider relevant to your suitability for appointment.

Please also explain how you meet the person specification outlined in this application pack.

References: Please give the name, address, and telephone number of two referees who are not related to you and are not members of a town or parish council within East Hertfordshire and who are able to comment on your suitability for appointment. (Your referees will be contacted without further notice to you unless you indicate to the contrary).	
Referee 1	
Name:	
Address	
Contact Number:	
Referee2	

Name:	
Address	
Contact Number:	

Data Protection Act

Information from this form will be processed in accordance with the Data Protection Act 2018. In signing it you agree to this data being held and processed and if appointed to the position you also agree to further personal information, including sensitive data (e.g. bank details) being held and processed by East Herts Council in accordance with the Act**.**

DECLARATION

I wish to be considered for appointment as an Independent Member of the Audit and Governance Committee and confirm that, if appointed, I will undertake to observe the code of conduct for councillors and co-opted members of East Herts Council, as adopted by the Council.

The information which I have given is true and complete to the best of my knowledge and belief.	
NAME	
DATE	

Please return the completed application form to:

James Ellis, Head and Legal and Democratic Services:

- **Email:** james.ellis@eastherts.gov.uk
- **By post:** James Ellis, Head of Legal and Democratic Services, East Herts Council, Wallfields, Pegs Lane, Hertford, Hertfordshire, SG13 8EQ

The **closing date** for applications is

East Herts Council

Appointment of Independent Members of The Audit and Governance Committee

East Herts Council is looking to recruit two local people, unaffiliated to political groups and with no connection with the Council, to sit as independent members on our Audit and Governance Committee.

The Audit and Governance Committee plays a key role in the Council's arrangements to support good governance. It has the specific role of monitoring the Budget, approving the council's Statement of Accounts and acting as the council's audit committee. The Committee also carries out the monitoring of the council's treasury management functions. The Committee meets approximately four times a year, with meetings held in person in the Council Chamber at East Herts Council's Wallfields Offices in Hertford, commencing at 7pm.

This is a role which carries public responsibility. You should be a person with experience of working in an organisation at a senior level or have other similar experience. Financial management (accountancy, audit or management of a large budget) would be advantageous. You will be appointed for a four year term and the role may be extended for a further six months to align to the municipal year.

In order to be eligible for the position, applicants must **not** be:

- Be a councillor or officer of the Council or have been so in the preceding five years prior to appointment.
- Be related to, or a close friend of, any councillor or officer of the Council.
- Have been convicted of any offence attracting a sentence of imprisonment (whether suspended or not) for not less than a period of 3 months without the option of a fine. The Council

has the right to DBS check any independent committee members.

- Be an undischarged bankrupt.
- Have significant business dealings with the Council.
- Have a formal connection with any political group.
- Be an employee of or the holder of a significant office in an organisation with close commercial links with the Council.
- Have Council Tax, Business Rates arrears or other debts owing to the Council.

If you are interested in becoming an Independent Member of the Audit and Governance Committee, please apply using the application form.

There is an annual allowance of £2,500 for the role, paid in monthly instalments, together with travel expenses. You can also view the job pack with further information about the role by following:

The closing date for applications is

East Herts Council Report

Audit & Governance Committee

Date of meeting: 28 March 2023

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 Governance 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, Audit Results 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 note that the statement of accounts is shown as being approved by a sub-committee. Due to the problems in the local government external audit market, audit have been severely delayed due to the external auditor's lack of resources and therefore we cannot predict when audits will return to a firm timetable and the sub-committee is used to approve the statement of accounts as soon as practicable after the audit is completed.

3.2 The work programme for the Committee is proposed to be as follows:

Audit & Governance Committee	31 May 2023	Appointment of Vice- Chairman for 2023/24	Members will vote to appoint the Vice Chairman of the Committee
		Training	The role of the Audit & Governance Committee
		Leisure Annual Report	To present to Audit & Governance Committee an annual report on leisure so that the Committee can assure Council that the investment in new leisure centres is performing as per the business case and making a return to the council after servicing debt.
		Annual Assurance Statement and Internal Audit Annual Report	To present to Audit and Governance Committee the Annual Report on Internal Audit Activity for the preceding financial year and the level of assurance on the financial systems. 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.
		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.
		Anti-Fraud Report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's annual anti-fraud report detailing work

	completed on the Anti-Fraud Plan and detailing detected fraud and any recovery of monies
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.
Strategic Risk Register Monitoring Q4 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 4.
Provisional Outturn 2022/23	To present to Audit and Governance Committee the provisional General Fund Revenue and Capital Outturn. The figures remain provisional until the external auditor has completed the audit
Data Protection Update	To present to Audit and Governance Committee an update on data protection

		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance	26 September 2023	Training: The role of Internal Audit	
		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.
		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.
		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.
		Financial Management 2023/24 – Quarter 1 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 1
		Strategic Risk Register Monitoring Q1 2023/24	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 1.
		Data Protection Update	To present to Audit and Governance Committee an update on data protection

		Assets of Community Value	To present to Audit & Governance Committee the Register of Assets of Community Value annual update report.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
	29 November 2023	Training: Treasury Management	Presentation to Members on Treasury Management and the Committee's role in overseeing treasury policies
		Annual Infrastructure Funding Statement Report 2022/23	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 2024/25 and Medium Term Financial Plan 2024/25 – 2028/29	To provide Audit and Governance Committee with an update on the budget and MTFP including costs pressures, savings and efficiencies against the original proposals, and budget planning assumptions 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.
		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.

		Annual Treasury Report 2022/23	To provide Audit and Governance Committee with a copy of the Annual Treasury Report so that they can scrutinise the Report.
		Treasury Management 2023/24 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 2023/24	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
	30 January 2024	Budget Scrutiny - Budget 2024/25 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 2024/25 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Investment Strategy for scrutiny.
		Capital Strategy and Minimum Revenue Provision Policy 2024/25 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Capital Strategy and Minimum Revenue Provision Policy for scrutiny.
		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.

		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 2023/24 – 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.
		Internal Audit Plan	To present to Audit and Governance Committee the Shared Internal Audit Service Audit Plan for the financial year.
		Anti-Fraud Plan	To present to Audit and Governance Committee the Shared Anti-Fraud Service Anti-Fraud Plan for the financial year.
		Data Protection Update	To present to Audit and Governance Committee the progress on data protection policies and practices.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.

Committee	Date	Report Title	Report Summary
Audit & Governance (Accounts Approval) Sub Committee	Date determined by external audit completing 2021/22 and 2022/23 accounts	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 Final External Auditor's Audit Results 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 Governance 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

Committee	Date	Report Title	Report Summary
			'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.
		Approval of the Annual Governance Statement	To present to Audit and Governance Committee for approval the 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.

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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