



MEETING : AUDIT AND GOVERNANCE COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : WEDNESDAY 29 MAY 2024
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

This meeting will be live streamed on the Council's Youtube page:
<https://www.youtube.com/user/EastHertsDistrict>

MEMBERS OF THE COMMITTEE

Councillor Martin Adams (Chairman)
Councillors B Deering, C Hart, S Nicholls, D Willcocks, G Williamson and D
Woollcombe

Substitutes

Conservative Group: Councillor J Wyllie
Liberal Democrat Group: Councillors S Marlow and M Swainston
Labour Group: Councillor D Jacobs
Green Group: Councillors M Connolly and N Cox
*(Note: Substitution arrangements must be notified by the absent Member
to Democratic Services 24 hours before the meeting)*

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- must not participate in any discussion of the matter at the meeting;
- must not participate in any vote taken on the matter at the meeting;
- must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
- if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
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AGENDA

1. Appointment of Vice-Chairman for 2024/25

2. Apologies

To receive any apologies for absence

3. Minutes - 30 January 2024 (Pages 6 - 21)

To approve as a correct record the minutes of the meeting held on 30 January 2024.

4. Chairman's Announcements

5. Declarations of Interest

To receive any declarations of interest.

6. Training - Shared Anti-Fraud Service

7. Shared Anti-Fraud Service - Anti-Fraud Report 2023/24 (Pages 22 - 45)

8. Shared Internal Audit Service - 2023/24 Annual Assurance Statement and Internal Audit Annual Report (Pages 46 - 72)

9. Annual Leisure Contract Performance Report (Pages 73 - 91)

10. Data Protection Update (Pages 92 - 96)

11. Monitoring of 2023/24 Quarter Four Corporate Risk Register (Pages 97 - 102)

12. Audit & Governance Committee Work Programme (Pages 103 - 115)

13. 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.

Agenda Item 3

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MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY 30
JANUARY 2024, AT 7.00 PM

PRESENT: Councillor M Adams (Chairman)
Councillors B Deering, C Hart, D Jacobs,
S Nicholls, G Williamson and D Woollcombe

ALSO PRESENT:

Councillors C Brittain, B Crystall and C Horner

OFFICERS IN ATTENDANCE:

Steven Linnett	- Head of Strategic Finance and Property
Peter Mannings	- Democratic Services Officer

ALSO IN ATTENDANCE:

Martha Charima	- Azets
Paul Grady	- Azets
Mark Poppy	- Independent Person
Nick Sharman	- Independent Person

301 APOLOGIES

There were no apologies.

302 MINUTES - 29 NOVEMBER 2023

It was moved by Councillor Williamson and seconded by Councillor Nicholls that the minutes of the meeting of the Audit and Governance Committee held on 29 November 2023 be confirmed as a correct record and signed by the

Chairman.

After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the minutes of the meeting of the Audit and Governance Committee held on 29 November 2023 be confirmed as correct records and signed by the Chairman.

303 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed all to the meeting and reminded Members to use the microphones.

304 DECLARATIONS OF INTEREST

There were no declarations of interest.

305 EXTERNAL AUDIT PLANNING REPORT 2023/24

The Council's external auditors introduced themselves and presented the 2023/24 External Audit Planning Report. The External Audit referred to the unusual situation in that the previous 2022/23 audit report was unfinished. He referred to the challenges faced by previous auditors in completing audits.

Members were advised that the External Auditor would do as much as they possibly could regarding the 2023/24 audit before the close of the financial year. Members were advised that the aim was to pick up any outstanding issues from the 2023/24 audit years to minimise the delays and then to complete future audits in a timely manner and within statutory deadlines.

The external auditors detailed the key aspects of the external audit plan and said that in the context of the accounts, the figure of £72,500 was the triviality

threshold below which errors or disagreements would not be reported.

The External Auditor referred to the challenge posed by the unknowns following the backlog. He referred to challenges in getting assurances regarding opening balances and the lack of previous assurances.

The External Audit referred to the significant risks of material misstatement and said that this was standard from council to council or auditor to auditor. He summarised these mandated risks and set out the work required to prove that these risks had not materialised.

Members were advised that gaps in assurance from prior years was a significant risk and there might be additional risks that would be reported to the Audit and Governance Committee.

The External Auditor referred to the inherent risks of East Herts changing its financial system and additional work would be undertaken to ensure that data was transferred accurately to the new system. He said that assurances would also be needed that new systems to close the accounts were materially accurate.

The External Auditor said that normal testing would be carried out in respect of income and expenditure and additional testing was not required as the risk of fraud in revenue recognition and expenditure could be rebutted as the risk was very low. Members were advised of risks faced by councils in terms of incorrect capitalisation of revenue and capital additions and the work that would be carried out to ensure that classification of those items of spend was materially correct.

Members were advised that the minimum revenue provision was another risk for councils facing medium- and long-term financial challenges. The External Auditor

said that this matter would be assessed along with the work in respect of the value for money arrangements.

Members were advised that detailed field work in respect of a number of non-significant risks would continue in the spring and this work would also cover the longer-term financial resilience, the commercial and other aspects of the council's capital schemes and the impact of current financial constraints.

The External Auditor explained that up to date value for money assessments would need to be produced by the previous auditor and these would need to be considered. He said that the overarching materiality threshold was £1.45m and any misstatements in the accounts below that figure would not materially impact the reader of the accounts.

Mr N Sharman asked what opinion the External Auditor would be able to give the council and what assurances could be given.

The External Auditor explained that, in terms of 2022/23 and possible 2021/22 as well, if there was a disclaimer from the previous auditors there would be no assurances over the opening balances. He said that the FRC consultation should enable the 2023/24 audit to move forward by issuing a rolled forward disclaimer regarding the opening balances for 2023/24. An opinion would be given on any closing balances and in respect of in year transactions.

Councillor Jacobs said that he would be more comfortable if the external audit plan reflected that there was a way of navigating the lack of a previous completed audit. The External Auditor said that audit from the previous year was technically completed in respect of the issuing of either a clean opinion or a disclaimed opinion. Members received the report.

RESOLVED – that the presentation and the External Audit Planning Report 2023/24, be noted.

306 BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL PLAN 2024 – 2034

The Executive Member for Financial Sustainability submitted a report that set out the revised Medium Term Financial Plan (MTFP). The report also included savings proposals to be put to Members of the Executive.

The Executive Member for Financial Sustainability said that Appendix A was the latest version of the MTFP and the figures were the best estimates when it was published. He said that the current format showed the net budget position for each year at the bottom of the report.

Members were advised that the net budget position for 2024/25 was zero meaning that the budget was balanced. The Executive Member said that there was an opportunity to consider other ways of allocating funds providing that the budget remained balanced. He drew the attention of Members to the figure of £4,739,000 under capital expenditure charged to a revenue account, and this figure included £3m for Hertford Theatre and included just over £1.5m from the new funding relating to the collection of food waste from 2025.

The Executive Member said that most of the service cost increases in 2024/25 reflected general inflation. He said that the effect of borrowing at the minimum revenue provision on corporate budgets as well as the interest payable on loans. He also mentioned that the cost of servicing had risen by almost £2.5m compared to the budget from 2022/23 and this was only marginally offset by the increase in investment income.

The Executive Member said that the effect of interest rate changes was not going to have a major influence on the council's financial position. He referred Members to the total savings of £1.2m that had been incorporated into the budget and these savings effects almost entirely cancelled the effects of inflation on the net costs of services.

The Executive Member said that the council had been fortunate to receive an overall increase in funding from government which included the £1.5m of new burdens funding for the food waste collection and the purchase of new containers.

The Executive Member said that the extra money from government for this year should be adequate to cover the increase in debt serving costs and had enabled the setting for balanced budget for 2024/25. He summarised the financial pressures the council would face beyond 2024/25. He referred in particular to the cost of servicing debt, the costs associated with the new refuse contract and the lower level of new homes bonus in 2024/25. He referred Members to the proposals set out in the appendices and said that it was recommended that council tax be increased by 2.99%, the maximum allowed without a referendum.

Councillor Williamson referred to the MTFP in appendix A and asked if there could be more of a breakdown of figures in respect of the net cost of services. He said that were some very significant movements in the figures.

Councillor Williamson asked if the Executive Member could come back to the matter of the transforming East Herts section as it was not clear how this was displayed in the MTFP. He said there were references in the paper in respect of 35% cuts in government funding and this was not reflected in funding and council tax section of MTFP.

The Executive Member said that a lot of the increases were inflationary pressures. He referred to the expansion of the budget in respect of the IT Shared Service. He talked about the transforming East Herts target for bringing the budget into balance and said that the net budget position in terms of savings for 2025/26 was cumulative into future years.

Councillor Nicholls referred to the table at page 37 and the 2025/26 budget and the total savings of £6.4m and what the extra £2.2m was to be spent on. The Executive Member said that an extra £4.7m was being spent on the minimum revenue provision and the interest payable on loans. He made comparisons to the figures in previous budgets and said that the actual cost of services was the same as it was five years ago.

Councillor Nicholls asked what the position of the council would be if there were to be another serious COVID outbreak or similar epidemic. The Executive Member said that the council had very little in the way of reserves and it would be reliant on either borrowing or the government for help.

Councillor Nicholls asked about the outcome for the council following the £600m announced by the government to help local authorities fund key services. The Executive Member said that the benefit for the council would be in the region of £200,000 per year.

Following several points made by Councillor Deering regarding this £200,000 benefit, the Executive Member said that an increase in the interest or guilts rate could increase borrowing costs very quickly. He said that the council had to be responsible in ensuring the savings target was met.

Councillor Deering said that pausing the ORL project essentially meant that there would be a site where its full

value was not being achieved and part of the approach was to fund £170,000 into supporting the URC Hall. The Executive Member said that the URC Hall needed to be brought up to standard and there were a lot of issues in terms of essential maintenance. He said that this would prevent degradation of the building and would allow the venue to continue to operate.

Councillor Jacobs referred to a list of land and building projects and the carried forward expenditure for the ORL Arts Centre Project. The Executive Member said that the project was paused but there will still costs associated with it such as ongoing project management and costs associated with the land.

N Sharman, Independent Person, made a number of observations in respect of uncertainties and options for savings into 2025/26. The Executive Member said that it was important to have a risk register for ongoing monitoring.

Councillor Hart referred to the staffing budget and the considerable amount put by for managing extra costs in the planning department. The Executive Member said that there was an ongoing shortage of planning officers, and the council was in competition with other local authorities and with the private sector, which was in a better financial position.

The Head of Strategic Finance and Property set out the steps being taken to improve recruitment in planning. The Executive Member and the Head of Strategic Finance and Property responded to questions from Councillor Williamson in respect of proposed savings from the disposal of assets and valuations in respect of the Southern Maltings.

Councillor Horner echoed the points that had been made in respect of transparency. He said that it might be useful

to have more information within the budget presentation in respect of transforming East Herts.

Councillor Nicholls proposed and Councillor Hart 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) Audit and Governance Committee scrutinise the Executive's proposed budget and make any comments back to the Executive to consider before making their budget recommendation to Full Council;

(B) Members note that the proposed budget makes use of the flexibility from Government to increase Council Tax by 2.99%, which will increase Council Tax revenue by £366k a year and will result in a Band D Council Tax increase of £5.65 to £195.52 per year;

(C) Members consider the savings proposals for Member approval and advise Executive of any significant issues you believe may arise;

(D) Members note that the proposed savings requirements, that will need to be delivered to balance the budget in the medium term, the delivery profile of which without any smoothing is, as follows:

2025/26 £2.243 million

2026/27 £NIL

2027/28 £0.607 million

2028/29 £0.515 million

(E) Members note the amended Capital Programme which pauses the Old River Lane Arts Centre so as to reduce revenue costs of Minimum

Revenue Provision and interest by £1,514k per annum on current interest rates, a total saving of £7.442 million of over the MTFP period and comment on the capital expenditure priorities:

- i. essential property maintenance to meet statutory requirements or to prevent loss or damage to neighbouring properties;
- ii. investment in ICT to continue but that the budget carry forward that has not been used for two years is deleted;
- iii. invest to save initiatives where the business case indicates that the cost of the investment will be recovered in under 10 years;
- iv. to allow pausing of construction of the Arts Centre at Old River Lane until such time as debt levels have fallen sufficiently to make the revenue impacts of new borrowing affordable while at the same time undertaking landscaping works on the arts centre site so that it is an attractive site rather than an undeveloped area blighting the retail and commercial units in the City Heart scheme;
- v. provide up to £170k for essential maintenance works for the URC Church Hall in Bishop's Stortford;
- vi. completion of Hertford Theatre, at as low a cost as possible, so that the entire venue is opened and run on a strictly commercial basis to maximise income; and
- vii. investment in depot works and waste containers for the new waste and recycling contract.

(F) Members note that the provisional Local Government Finance Settlement figures confirmed the assumptions made at the December Executive. Note the implication of the Autumn Statement that a further round of austerity is proposed by the Government and that the two major parties seem intent on keeping to the announced expenditure totals which will severely reduce government funding and inevitably require service cuts.

307 TREASURY MANAGEMENT REVIEW MID-YEAR REVIEW 2023/24

The Executive Member for Financial Sustainability submitted a report that contained the Council's Mid-Year Treasury Management Review for 2023/24.

Councillor Hart referred to the table on page 41, long term investments. She asked why the value of long terms investments had reduced from £19.5m to £18.9m over a 6- month period.

The Head of Strategic Finance and Property said that this related to long term property funds which were taken out 10 years ago and the value of property had fallen therefore the value of the units within the funds had fallen. He talked about the rules contained in the prudential code. Members received the report.

RESOLVED – that Members examine and comment on the Mid-Year Treasury Management Review and Prudential Indicators for 2023/24.

308 CAPITAL STRATEGY AND MINIMUM REVENUE PROVISION POLICY, TREASURY MANAGEMENT STRATEGY 2024/25

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

Management Strategy for 2024/25.

The Executive Member said that due to the cost of servicing existing and planned debt, the authority was not able to afford any new capital projects. He said that capital assets were being reviewed and the council was exploring ways to sell assets that could be sold to reduce the overall level of debt.

Members were advised that a cross party asset Member reference group had been set up to consider these options. The Executive Member invited Members to endorse the Treasury Management Strategy for 2024/25 or suggest improvements. Members received the report.

RESOLVED – that the Capital Strategy and Minimum Revenue Provision Policy and the Treasury Management Strategy for 2024/25 be noted and observations be made to the Executive.

309 FINANCIAL MANAGEMENT 2023/24 – QUARTER 2 FORECAST TO YEAR END

The Executive Member for Financial Sustainability introduced the report which provided details of the forecast outturn position against budgets set in March 2023, including the quarter two forecast to year end.

The Executive Member explained that a forecast overspend of £491,000 was not uncommon at this stage in the financial year and this figure would be significantly lower by the end of the financial year. He said there were specific issues outlined in Appendix B that caused some of the overspends.

Members were advised that the most significant issue was the forecast overspend of £371,000 in Planning and Building Control. The Executive Member said that this was due to low numbers of planning applications and staffing

issues. The revised capital budget was set out in Appendix C and the age debt report was set out in Appendix D.

Councillor Deering said that this quarter 2 forecast report was very late to come through as a report. The Head of Strategic Finance and Property referred to the reporting cycle and said that the report had not been ready for the previous meeting. He said that the reports would come through more quickly going forward.

Councillor Nicholls asked if the level of debt at £1.69m reflected cost-of-living increases. The Executive Member said that a lot of this debt was quite old, and his understanding was that a lot was uncollectable.

N Sharman, Independent Person, asked if the irrecoverable debt impacted on the council's cash flow assumptions going forward into the MTFP. The Executive Member said the provision on the debt was already at £1.9m and a lot of that debt had already been written off and the council was not expecting to collect it.

N Sharman asked if the forecast deficit meant that the deficit had to come out of reserves. The Executive Member said that it would the position tighter in respect of reserves and would make the council less resilient in terms of external financial shocks. Members received the report.

RESOLVED – that (A) the net revenue budget forecast overspend of £491k be noted; and

B) the capital programme forecast outturn of £33.950m be noted.

310 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Chairman introduced the report which was the

second update for 2023/24. Members received the report.

RESOLVED – that the Internal Audit Progress Report and the Status of Critical and High Priority Recommendations, be noted.

311 SHARED INTERNAL AUDIT SERVICE - INTERNAL AUDIT PLAN 2024/25 - FULL REPORT

The Chairman introduced the report. N Sharman, Independent Person, said that he had noted that the numbers of days in the plan for strategic support had gone up. He said that he would have asked the SIAS Officers why it had gone up and whether this had impacted on less actual days of delivered audit work.

Councillor Woollcombe asked who Members should send their questions to. The Head of Strategic Finance and Property said that questions should be sent to the Democratic Services Officer, and he would co-ordinate them. Officers would then make sure that SIAS or SAFS answered them.

Councillor Nicholls proposed and Councillor Hart seconded, a motion that the proposed East Herts Council Internal Audit Plan for 2024/25, be approved.

After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the proposed East Herts Council Internal Audit Plan for 2024/25, be approved.

312 SHARED ANTI-FRAUD SERVICE ANTI-FRAUD PLAN PROGRESS REPORT

The Chairman introduced the report. There were no comments or questions and Members were referred to

the recommendation.

RESOLVED – that the work of the Council and the Shared Anti-Fraud Service (SAFS) be noted in respect of delivering the 2023/24 Anti-Fraud Plan.

313 ANTI-FRAUD PLAN FOR 2024/25

The Chairman introduced the report. There were no comments or questions and Members were referred to the recommendation.

Councillor Nicholls proposed and Councillor Hart seconded, a motion that the Anti-Fraud Plan for 2024/25 be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the 2024/25 Anti-Fraud Plan be approved.

314 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Head of Strategic Finance and Property introduced the report. He said that the Shared Anti-Fraud Service (SAFS) would be giving a presentation on the Shared Anti-Fraud Service at the next meeting.

Members were advised that the leisure contractor would present the leisure annual report at the next meeting. This would include a report on further year at Grange Paddocks and on the opening of the Hartham Leisure Centre.

The Head of Strategic Finance and Property said that there would also be the annual assurance statement internal audit annual report and the strategic risk register provision outturn 2023/24. He referred to the data protection update and future training in respect of the

statement of accounts and treasury management.

It was moved by Councillor Williamson and seconded by Councillor Woolcombe 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 work programme as detailed in the report, be approved.

315 URGENT ITEMS

There was no urgent business.

The meeting closed at 8.41 pm

Chairman
Date

Agenda Item 7



East Herts Council

Audit and Governance Committee

May 2024

Anti-Fraud Report 2023/24

Purpose

1. This report provides details of the work undertaken by the Council and the Shared Anti-Fraud Service to protect the Council against the threat of fraud and the delivery of the Council's Anti-Fraud Action Plan for 2023/2024.

Recommendations

2. Members are RECOMMENDED to:

- a) Note the activity undertaken by the Shared Anti-Fraud Service (SAFS) to deliver the 2023/2024 Anti-Fraud Plan for the Council.
- b) Note all Anti-fraud activity undertaken by Officers and SAFS to protect the Council.

Background

3. National reports and alerts continue to be used by the Shared Anti-Fraud Service (SAFS) to ensure that the Council is kept up to date of all new and emerging fraud threats. This helps to mitigate or manage the Council's fraud risks through a programme of work including the Anti-Fraud Plan. Details of these reports, along with other recommended reading for Members, can be found below and at **Section 57** of this report.

4. Some of the most significant recent reports include:

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

UK Fraud Strategy 'Stopping Scams and Protecting the Public. The Government launched its latest anti-fraud strategy in 2023 aimed at bringing government, at all levels, and the private sector together to tackle fraud, pursuit and punishment of fraudsters, providing more recognition/awareness of fraud and how to avoid it.

Lost Homes, Lost Hope. This paper, published by the Fraud Advisory Panel & Tenancy Fraud Forum in April 2023 uses previous research and current data to estimate the volume and cost of fraud in the social housing sector and the impact of this on local government.

5. The Public Sector Fraud Authority (Cabinet Office) estimated, in its 2023 ***Cross Government Fraud Landscape Report***, that fraud and error cost the public purse at least £33bn each year. The last time that any effective national fraud measurement took place in local government was in 2017 and at the time fraud loss alone was estimated at 2.4bn annually.

6. The Public Sector Fraud Authority (Cabinet Office), Department for Levelling Up, Housing and Communities (DLUHC), National Audit Office, and CIPFA all continue to issue advice, and best practice to support local councils in the fight to combat fraud and prevent loss to the public purse.
7. It is essential that the Council has in place a framework to recognise its fraud risks and invests sufficient resources prevent and deter fraud, including effective strategies and policies, and a response to deal with the investigation of suspected fraud when this is required.
8. East Herts Council is a founding partner of the Shared Anti-Fraud Service (SAFS). Members of this Committee and Senior Management Team have received reports about how this service works closely with the Shared Internal Audit Service and all services across the Council.

Report - Delivery of the 2023/2024 Anti-Fraud Plan

2023/2024 Plan

9. In March 2023, this committee approved the Anti-Fraud Plan for following 12 months which was developed with Council officers in partnership with SAFS. A copy of the Plan can be found at **Appendix 1**.
10. The Anti-Fraud Plan for 2023/24 was designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL), adopting the five 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue.
11. The Plan was designed to meet the Council needs based on known risks and a historic process in responding these or new and emerging risks in-year. Resources and staffing were based on the Councils contribution to SAFS and an agreed work-plan of activity across the Council including both proactive and reactive projects.
12. The Plan included Key Performance Indicators (KPIs) for SAFS which were agreed with senior officers. KPI performance can be found in **Table 1** below.
13. Members will note this Committees role in ensuring that the Council meets its objectives.

Staffing & SAFS Performance

14. The SAFS Team (in April 2023) was composed of 23 accredited and trained counter fraud staff and is based at the Council's offices in Hertford.
15. Each SAFS Partner receives dedicated support and access to SAFS and for 2023/24 this was achieved by allocating a set number of operational days that could be drawn on to deliver all parts of the Anti-Fraud Plan. This might include work on fraud-risk assessment, fraud awareness training, proactive work such as the use of data-analytics or reactive work as part of the Councils fraud response. Providing the service in this manner allows more flexibility and resilience for SAFS in how its officers deliver different parts of the plan.

16. For 2023/24, SAFS planned to provide 285 operational days to deliver the Councils Anti-Fraud Plan and as well as the programme of work agreed this was supported the SAFS management team.
17. All SAFS officers are all fully trained and accredited and members of the Government Counter Fraud Profession or working towards this. The Profession is made up of various streams including awareness training, fraud risk assessment, investigations, intelligence, data-analytics, and investigation management.

Table 1. SAFS KPIs for 2023/2024 and Performance

KPI	Measure	Target 2023/24	Performance 2023/2024
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. <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> A. Meetings are diarised with the Head of Strategic Finance and Property to review SAFS work and any issues arising. B. Head of Strategic Finance and Property is on the invite/circulation list for the SAFS Board and is invited to attend quarterly meetings. C. SAFS Mgt meet with lead officers in housing/council tax regularly and other services as required. D. Reports are provided to the Councils Audit & Governance Committee, senior officers, external auditors and service managers as required.
2	Provide an investigation service.	<ul style="list-style-type: none"> A. 285 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management B. (Supported by SAFS Intel/Management). C. 3 Reports to Audit and Standards Committee. D. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings. 	<ul style="list-style-type: none"> A. 211 (74%) days delivered. B. Reports to A&SC in September and November 2023 and January 2024. C. SAFS has close working with relationship with R&B and regular liaison is taking place. D. SAFS meets with service managers on an ad-hoc basis, usually based on need but there is no CGG for EHC.
3	Action on reported fraud.	<ul style="list-style-type: none"> A. All urgent/ high risk cases will be responded to within 24 hours. B. All other cases 2 Days, on Average. 	<ul style="list-style-type: none"> A. SAFS CMS still unable to report on these cases specifically. B. ALL referrals are cleared within 3 days on average.
4	Added value of SAFS membership.	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> A. SAFS funds the Councils licences with NAFN & PNLD. B. SAFS had access to CIPFA CF services in-year. C. NAFN access for all SAFS and Council staff. D. 5 Training events delivered across a number of service areas.

		Council Staff D. 5 Training events for staff/Members in year. (To be agreed with Service leads and HR) Money Laundering Reporting Officer	
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.	A. This is happening daily as referrals received. B. All cases are logged, managed, and reported on SAFS case management system (CMS) and all reports use the data from the CMS. C. All sanctions offered or considered were conducted with Council Officers in compliance with Council policies.
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.	A. Council officers ensured upload of data in line with Cabinet Office deadlines and both SAFS and Council officers worked on the output from NFI. B. This includes work to review live NDR/SBRR data held by the Council and the Herts FraudHub both of which were effective in 2023/24

Fraud Awareness and Prevention

18. A key objective for the Council is to continue developing its anti-fraud culture. The Council achieves this by ensuring senior managers and elected members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring by having effective controls in place; deterring potential fraud through external communication and highlighting the checks the Council will undertake (asking for proof of ID or other evidence to support applications/claims) or actions that it has taken (prosecutions or investigations); encouraging all officers to report fraud where it is suspected, all of the above provides public confidence in the Council's stance on fraud and corruption.
19. The council's website has links for the public to report fraud by email, telephone or using the SAFS online reporting tool. As well as encouraging the public to report any suspected fraud to the Council: <https://www.eastherts.gov.uk/about-east-herts-0/fraud-and-whistleblowing-policies> www.hertfordshire.gov.uk/fraud. Both the Council and SAFS webpages include reports of fraud cases that have been investigated/prosecuted across Hertfordshire.
20. Council staff can use the same methods to report fraud or they can report fraud directly to SAFS staff working at the Council.
21. SAFS delivered 5 training sessions via both face-to-face and virtual means during 2023/2024 including general fraud awareness, use of the services provided by National Anti-Fraud Service, ID Fraud and new services provided by the Cabinet Office as part of the National Fraud Initiative (NFI).

22. The Council's e-training module for anti-fraud, anti- bribery, anti-money laundering is available for staff, SAFS promote this use of this as part of our fraud awareness sessions.
23. SAFS receives weekly/monthly/ad-hoc updates on new fraud threats or alerts from a variety of sources including National Anti-Fraud Network (NAFN), National Cyber Security Centre (NCSC), National Intelligence Service (NATIS), City of London Police & National Fraud Intelligence Bureau (NFIB-national lead on fraud and cyber-crime for policing), London Fraud Forum (LFF), Credit Industry Fraud Avoidance Service (CIFAS), CIPFA, Hertfordshire Police and the Home Office.

Executive Reports

24. Executive Reports (ER) analyse specific fraud incidents, providing an insight into how the fraud materialised, and making recommendations to strengthen processes and controls to prevent further fraud. These reports evaluate current controls and mitigation measures, pinpointing potential vulnerabilities and limitations that could lead to fraud. SAFS accompanies each ER with a management action plan detailing recommendations and/or best practice to be adopted.
25. To address fraud threats that are prevalent across all partners, SAFS produces generic ER's which serve the collective interest. Three generic executive reports were shared with the Council in 2023/24, addressing the fraud risks within of payroll, multiple employment, and issuance of formal Mayoral certificates/ letters of thanks/ appreciation.

Fraud Risk Assessments

26. Fraud Risk Assessment (FRA) constitutes a systematic evaluation of potential fraud risks within a council, designated service area, or particular scheme or process. SAFS outlined an FRA programme for the 2023/2024. This programme encompasses FRA's focusing on internal fraud risks, fraud risks within the procurement process, and recruitment. In 2023, SAFS released a generic assessment of the risk posed by undisclosed multiple employment among agency staff.

Fraud Alerts

27. In 2023 SAFS introduced fraud alerts to the services provided to partners. These bimonthly fraud alerts equip partners with national and local intelligence to strengthen controls considering emerging and current fraud trends and threats. SAFS published five alerts in 2023/24 covering polygamous working, Payroll Fraud, money laundering and the rapidly developing threat of artificial intelligence used by fraudsters.
28. Complimenting the bimonthly alerts are SAFS 'real time' fraud risk reports. These reports are circulated as soon as a significant risk is identified. In 2023/24 SAFS circulated five real time threat alerts which included internal fraud, cheque fraud, email account compromise and mandate fraud.

Case Study 1: Typical Fraud Alert issued by SAFS for dissemination across Partners these can be restricted or general and are made available on various platforms for relevant staff to access



Fraud Alert December 2023 – January 2024

This report provides SAFS partners with the latest local and national fraud threats that local authorities have experienced over the last quarter. The purpose of the report is to provide council employees with relevant intelligence to assist protect, prevent and mitigate against continued and persistent threats, as well as new and emerging ones.

NOT FOR WIDER CIRCULATION WITHOUT CONSENT

Microsoft User Credential Compromise

A finance officer received an email from a company they recognised, which contained a hyper link. The email appeared legitimate, but unknown to the council, the company had suffered an ICT breach..

The hyperlink redirected the officer to a fake Google page which requested their Microsoft credentials. This fake Google page captured their credentials and immediately used them to access the employees Microsoft account. This generated a multi factor authentication (MFA) prompt which the officer accepted believing it was a legitimate authentication.

The fraudster gained access the officers Office 365 account creating an email chain of communication with relevant officers within the authority, effectively approving a payment to a pension fund. The false email included a fake invoice and bank details for the transfer of 1.1 Million Euros, which was sent to the Treasury department from the compromised user.

Fortunately, the fraud was prevented when a very diligent officer in the Treasury Department identified that the bank details did not match previous transfers, and the request was queried.

Source: Powys County Council

SAFS Advice

- **ALWAYS** hover over an embedded hyperlink to reveal where it is redirecting you. If it does not appear correct do not click on it. Contact the sender immediately on a previously used and trusted email address.
- Check contracts to ensure third party companies are mandated to notify the LA of any ITC breaches experienced. Vary contracts if required.



Artificial Intelligence - Invoice Fraud

SAFS recognise that the threat posed by AI is evolving at a rapid pace. To ensure that our partners remain informed and prepared to address emerging threats, we are committed to regularly reporting on these developments. This will enable you to implement effective processes and controls to mitigate new and emerging fraud risks.



A cybercriminal group known as GXC Team specialises in crafting AI tools to create fraudulent invoices used in mandate/invoice fraud attacks. On December 30, they unveiled an updated version of their AI-powered tool, named "Business Invoice Swapper", which is available to purchase on the dark web. The tool works by using compromised email accounts, which are scanned to identify messages that either mention invoices or include attachments with payment details. Upon detection, the tool alters the banking information to that specified by the fraudster. The altered invoice is then either replaced in the original message or sent to a predetermined list of contacts.

The software's ability to modify invoices in real-time communication chains enhances the deception, which may cause officers to bypass procedures for verifying differences in bank account details, as the communication appears to be uninterrupted from the supplier.

It is important to note that the majority of the identified victim accounts were located in the United Kingdom and the European Union.

SAFS Advice

- **ALWAYS** follow process and procedure when managing requests for payment where bank details differ from those held.
- **REMEMBER, STOP, THINK, CHECK!**

Source: securityaffairs.com (<https://securityaffairs.com/156863/cyber-crime/artificial-intelligence-tool-for-invoice-fraud.html>)

Report Fraud

If you have a concern about fraud or wish to discuss these threats in more detail please contact us.



SAFS Hotline: 0300 123 4033

fraud.team@hertfordshire.gov.uk

www.hertfordshire.gov.uk/fraud/

29. SAFS maintains a close working relationship with the Shared Internal Audit Service (SIAS) with both services exchanging knowledge and best practice. The relationship with the Council's Legal Team has been maintained including work on criminal litigation and policy reviews.

Case Study 2: Planning Application Fraud Former Councillor sentenced and ordered to pay £44k costs for breaching planning laws

Former East Hertfordshire District Councillor, Mr William Ashley, appeared at St Albans Crown Court on Tuesday 19 September 2023 in relation to charges brought under the Town and Country Planning Act 1990.

On 6 March 2023, Mr Ashley pleaded guilty to two offences of making a false statement to procure an established use certificate in relation to planning permission granted in 2011 for the construction of six residential/commercial units at Monks Green Farm, and for failing to comply with a breach of condition notice issued by the council on 4 February 2020.

Mr Ashley of Monks Green Farm, Brickendon, Hertford, was sentenced to an eight-week community order and will be placed on an electronically monitored curfew to his residential address between the hours of 18:30 – 03:30 each day. Mr Ashley was also ordered to pay costs of £44,263.62.

The prosecution followed an investigation by the Shared Anti-Fraud Service on behalf of the council.

Reactive and Proactive Fraud Investigation

27. During 2023/2024 SAFS received 111 allegations of fraud affecting council services, a slight increase from the 99 in 2022/2023, but still within the broad range of historical referrals and comparable to similar SAFS Partners.

Table 2. Types of fraud being reported (in year):

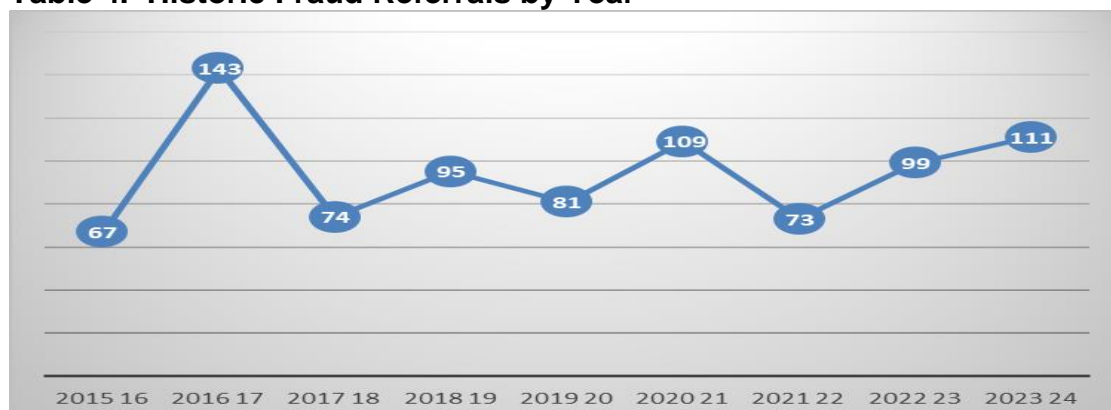
Blue Badge	Housing Benefit/CTax Fraud	Housing	Grants/ Business Rates	Other *	Total
11	85	12	1	2	111

**Other includes Mandate & Payment/Payroll matters etc.*

Table 3. Who is reporting fraud:

Fraud Reported by Staff	Reports from Public	Data-Matching/ Proactive	Other Agencies	Total
41	66	2	2	111

Table 4. Historic Fraud Referrals by Year



30. As table 4 shows, the volume of fraud referrals, or allegations of fraud, has remained fairly stable for several years.
31. It should be emphasised that not every referral/allegation will need to be investigated as some allegations can be false, misleading, or simply incorrect. Every referral is risk assessed and sifted by the SAFS Intelligence Team to determine next steps. In total, 50 allegations received in 2023/24 were not selected for further investigation.

Table 5. 'Failed' Referrals in year

Failed Sift	No Action Required	Referred to 3 rd Party	SAFS Advice	Total
38	4	3	5	50

32. 'Failed Sift' is used where the allegation cannot be attributed to any service provided by the Council. 'No Action Required' are referrals where the subject can be identified but no error/fraud is apparent, or the Council is already aware of the facts reported in the allegation. Referrals that are passed to 3rd parties occurs where another agency, such as DWP or HMRC, is best placed to investigate the matter. 'SAFS Advice' occurs when guidance/advice/support has been provided to Council officers, but a full investigation is not required to resolve the allegation.
33. In addition to the referrals that did not require an investigation 48 'low risk' cases, including some carried forward from 2022/23, were resolved through compliance activity, warning letters or review. This approach identified around **£42k** in council tax and housing benefit fraud.
34. We continue to work with the Council's communication team to issue publicity encouraging local residents and businesses to report fraud and help protect public funds. The Council took part in the International Fraud Awareness Week each November 2023.
35. At this time many cases raised for investigation last year are still live. However, of the 8 cases investigated and closed in the year, 6 identified fraud - with recoverable losses/savings combined of **£61k** reported. Although the volume of cases reduced from the previous year, the value of fraud identified remains

similar to previous years, one of the reasons for this being the decision to deal with most matters reported at a lower level of intervention. Senior officers have been provided with a detailed breakdown of which services have been affected by fraud and the outcomes from individual investigations.

Case Study 3: Undeclared income- National Fraud Initiative.

A resident of PUCKERIDGE who had claimed council tax support based on a low income since 2013 was found to be in receipt of additional income from 2017 that had not been declared as part of the main NFI exercise.

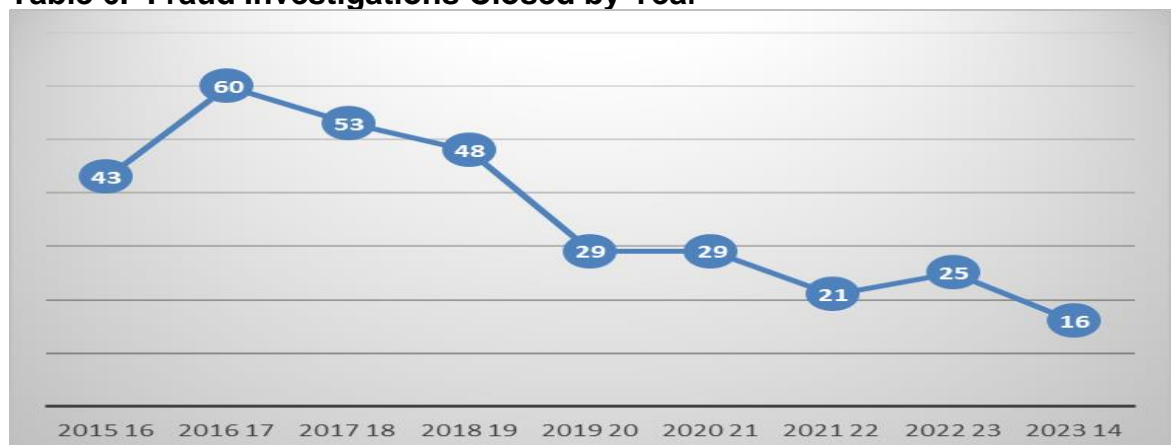
Further enquiries made by SAFS identified that a non-dependant had also been living at the property and their circumstances had not been taken into account in the claim between 2020 and 2023.

When these adjustments were applied to the council tax support claim between 2017 and 2024 and 'excess award' of £7,805 had occurred.

The Council decided not to take any other action due to the resident's co-operation with the investigation and arrangements to repay the sums overpaid.

- 36. At year end of March 2024, 35 cases remained under investigation with an estimated fraud loss of £358k. These figures represent a reduction in the number of live cases, but an increase in the value of estimated fraud under investigation (31 cases and an estimate of £223k loss in March 2023). SAFS monitor these figures to identify trends, such as changing working practices, the cost-of-living crisis or other factors.

Table 6. Fraud Investigations Closed by Year



- 37. Although we are seeing a decline in the number of fraud cases requiring full investigation the number of cases being resolved through 'compliance' or the use of warning letters is increasing. Both methods are delivering increased outcomes in reported fraud identified and prevented.

38. As well as the financial values identified, SAFS works with the council's housing needs and nominations team where allegations of fraud impact on the Councils housing register or homelessness applications. These cases may not deliver an obvious financial value, but do assist in preventing fraudulent applications for housing.
39. In April 2023 the Fraud Advisory Panel (FAP) published a report 'Lost Homes-Lost Hope' following up from a paper published in 2021 by the Tenancy Fraud Forum 'Calculating Losses from Housing Tenancy Fraud', both papers were supported by CIPFA, CIFAS, the Cabinet Office and the Chartered Institute of Housing.
40. The 2021 report calculated the losses of an average housing fraud, per case, to the public purse to be in the region of £42k, of which £36k is attributable to the cost for local authorities through the provision of temporary accommodation as a result of the fraud.
41. East Herts Council does not hold stock and relies on social housing providers within the Councils boundaries to supply properties for residents in need of housing. These providers have neither the legislative powers nor the skills to investigate housing fraud or illegal sub-letting.

Case Study 4: Social Housing Fraud

Category	National Average cost	Explanation
<i>Add:</i> Annual average temporary accommodation cost per family for individual councils	£12,100	Individual councils can establish their own local cost for this element. This can vary considerably, exceeding £20,000 pa in some areas. (The national average figure was derived from the parliamentary briefing paper <i>Households in temporary accommodation</i> , as at 31 March 2020.)
<i>Deduct:</i> Individual councils (only) can remove the annual average housing benefit associated with their temporary accommodation costs	Does not apply to the national calculation	Local councils receive housing benefit payments from central government in relation to temporary accommodation costs. These could be deducted from the national figure to reach a net local cost. However, since these benefit payments are from central government they must be part of the calculation of the true cost of tenancy fraud to the national public purse.
Subtotal	£12,100	
Subtotal above multiplied by 3	£36,300	Analysis of tenancy frauds detected by housing providers reveals three years to be a prudent average duration for one of these frauds. (Typical range 3.2 to 3.5 years.)
<i>Add:</i> Average investigation costs	£1,300	Average cost derived from investigations by a housing provider; confirmed as prudent by a sample from other HA's and councils. Individual councils may choose to input their own data here.
<i>Add:</i> Average legal costs	£1,000	Average cost derived from investigations by a housing provider; confirmed as prudent by a sample of other HA's and councils. Individual councils may choose to input their own data here.
<i>Add:</i> Average void costs	£3,140	Average cost derived from investigations by a housing provider; confirmed as prudent by a sample of other HA's and councils. Individual councils may choose to input their own data.
Total costs	£41,740	The average cost of a detected tenancy fraud to the national public purse - approximated to £42,000.

42. SAFS work with a number of social housing providers, to help identify fraud such as illegal sub-letting, fraudulent right-to-buy applications and other misuse of the social housing stock within the Councils boundaries.

43. As well as bringing prosecutions for those committing fraud the Council can also apply financial sanctions or penalties, in 2023/24 the council used financial sanctions on 15 occasions as an alternative to criminal prosecution.

Case Study 5: Use of Financial Penalties.

SAFS received an allegation in November 2022 that a resident of Basbow Lane in Bishops Stortford was claiming a council tax discount.

Checks conducted with Council records showed that the resident was actually claiming council tax reduction (CTR) based on a low income as a single person.

Further enquiries revealed that other people were living at the address with the resident whom had not been declared and a review of the award of CTR between 2021 and 2023 resulted in an overpayment of £818.

2 civil penalties were issued for the 2 financial years of non-disclosure totalling £140 and the resident was required to repay the £818 awarded in council tax reduction.

Data Matching and Analytics

44. The Council is required to submit data every two years as part of the Cabinet Office mandated [National Fraud Initiative - GOV.UK \(www.gov.uk\)](https://www.gov.uk). This exercise occurs every second year and for the Council datasets such as payroll, pensions, creditor/payments, housing benefit and council tax are required. The data collected from Councils, NHS and others is then analysed to identify discrepancies/fraud. The exercise also uses data from sources such as Operation Amberhill, HMRC, DWP and GRO.
45. The output, or 'matches', from NFI is released to Councils between February and March following the October data upload. These matches are shared in various formats for Councils to action. For the Council, SAFS and Internal Audit administer access to and reporting for those service areas that are required to provide a response.
46. The Council received 851 matches to review in a number of reports from the 2022/2023 exercise. Many of these matches require administrative review only and will not identify fraud, error, or savings, but it is essential that all are actioned and reported to avoid any fraud being missed and ensure that the Councils data is edited/updated.
47. Working with SAFS Council officers have reviewed a number of the high priority matches and some of the lower priority matches – in total 313 reviews were conducted identifying 23 errors and frauds, with reported loss/savings combined of **£63k**. Eight matches are still under review at present. It is disappointing that working with officers SAFS were not able to clear a higher number of matches.
48. Working with the Cabinet Office and its IT Provider for NFI, SAFS have developed a 'Hertfordshire FraudHub' for all SAFS Partners following the same process as the two-yearly exercise, but with data collected and matched more frequently throughout the year. In 2023/2024 SAFS identified a further 30 fraud/error matches resulting in **£53k** in savings through prevention. Again more

could have been done in this area with additional capacity and resource as many reports/matches went un-reviewed.

49. The Council shared Revenue and Benefits Service makes use of the County Council funded AnalyseLocal system that helps to identify potential fraud in the small business reduction scheme. Previously funded by SAFS this system has identified significant error/fraud in the data held by the Council. In 2023/2024 out of 62 discrepancies, 47 have been reviewed identifying 9 errors and new revenue of **£63k**. Six cases are still under review.
50. SAFS manages the Hertfordshire Council Tax Framework for all Councils across the County. This framework is funded by the County Council and provides a fully managed service to review discounts claimed by residents against their Council Tax liability. East Herts Council make use of the Framework in 2023/2024 to conduct a review of its 20k properties that were in receipt of a single person discount. After the review 538 discounts were removed generating new council tax bills with a value of **£349k**.

Transparency Code – Fraud Data

51. The Former Department for Communities and Local Government, now Department for Levelling-up Housing and Communities (DLUHC), published a revised Transparency Code in February 2015, which specifies what open data local authorities must publish.
52. The Code also recommends that local authorities follow guidance provided in the following reports/documents:

The National Fraud Strategy: *Fighting Fraud Together*
(<https://www.gov.uk/government/publications/nfa-fighting-fraud-together>)

CIPFA Red Book 2 – *Managing the Risk of Fraud – Actions to Counter Fraud and Corruption*
(http://www.cipfa.org/media/files/topics/fraud/cipfa_corporate_antifraud_briefing.pdf)

53. The Code requires that Local Authorities publish the following data in relation to Fraud. The response for East Herts Council for 2022/23 is in **bold**:

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

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

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

1.5 FTE

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

1.5 FTE

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

£89,180 (SAFS fee)

- Total number of fraud cases investigated.

8 Fraud cases investigated and closed in year

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

- Total number of cases of irregularity investigated-

See above

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

6 Occasions where fraud identified

- Total monetary value of a) the fraud and b) the irregularity that was detected.

Reactive - £68k fraud loss/savings reported.

Proactive- £63k of fraud was identified through NFI & £53k from FraudHub.

From Analyse Local - £63k Additional NNDR Revenue.

Council Tax (SPD) Review - £349k

Total - £596k of fraud and irregularity identified (in both loss and prevention).

- Total monetary value of a) the fraud and b) the irregularity that was recovered.

Not recorded separately

Appendices

55. The following appendices are attached to this report:

Appendix 1 - SAFS/East Herts Council *Anti-Fraud Plan 2023/24* and associated papers.

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

(b)Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)

(c)Fighting Fraud and Corruption Locally - A Strategy for the 2020's (CIPFA/CIF9AS/LGA 2020)

(d)Tackling Fraud in the Public Sector (CIPFA 2020)

(e)Code of Practice - Managing the Risk of Fraud and Corruption (CIPFA 2014)

(f) Fighting Fraud - Breaking the Chain (Report of Session 2022-2023 House of Lords)

(g)HMG Fraud Strategy - Stopping Scams, Protecting the Public (May 2023)

(h)Lost Homes, Lost Hope (Fraud Advisory Panel 2023)

**East Herts Council
Anti-Fraud Plan 2023-2024**

In partnership with

The Hertfordshire Shared Anti-Fraud Service



SAFS
Shared Anti-Fraud Service
Fighting Fraud in Partnership

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Introduction

This plan supports the Councils **Anti-Fraud and Corruption Strategy** by ensuring that 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.



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	<p>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.</p> <p>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.</p> <p>Procurement. Work with the Shared Procurement Service developing a bespoke risk assessment for fraud in procurement/contracts.</p>
Revenues and Benefits	<p>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.</p>
Housing Services	<p>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.</p>

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	<p>Accessing and understanding fraud risks.</p> <p>Committing the right support and tackling fraud and corruption.</p> <p>Demonstrating that it has a robust anti-fraud response.</p> <p>Communicating the risks to those</p>	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	<p>Making the best use of information and technology.</p> <p>Enhancing fraud controls and processes.</p> <p>Developing a more effective anti-fraud culture. Communicating its' activity and successes.</p>	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, PNLG, 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	<p>Prioritising fraud recovery and use of civil sanctions.</p> <p>Developing capability and capacity to punish offenders.</p> <p>Collaborating across geographical and sectoral boundaries.</p>	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	<p>Recognising the harm that fraud can cause in the community.</p> <p>Protecting itself and its' residents from fraud.</p>	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.	<p>Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.</p> <p>A. Meetings to take place with the Councils Head of Strategic Finance and Property, quarterly.</p> <p>B. Head of Strategic Finance and Property will sit on the SAFS Board that meets quarterly.</p> <p>C. Regular meetings to take place with Service Leads to agree and update local work plans.</p> <p>D. Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.</p>	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	<p>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).</p> <p>B. 3 Reports to Audit & Governance Committee.</p> <p>C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.</p>	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	<p>A. All urgent/ high risk cases will be responded to within 24 hours.</p> <p>B. All other cases 2 Days, on Average.</p>	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	<p>A. Membership of NAFN & PNLD</p> <p>B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts, trends, best practice</p> <p>C. NAFN Access/Training for relevant Council Staff</p> <p>D. 5 Training events for staff/Members in year. (To be agreed with Service leads and HR)</p>	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.	<p>A. All reported fraud (referrals) will be logged and reported to officers by type & source.</p> <p>B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers.</p> <p>C. SAFS will work with social providers across the Borough.</p>	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.	<p>A. Support the output from NFI 2022/23 Council services.</p> <p>B. Membership and VFM from the Herts FraudHub in 2023/24.</p>	Build a data hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.

Agenda Item 8

Annual Assurance Statement and Internal Audit Annual Report -
East Herts Council



East Herts Council 2023/24 Annual Assurance Statement and Internal Audit Annual Report

29 May 2024

Recommendations

Members are recommended to:

Note the Annual Assurance Statement and Internal Audit Annual Report

Note the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP)

Accept the SIAS Audit Charter for 2024/25

Seek management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2023/24

Contents

1. Purpose and Background
 - 1.1 Purpose
 - 1.2 Background

2. Annual Assurance Statement for 2023/24
 - 2.1 Context
 - 2.2 Control Environment
 - 2.4 Review of Effectiveness - compliance with the PSIAS and QAIP
 - 2.10 Confirmation of independence of internal audit and assurance on limitations
 - 2.11 Assurance Opinion on Internal Control
 - 2.12 Assurance Opinion on Corporate Governance and Risk Management

3. Overview of Internal Audit Activity at the Council in 2023/24

4. Performance of the Internal Audit Service in 2023/24
 - 4.1 Performance Indicators
 - 4.2 Service Developments

5. SIAS Audit Charter 2024/25

Appendices

- A Final position against the Council's 2023/24 Internal Audit Plan

- B Definitions of Assurance Recommendation Priority Levels

- C Position against Public Sector Internal Audit Standards as of April 2024

- D SIAS Audit Charter 2024/25

1. Purpose and Background

Purpose of Report

- 1.1 This report:
- a) Details the Shared Internal Audit Service's (SIAS) overall opinion on the adequacy and effectiveness of East Herts Council's (the Council) control environment. Reference is made to any significant matters and key themes.
 - b) Shows the outcomes of the self-assessment against the Public Sector Internal Audit Standards (PSIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP).
 - c) Summarises the audit work that informs this opinion.
 - d) Shows SIAS performance in respect of delivering the Council's internal audit plan.
 - e) Presents the SIAS Audit Charter for 2024/25.

Background

- 1.2 A key duty of the Chief Audit Executive (the Council's Client Audit Manager) is to provide an annual opinion on the Council's internal control environment. This opinion helps inform the conclusions of the Council's Annual Governance Statement.
- 1.3 The assurance opinion in this report is based on internal audit work undertaken during 2023/24. The Audit Plan continued to give sufficient assurance on the Council's management of its key risks. Also considered is any relevant work undertaken in 2024/25 before the Audit Committee report deadline.
- 1.4 The associated definitions for the opinions of Substantial, Reasonable, Limited and No assurance, can be found within Appendix B of this report.
- 1.5 SIAS is grateful for the co-operation and support it has received from Council officers during 2023/24.

2. Annual Assurance Statement 2023/24

Context

Scope of responsibility

- 2.1 Council managers are responsible for ensuring Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. They are also responsible for ensuring internal controls are robust and risk management arrangements are appropriate.

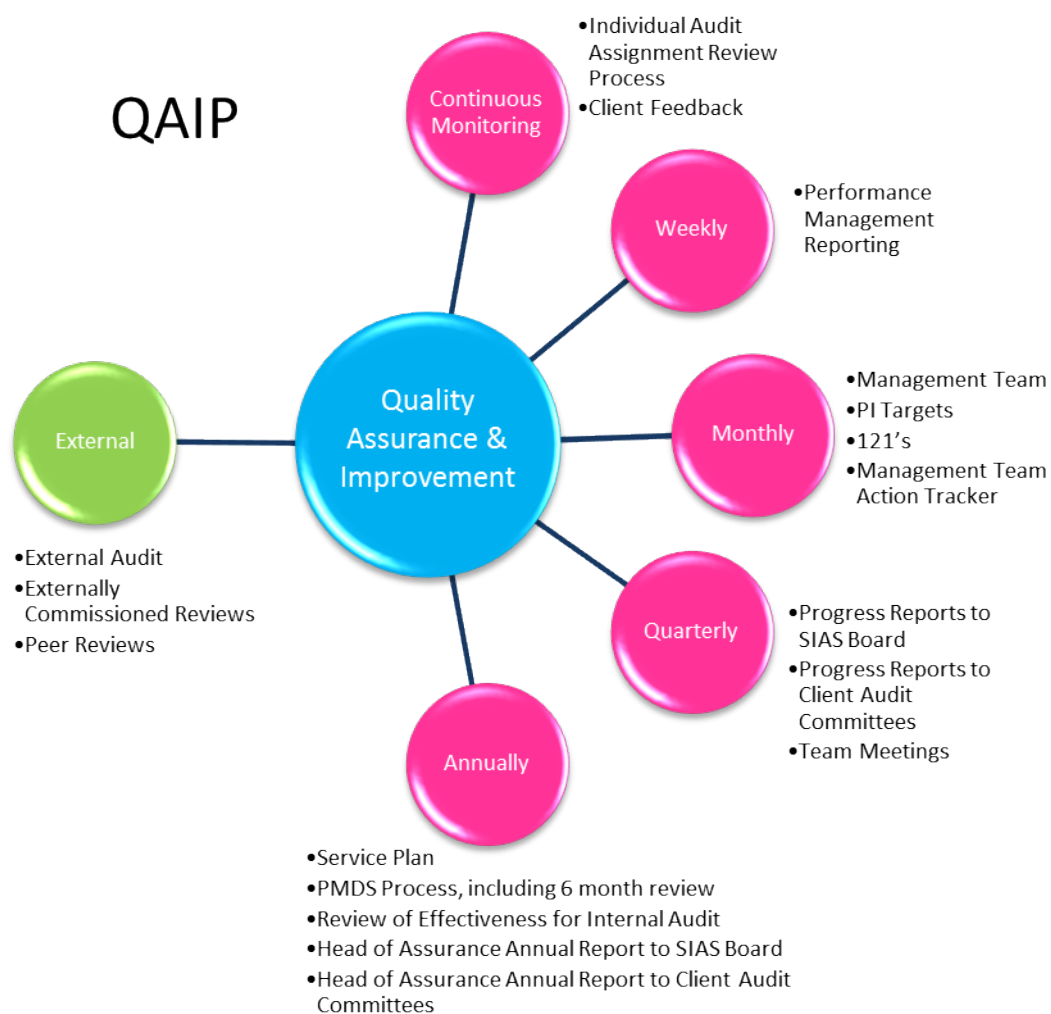
Annual Assurance Statement and Internal Audit Annual Report - East Herts Council

Control environment

- 2.2 The control environment comprises three key areas: governance, risk management, and internal control. Together these aim to manage risk to an acceptable level, but it is accepted that it is not possible to eliminate it.
- 2.3 A robust control environment helps ensure that the Council's policies, priorities, and objectives are achieved.

Review of effectiveness

- 2.4 The Client Audit Manager must confirm annually that the internal audit function is suitably qualified to carry out the work that informs the assurance opinion.
- 2.5 As part of our Quality Assurance and Improvement Programme, a self-assessment was conducted against the Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF). They promote professionalism, quality, consistency, and effectiveness of internal audit across the public sector. They also highlight the importance of robust, independent, and objective internal audit arrangements to provide senior management with the key assurances needed to support them in both managing the organisation and producing the Annual Governance Statement.
- 2.6 The PSIAS also requires that the SIAS be subject to an external quality assessment (EQA) at least once every five years. This should be conducted by a qualified, independent assessor or assessment team from outside the organisation. This review was last completed in June 2021, with the result of the assessment reported to the Audit & Governance Committee in November 2021.
- 2.7 Based on the results of the 2024/25 PSIAS self-assessment, the Client Audit Manager has concluded that SIAS 'generally conforms' to the PSIAS, including the Definitions of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.
- 2.8 The self-assessment identified 2 areas of agreed non-conformance, these reflecting the unique nature of a partnership arrangement and are not considered material. These are detailed in Appendix C. There are no significant deviations from the Standards which warrant inclusion in the Council's Annual Governance Statement.
- 2.9 The SIAS QAIP includes both internal and external monitoring and reporting to assess the efficiency and effectiveness of internal audit activity and identify opportunities for improvement. The diagram below details the methods used to monitor and report on these. Detailed information outlining activity in each area is contained in the SIAS Audit Manual.



Confirmation of independence of internal audit and assurance on limitations

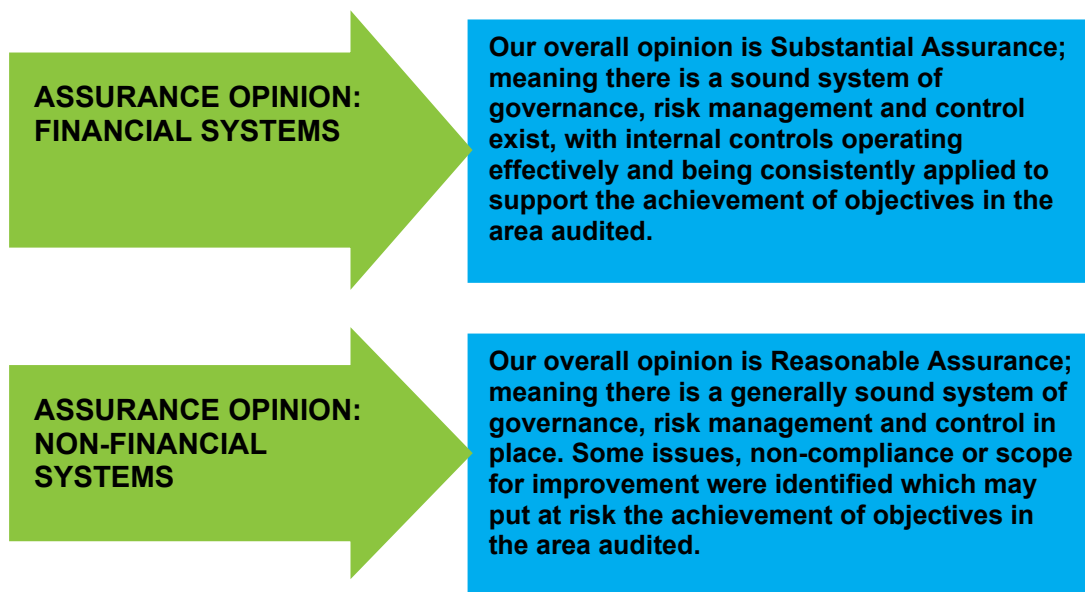
2.10 The Client Audit Manager confirms that during the year:

- a) No matters threatened SIAS's independence; and
- b) SIAS was not subject to any inappropriate scope or resource limitations.

Annual Assurance Statement for 2023/24

Assurance opinion on internal control

- 2.11 Based on the internal audit work undertaken at the Council in 2023/24, SIAS can provide the following opinion on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems.



Assurance opinion on Corporate Governance and Risk Management

- 2.12 SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2023/24 and the specific reviews of Risk Management and Corporate Governance carried out by SIAS during the year.

**Client Audit Manager
May 2024**

3. Overview of Internal Audit Activity at the Council in 2023/24

- 3.1 This section summarises work undertaken at the Council by SIAS in 2023/24. It highlights any significant internal control matters and opportunities for improvement.
- 3.2 Appendix A shows the final position against the Internal Audit Plan on 30 April 2024, including assurance levels and the number of recommendations made. A summary of assurance levels and recommendation priorities is shown in the tables below (2022/23 data in brackets).

Assurance Level	Number of reports 2023/24 (2022/23 data in brackets)	Percentage of reports 2023/24 (2022/23 data in brackets)
Substantial	13 (11)	50% (46%)
Reasonable	10 (9)	38% (38%)
Limited	2 (0)	8% (0%)
No	0 (0)	0% (0%)
Not Assessed	0 (1)	0% (4%)
Unqualified	1 (1)	4% (4%)
Qualified	0 (0)	0% (0%)
Not Complete	0 (2)	0% (8%)
Total	26 (24)	100% (100%)

Recommendation Priority Level	Number of recommendations 2023/24 (2022/23 data in brackets)	Percentage of recommendations made 2023/24 (2022/23 data in brackets)
Critical	0 (0)	0% (0%)
High	2 (0)	4% (0%)
Medium	35 (22)	66% (46%)
Low	16 (26)	30% (54%)
Total	53 (48)	100% (100%)

- 3.3 **The Substantial assurance opinion overall on financial systems** has been concluded from nine financial systems audits. Seven received Substantial assurance and two received Reasonable assurance. No Critical or High priority recommendations were made across these audits. However, two Medium priority recommendations were made.

- 3.4 **The Reasonable assurance opinion overall on non-financial systems** has been concluded from seventeen audits. Six audits received Substantial assurance, eight received Reasonable assurance and two received Limited Assurance. In addition, one grant audit received an Unqualified opinion. Two High and thirty-three Medium priority recommendations were made across these audits.
- 3.5 In arriving at our Reasonable assurance opinion for non-financial systems, we highlight that 88% of opinions issued for individual audits during the year were assessed as Substantial or Reasonable assurance. This generally indicates the Council has satisfactory or good systems of internal control for a wide range of areas. However, it should be noted that there were some risks and impacts associated with control weaknesses in the Environmental Health Case Management Record Keeping audit and the Court Cost Tracking audit, which both received a Limited assurance opinion. Two High priority recommendations were made across these audits.

Critical and High Priority Recommendations

- 3.6 Members will be aware that a final audit report is issued when it has been agreed by management; this includes an agreement to implement the recommendations made. It is Internal Audit's responsibility to advise Members of progress on the implementation of critical and high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date. Members will continue to receive updates on the implementation progress of any Critical and High priority recommendations through the SIAS quarterly progress reports to the Audit Committee.

4. Performance of the Internal Audit Service in 2023/24

Performance indicators

- 4.1 The table below compares SIAS's performance at the Council against the 2023/24 targets set by the SIAS Board.

Indicator	Target 2023/24	Actual to 31 March 2024	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	97%	222 days delivered out of the 229.5 days planned
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	96%	25 projects to draft or final report from the 26 planned

Annual Assurance Statement and Internal Audit Annual Report - East Herts Council

3. Planned Projects – percentage of actual completed projects to final report stage against planned completed projects by the production of the Annual Report	100%	N/A	All 26 projects completed to final report stage
4. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	23 questionnaires were issued during 2023/24, with all 11 returned questionnaires meeting the agreed target score
5. Number of High and Critical Priority Audit Recommendations agreed as a percentage	95%	100%	2 High Priority Recommendations made and agreed
6. Annual Plan – prepared in time to present to the March meeting of each Audit & Governance Committee. If there is no March meeting, then the Plan should be prepared for the first meeting of the financial year.	Achieved	Achieved	Presented in January 2024
7. Head of Assurance's Annual Report – presented at the first Audit & Governance Committee meeting of the financial year.	Deadline met	Met	The 2022/23 Annual Report was presented to the May 2023 Audit & Governance Committee

Service Developments

4.2 During 2023/24 the main service and development activities for SIAS included:

- a) **Recruitment** – Despite operating in a challenging recruitment market, SIAS have achieved significant success in filling our current vacancies. A new Assistant Client Audit Manager was recruited in June 2023, three Trainee Auditors during July 2023, a Client Audit Manager in September 2023, and a Senior Auditor and Auditor in February 2024. The above has allowed SIAS to reach an establishment vacancy rate of 0.5 FTE's, and as a result reduce any additional commissions to our co-sourced audit partner.
- b) **Training & Development** – As a service we continue to adopt our 'grow your own strategy' to provide the future talent for the Service and improve succession planning, in what remains a challenging recruitment market. Several members of the team have had a successful year in respect of progressing their professional qualifications. Two Auditors have recently completed their level 4 internal audit apprenticeship with merit and distinction grades. A further Auditor has passed several exams linked to an accountancy qualification (ACCA). Our three Trainee Auditors have all started their level 4 internal audit apprenticeship and this will continue into early 2025. In addition to the professional training above, the SIAS

management team continued to deliver a programme of lite bite training sessions linked to modern professional practice.

- c) **Commercial Strategy** – The SIAS Board agreed to plans for growing the service through new business (this was partly driven by the need to minimise inflationary pressures for existing partners). The internal audit marketplace is recognised as challenging for new entrants, largely due to relatively flat demand and well-established suppliers. Conservative targets for growth have therefore been set for 2024/25, with a suite of performance indicators to be reported to the SIAS Board on a quarterly basis to support their oversight of progress.
- d) **Management Information Systems** – During the final quarter of 2023/24, SIAS completed the re-procurement and implementation of a new timesheet recording system (Timely). This went live on 2 April 2024 and will provide the service with improved management information to support our capacity management and monitoring of the delivery of audit plans across the partnership.
- e) **Audit Practice** – as part of our continued work to adopt best practice from across the profession, our audit plans for 2024/25 included time allocations for the rolling out of new approaches to obtaining and providing assurance, including assurance mapping and embedded (or continuous) assurance.

5. SIAS Audit Charter 2024/25

- 5.1 The PSIAS require a local authority to formally adopt an Audit Charter which covers the authority and responsibility for an internal audit function.
- 5.2 The SIAS Audit Charter sets out the framework within which it discharges its internal audit responsibilities to those charged with governance in the partner councils. It details the permanent arrangements for internal audit and key governance roles and responsibilities to ensure the effectiveness of internal audit provision.
- 5.3 The Audit Charter is reviewed annually. Our review in May 2024 considered any key changes required due to the recent publication of the Global Internal Audit Standards, due for implementation by the 9 January 2025. Whilst the Charter remains broadly unchanged to that of the previous year and will not result in any fundamental changes to our existing approaches, we have included some minor additions for the purpose of clarity. The updated Charter is attached at Appendix D.

APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2023/24 AUDIT PLAN

East Herts Council Audit Plan – 2023/24

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS **				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Key Financial Systems							
Business Rates	Substantial	0	0	0	2	7	Final Report Issued
Council Tax	Substantial	0	0	0	2	7	Final Report Issued
Housing Benefits	Substantial	0	0	0	0	7	Final Report Issued
Creditors	Substantial	0	0	0	0	10	Final Report Issued
Debtors	Reasonable	0	0	1	1	15	Final Report Issued
Asset Management (risk & control refresh)	Substantial	0	0	0	1	2	Final Report Issued
Treasury Management (risk & control refresh)	Substantial	0	0	0	0	2	Final Report Issued
Main Accounting (risk & control refresh)	Substantial	0	0	0	0	2	Final Report Issued
Payroll (risk & control refresh)	Reasonable	0	0	1	2	2	Final Report Issued *
Operations/Corporate Themes							
Tendering Process	Reasonable	0	0	3	2	12	Final Report Issued
Risk Management (risk & control refresh)	Substantial	0	0	0	0	2	Final Report Issued

APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2023/24 AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS **				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Corporate Governance (risk & control refresh)	Substantial	0	0	0	0	2	Final Report Issued
S106 Agreements	Substantial	0	0	0	1	12	Final Report Issued
Land Charges	Substantial	0	0	1	0	10	Final Report Issued
Community Grants & Funding	-	-	-	-	-	2.5	Audit Cancelled
Houses in Multiple Occupation	Reasonable	0	0	9	1	11	Final Report Issued
Environmental Health Case Management	Limited	0	1	2	0	15	Final Report Issued *
Customer Services Cash Handling	Reasonable	0	0	4	0	9	Final Report Issued
Court Cost Tracking	Limited	0	1	1	1	10	Final Report Issued
Residents Parking Permits	Reasonable	0	0	1	1	8	Final Report Issued
Planning & Development Fees	Substantial	0	0	0	0	15	Final Report Issued
IT Audits							
Mobile Device Security	Reasonable	0	0	2	0	6	Final Report Issued *
IT Project Management	Reasonable	0	0	1	0	6	Final Report Issued *

APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2023/24 AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS **				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Other Chargeable							
On Demand Grant Audits	Unqualified	0	0	0	0	2	Final Report Issued
Contingency	-	-	-	-	-	20.5	N/A
Strategic Support							
Head of Assurance Opinion	-	-	-	-	-	3	Complete
Audit & Governance Committee	-	-	-	-	-	10	Complete
Partner Engagement & Adhoc Advice	-	-	-	-	-	10	Complete
Audit Planning 2024/25	-	-	-	-	-	5	Complete
Service Development	-	-	-	-	-	5	Complete
Progress Monitoring	-	-	-	-	-	12	Complete
SAFS Matters	-	-	-	-	-	2	Complete
2022/23 Projects Requiring Completion							
Supply Chain Interruption	Substantial	0	0	0	2	2	Final Report Issued

APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2023/24 AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS **				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Elections Payroll	Reasonable	0	0	5	0	2	Final Report Issued
Software Licence Management	Reasonable	0	0	4	0	2	Final Report Issued
Total		0	2	35	16	250	

* At Draft Report stage on 31 March 2024, Final Report issued after year end.

** Key to Recommendation Priority Levels: C = Critical priority recommendations; H = High priority recommendations; M = Medium priority recommendations; LA = Low/Advisory priority recommendations.

APPENDIX B – DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITY LEVELS

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

Section A: Conformance - All areas apart from those identified in Section B below were conforming.

Section B: Intentional Non-Conformance

Ref	Area of Non-Conformance with the Standard	Commentary	
3.1a	<p>Purpose, Authority and Responsibility</p> <p>Does the board (defined as the Audit Committee) approve decisions relating to the appointment and removal of the Chief Audit Executive (CAE)</p>	<p>The Head of SIAS, Hertfordshire County Council (HCC), in consultation with the Board of the Shared Internal Audit Services approves decisions relating to the appointment and removal of the CAE.</p> <p>This is as provided for in the governance of the Shared Internal Audit Service (SIAS).</p>	<p>Non-conformance</p> <p>No further action proposed. The current arrangements are considered effective given the shared nature of SIAS.</p>
3.1c	<p>Purpose, Authority and Responsibility</p> <p>Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?</p>	<p>The performance appraisal is carried out by the Head of SIAS (HCC).</p>	<p>Non-conformance</p> <p>No further action proposed. The appraisal process was carried out by the head of SIAS (HCC). The current arrangements are considered effective given the shared nature of SIAS.</p>



SIAS Audit Charter 2024/2025

1. Introduction and Purpose

- 1.1. Internal auditing is an independent and objective assurance and consulting activity. It is guided by a philosophy of adding value to the operations of an organisation. It assists a council in achieving its objectives and ultimately provides assurance to the public by systematically evaluating and improving the effectiveness and efficiency of risk management, control, and governance processes.
- 1.2. The purpose of the Shared Internal Audit Service (SIAS) is to provide independent, objective assurance and consulting services designed to add value and improve client operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. SIAS helps clients accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

2. Statutory Basis of Internal Audit

- 2.1. Local government is statutorily required to have an internal audit function. The Accounts and Audit Regulations 2015 require that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 2.2. In addition, a council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To fulfil this requirement, the S151 Officer relies, amongst other sources, upon the work of internal audit.
- 2.3. The above provides the mandate for the provision of an Internal Audit function within each SIAS partner in accordance with the Global Internal Audit Standards.

3. Role

- 3.1. SIAS internal audit activity is overseen by East Herts Council's committee charged with fulfilling audit committee responsibilities, herewith referred to as the Audit and Governance Committee. As part of its oversight role, the Audit and Governance Committee is responsible for defining the responsibilities of SIAS via this Charter.

APPENDIX D – SIAS AUDIT CHARTER 2024/2025

- 3.2. SIAS may undertake additional consultancy activity requested by management. The Client Audit Manager will determine such activity on a case-by-case basis, assessing the skills and resources available. Significant additional consultancy activity not already included in the Internal Audit Plan will only be accepted and carried out following consultation with the Audit and Governance Committee.

4. Professionalism
 - 4.1. SIAS governs itself by adherence to the Public Sector Internal Audit Standards (PSIAS). These standards include the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (IPPF). They set out the fundamental requirements for the professional practice of internal auditing and the evaluation of the effectiveness of an internal audit function.
 - 4.2. SIAS commits to adhering to the Global Internal Audit Standards. Revised Standards have recently been issued and the service is working towards the implementation date of 9 January 2025, or a likely extended date of 1 April 2025 for the public sector.
 - 4.3. SIAS also recognises the Mission of Internal Audit as identified within the IPPF, 'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight' and the Core Principles for the Professional Practice of Internal Auditing, which demonstrate an effective internal audit function, achieving internal audit's mission.
 - 4.4. SIAS operations are guided by its operating procedures manual as well as applicable, Chartered Institute of Internal Auditors (CIIA) and Chartered Institute of Public Finance and Accountancy (CIPFA) Position Papers, Practice Advisories and Guides, and relevant council policies and procedures, including compliance with the Bribery Act 2010.
 - 4.5. Should non-conformance with the PSIAS be identified, the Head of SIAS will investigate and disclose, in advance, if possible, the exact nature of the non-conformance, the reasons for it and, if applicable, its impact on a specific engagement or engagement outcome.

5. Authority and Confidentiality
 - 5.1. Internal auditors are authorised full, free, and unrestricted access to all a client's records, physical property, and personnel as necessary to fulfil the internal audit mandate. All client employees are requested to assist SIAS in fulfilling its roles and responsibilities. Information obtained during an engagement is safeguarded and confidentiality respected in accordance with the Council's GDPR and information security policies.
 - 5.2. Internal auditors will only use information obtained to complete an engagement. It will not be used in a manner that would be contrary to the law, for personal gain, or detrimental to the legitimate and ethical objectives of the client organisation(s). Internal auditors will disclose all material facts known, which if not disclosed could distort a report or conceal unlawful practice.

6. Organisation

- 6.1. The Client Audit Manager and their representatives have free and unrestricted direct access to Senior Management, the Audit and Governance Committee, the Chief Executive, the Chair of the Audit and Governance Committee and the External Auditor. The Client Audit Manager will communicate with all the above parties at both committee meetings and between meetings as appropriate.
- 6.2. The Chair of the Audit and Governance Committee has free and unrestricted direct access to the Client Audit Manager.
- 6.3. The Client Audit Manager is line managed by the Head of SIAS who approves all decisions regarding the performance evaluation, appointment, or removal of the Client Audit Manager, in consultation with the Head of Assurance and SIAS Board.

7. Stakeholders

The following groups are defined as stakeholders of SIAS:

- 7.1. The Head of SIAS, working with the Client Audit Manager, both suitably experienced and qualified (CCAB and / or CMIIA), is responsible for:
 - hiring, remunerating, appraising, and developing SIAS staff in accordance with the host authority's HR guidance
 - maintaining up-to-date job descriptions which reflect the roles, responsibilities, skills, qualifications, and attributes required of SIAS staff
 - ensuring that SIAS staff possess or obtain the skills, knowledge, and competencies (including ethical practice) needed to effectively perform SIAS engagements
 - seeking approval from the SIAS Board for the level of human resources and finance required for SIAS to deliver services in accordance with its mandate
- 7.2. The Audit and Governance Committee is responsible for overseeing the effectiveness of SIAS and holding the Client Audit Manager to account for delivery. This is achieved through the approval of the annual audit plan, approval of performance targets set by the SIAS Board and receipt of regular reports. The Committee should champion the internal audit function to enable it to fulfil the purpose of internal auditing and pursue its strategy and objectives.
- 7.3. The Audit and Governance Committee is also responsible for the effectiveness of the governance, risk, and control environment within the Council, holding operational managers to account for its delivery.
- 7.4. Where stated in its Terms of Reference, the Audit and Governance Committee provides an annual report to the Council detailing the Committee's activities through the year. In addition, and as required, the Committee ensures that there is appropriate communication of, and involvement in, internal audit matters from the wider publicly elected Member body.

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- 7.5. The Client Audit Manager is responsible for ensuring that the outcome of all final Internal Audit reports is reported to all members of the Audit and Governance Committee, and Executive Members for Financial Sustainability, in a format agreed with these relevant parties.
- 7.6. Senior Management, defined as the Head of Paid Service, Chief Officers, and their direct reports, are responsible for helping shape the programme of assurance work. This is achieved through analysis and review of key risks to achieving the Council's objectives and priorities. Senior Management should also support recognition of the internal audit function throughout the organisation, and in providing full, free, and unrestricted access to all a client's records, physical property, and personnel as necessary to fulfil the internal audit mandate.
- 7.7. The SIAS Board is the governance group charged with monitoring and reviewing the overall operation of SIAS, with SIAS reporting key information to the Audit and Governance Committee within progress and annual reports, including:
- resourcing and financial performance
 - operational effectiveness through the monitoring performance indicators
 - any restrictions on internal audit scope, access, authority, or resources limiting the ability to carry out its responsibilities effectively.
 - the overall strategic direction of the shared service.
8. Independence and Objectivity
- 8.1. No element in the organisation should interfere with audit selection, scope, procedures, frequency, timing, or report content. This is necessary to ensure that internal audit maintains the necessary level of independence and objectivity.
- 8.2. As well as being impartial and unbiased, internal auditors will have no direct operational responsibility or authority over any activity audited. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that might impair their judgment.
- 8.3. When asked to undertake any additional roles/responsibilities outside internal auditing, the Client Audit Manager will highlight to the Audit and Governance Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the PSIAS Code of Ethics as well as any relevant requirements set out in other professional bodies to which the Client Audit Manager may belong. The Audit and Governance Committee will approve and periodically review any safeguards put in place to limit any impairments to independence and objectivity.
- 8.4. Where SIAS has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, the Client Audit Manager and Head of SIAS will ensure that the risks of doing so are managed effectively, having regard to the Head of SIAS's primary responsibility to the management of the partners for which they are engaged to provide internal audit services.
- 8.5. The Client Audit Manager will confirm to the Audit and Governance Committee, at least annually, the organisational independence of SIAS.

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9. Conflicts of Interest

- 9.1. Internal auditors will exhibit clear professional objectivity when gathering, evaluating, and communicating engagement information. When forming judgments, they will make a balanced assessment of all relevant circumstances and not be influenced by their own interests or the views and interests of others.
- 9.2. Each auditor will comply with the ethical requirements of his/her professional body and proactively declare any potential conflict of interest, whether actual or apparent, prior to the start of an engagement.
- 9.3. All auditors sign an annual declaration of interest to ensure that the allocation of work avoids conflict of interest. Auditors who undertake consultancy work or are new to the team will be prohibited from auditing in those areas where they have worked in the past year. Audits are rotated within the team to avoid over-familiarity and complacency.
- 9.4. SIAS procures an arrangement with an external delivery partner to provide service resilience, i.e., additional internal audit days on request. The external delivery partner will be used to deliver engagements as directed by the Client Audit Manager in particular providing advice and assistance where SIAS staff lack the required skills or knowledge. The external delivery partner will also be used to assist with management of potential and actual conflicts of interest in internal audit engagements, providing appropriate independence and objectivity as required.
- 9.5. In the event of a real or apparent impairment of independence or objectivity, (acceptance of gifts, hospitality, inducements, or other benefits) the Client Audit Manager will investigate and report on the matter to appropriate parties.
- 9.6. Hertfordshire County Council's Head of Assurance not only leads and has overall management responsibility for SIAS, but also the similarly constituted Shared Anti-Fraud Service (SAFS).
- 9.7. Given that SIAS will potentially undertake internal audit activity in relation to SAFS, this relationship is formally disclosed, and appropriate safeguards will be put in place against any potential impairment to independence. The Head of SIAS will manage the internal audit engagement of this service and report findings directly to the Head of Strategic Finance and Property in their capacity as S151 Officer.

10. Responsibility and Scope

- 10.1. The scope of SIAS encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes (as they relate to the organisation's priorities and objectives) and the promotion of appropriate ethics and values.
- 10.2. Internal control and risk management objectives considered by internal audit extend to the organisation's entire control and risk management environment and include:
 - consistency of operations or programs with established objectives and goals, and effective performance
 - effectiveness and efficiency of governance, operations, and employment of resources

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- compliance with significant policies, plans, procedures, laws, and regulations
 - design, reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information
 - safeguarding of assets
- 10.3. SIAS is well placed to provide advice and support on emerging risks and controls and will, if requested, deliver consulting and advisory services, or evaluate specific operations.
- 10.4. SIAS is responsible for reporting to the Audit and Governance Committee and senior management, significant risk exposures (including those to fraud addressed in conjunction with the SAFS), control and governance issues and other matters that emerge from an engagement.
- 10.5. Engagements are allocated to (an) internal auditor(s) with the appropriate skills, experience, and competence. The auditor is then responsible for carrying out the work in accordance with the SIAS Operating Procedures Manual, and must consider the relevant elements of internal control, the needs and expectations of clients, the extent of work required to meet the engagement's objectives, its cost effectiveness, and the probability of significant error or non-compliance.
11. Role in Anti-Fraud
- 11.1. The SIAS work programme, designed in consultation with Senior Management, the Audit and Governance Committee and seeks to provide assurance on how the council manages the fraud risks to which it is exposed.
- 11.2. SIAS must have sufficient knowledge to evaluate the risk of fraud and the way it is managed by the Council but are not expected to have the expertise of a person or team whose primary responsibility is detecting and investigating fraud.
- 11.3. SIAS will exercise due professional care by considering the probability of significant errors, fraud, or non-compliance when developing audit scopes and objectives.
- 11.4. EHC is a partner of both SIAS and SAFS and benefits from collaboration and intelligence sharing between the teams. This informs both horizon scanning as part of the internal audit planning process and individual audit engagements.
- 11.5. The Client Audit Manager should be notified of all suspected or detected fraud, corruption, or impropriety so that the impact upon control arrangements can be evaluated.
12. Internal Audit Plan
- 12.1. Following discussion with appropriate senior management, the Client Audit Manager will submit a risk-based plan to the Audit and Governance Committee for review and approval. This will occur at least annually. The plan sets out the engagements agreed by the Section 151 Officer and Senior Leadership Team and demonstrates the priorities of both SIAS (the need to produce an annual internal audit opinion) and those of the organisation. Also included will be any relevant declarations of interest.

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- 12.2. The plan will be accompanied by details of the risk assessment approach used and other assurance considered during the planning process. Also shown will be the timing of an engagement, its budget in days, details of any contingency for new or changed risks, time for planning and reporting and a contribution to the development of SIAS.
- 12.3. The plan will be subject to regular review in year and may be modified in response to changes in the organisation's business, risks, operations, programmes, systems, and controls. All significant changes to the approved internal audit plan will be communicated in the quarterly update reports.
13. Reporting and Monitoring
 - 13.1. A draft written Terms of Reference will be prepared and issued to appropriate personnel at the start of an engagement. It will cover the intended objectives, scope and reporting mechanism and will be agreed with the client. Changes to the terms of reference during the engagement may occur and will be agreed following consultation with the client.
 - 13.2. A report will be issued to management on completion of an engagement. It will include a reasoned opinion, details of the time and scope within which it was prepared, management's responses to specific risk prioritised findings and recommendations made and a timescale within which corrective action will be / has been taken. If recommended action is not to be taken, an explanation for this will also be included.
 - 13.3. SIAS will follow-up the implementation of agreed recommendations in line with the protocol at each client. As appropriate, the outcomes of this work will be reported to the audit committee and may be used to inform the risk-based planning of future audit work. Should follow-up activity identify any significant error or omission, this will be communicated by the Client Audit Manager to all relevant parties.
 - 13.4. In consultation with senior management, the Client Audit Manager will consider, on a risk-basis, any request made by external stakeholders for sight of an internal audit report.
 - 13.5. Quarterly update reports to the Audit and Governance Committee will detail the results of each engagement, including significant risk exposures and control issues. In addition, an annual report will be produced giving an opinion on the overall control, governance, and risk management environment (and any other issues judged relevant to the preparation of the Annual Governance Statement) with a summary of the work that supports the opinion. Hertfordshire County Council's Head of Assurance will also make a statement of conformance with PSIAS, using the results of the annual self-assessment and Quality Assurance and Improvement Plan (QAIP) required by the PSIAS. The statement will detail the nature and reasons for any impairments, qualifications, or restrictions in scope for which the Committee should seek reassurances from management. Any improvement plans arising will be included in the annual report.
14. Periodic Assessment
 - 14.1. PSIAS require Hertfordshire County Council's Head of Assurance and the SIAS Board to arrange for an independent review of the effectiveness of internal audit undertaken

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by a suitably knowledgeable, qualified, and competent individual or organisation. This should occur at least every five years.

- 14.2. Hertfordshire County Council's Head of Assurance will ensure that continuous efforts are made to improve the efficiency, effectiveness, and quality of SIAS. These will include the Quality Assurance and Improvement Programme, client feedback, appraisals, and shared learning with the external audit partner as well as coaching, supervision, and documented review.
- 14.3. A single review will be carried out to provide assurance to all SIAS partners with the outcomes included in the partner's Annual Report.
15. Review of the Audit Charter
 - 15.1. The Client Audit Manager will review this charter annually and will present to the first audit committee meeting of each financial year, any changes for approval.
 - 15.2. The Client Audit Manager reviewed this Audit Charter in April 2024. It will next be reviewed in April 2025.

Glossary of Terms

<p>Audit Committee</p>	<p>The PSIAS defines the Audit Committee as “The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.”</p> <p>The Audit and Governance Committee operates in accordance with its terms of reference contained in East Herts Council’s Constitution.</p> <p><i>CIPFA’s Audit Committees Practical Guidance for Local Authorities and Police 2022 Edition</i> indicates that for a local authority, it is best practice for the audit committee to report directly to full council rather than to another committee, as the council itself most closely matches the body of ‘those charged with governance’. This is the case at EHC.</p>
<p>Audit Plan</p>	<p>The programme of risk-based work carried out by the Shared Internal Audit Service (SIAS) on behalf of its clients.</p>
<p>Board</p>	<p>The PSIAS defines the ‘Board’ as “The highest-level governing body (e.g., a board of directors, a supervisory board, or a board of governors or trustees) charged with the responsibility to direct and/or oversee the organisation’s activities and hold senior management accountable. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management. If a board does not exist, the word “board” in the Standards refers to a group or person charged with governance of the organisation. Furthermore, “board” in the Standards may refer to a committee or another body to which the governing body has delegated certain functions (e.g., an Audit Committee).</p> <p>For the purposes of the SIAS Audit Charter, the Board as referred to in the PSIAS shall be East Herts Council’s Audit and Governance Committee. All references to the Audit and Governance Committee in the SIAS Audit Charter should be read in this context.</p>
<p>Chief Audit Executive (CAE)</p>	<p>The PSIAS describes the role of CAE as “a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The CAE or others reporting to the CAE will have appropriate professional certifications and</p>

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	<p>qualifications. The specific job title and/or responsibilities of the CAE may vary across organisations.”</p> <p>The CAE is fundamental to the success of the service and to the extent to which it complies with the Standards. Regular reference is made to this role throughout the PSIAS, including some specific requirements relating to whoever is designated the role.</p> <p>For the purposes of the SIAS Audit Charter, the CAE as referred to in the PSIAS shall be EHC’s Client Audit Manager. All references to the Client Audit Manager in the SIAS Audit Charter should be read in this context.</p>
<p>Global Internal Audit Standards</p>	<p>The Standards guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. At the heart of the Standards are 15 guiding principles that enable effective internal auditing. The standards have an implementation date of 9 January 2025, or a likely extended date of 1 April 2025 for the public sector.</p>
<p>Management</p>	<p>Operational officers of the Council responsible for creating corporate policy and organising, planning, controlling, and directing resources to achieve the objectives of that policy. Senior management is defined as the Head of Paid Service, Chief Officers, and their direct reports.</p>
<p>Public Sector Internal Audit Standards (PSIAS)</p>	<p>These standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency, and effectiveness of internal audit across the public sector. They reaffirm the importance of robust, independent, and objective internal audit arrangements to provide stakeholders with the key assurances they need to support them both in managing and overseeing the organisation and in producing the annual governance statement.</p>
<p>Shared Internal Audit Service (SIAS)</p>	<p>SIAS is a local authority partnership comprising Hertfordshire County Council (HCC) and seven Hertfordshire district and borough councils. SIAS also provides internal audit services to a limited number of external clients. HCC is the host authority for the partnership and provides support services such as HR, technology, and accommodation.</p>

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SIAS Board	The Board that comprises officer representatives from the partner authorities and is responsible for the governance of the SIAS partnership.
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Note:

For readability, the term 'internal audit activity' as used in the PSIAS guidance has been replaced with 'SIAS' in this Charter.

East Herts Council Report

Audit & Governance Committee

Date of meeting: 29 May 2024

Report by: Cllr Sarah Hopewell, Executive Member for Wellbeing

Report title: Annual Leisure Contract Performance Report

Ward(s) affected: All

Summary – To present the annual review of East Herts Council’s fifteen-year leisure contract with Sport and Leisure Management Ltd (SLM) - trading as Everyone Active (EA).

RECOMMENDATIONS FOR Audit & Governance Committee:

a) The views of the Audit and Governance Committee be received and noted.

1.0 Background

1.1 The fifteen-year contract with our leisure provider Sport and Leisure Management Ltd. (SLM), began on 1 January 2020. Now in year five, this report details the performance of Everyone Active (EA) throughout 2023 in delivering under the terms of the contract.

1.2 The leisure provision in East Herts continues to be sector leading. On 9 September 2023 the newly refurbished and extended Hartham Leisure Centre opened, which has seen a significant uplift in members by 1,900 in the last quarter. EA have also reported a significant increase in gym visits, from an average of 8,345 to 17,000 in October and November 2023.

Hartham Leisure Centre has also opened a soft play that attracts an average of 2,500 visits per month. In addition, a spin studio was opened in January 2024 and the final phase of the project; gym changing rooms and shower facilities, were opened in early May 2024.

1.3 Though the focus in 2023 has been the completion of Hartham Leisure Centre, it was the first full operational year for the 3g pitch at Grange Paddocks Leisure Centre. There are 32 regular club and group bookings per week, and it has hosted League Two team Harrogate Town

for training and the Real Madrid Football Foundation, which used the facility for football camps.

1.4 Leventhorpe pool and gym received a refresh to the shower area and newer cardiovascular equipment for the gym, both of which positively were received by customers. In addition to this, Fanshawe pool and gym received a refresh with updated equipment, a functional space that replaced the old multi-purpose room, and a more accessible gym area. The wet side showers have also been updated.

1.5 Ward Freman pool, owned by Hertfordshire County Council (HCC) and managed by EA, was closed due to significant issues surrounding the health and safety of the pool tank and filtration system. In addition, there was a requirement for significant financial investment.

Ward Freman pool, owned by HCC, and with operations provided by EHDC, was closed in December due to significant issues surrounding the health and safety of the pool tank and filtration system. In addition, there was a requirement for significant financial investment, with full understanding of the repair issues still being established.

1.6 The following annual report covers two main elements:

- Performance in relation to specifications within the contract
- Qualitative successes and improvements

1.7 Report

The following information provides a summary of the contract performance, including customer throughput, customer satisfaction, health and safety management, added social value, and investments.

1.8 Customer Throughout

The Council continue to provide sector-leading leisure facilities and offer people the opportunity to participate in a variety of different sports and physical activities; regardless of age, ethnicity, gender, or level of physical activity.

The benefits of an active lifestyle support the Council’s commitment to health and wellbeing. Customer throughput refers to anyone who uses the centres.

1.9 Attendance

A key figure in assessing the performance of EA is the number of customers who used the facilities in 2023. The attendance for Grange Paddocks Leisure Centre has increased by 9.5% (65,415 more visits than 2022); Leventhorpe pool and gym increased by 2.5% (1,812 more visits); Ward Freman pool increased 6.5% (3,619 more visits) and Fanshawe pool and gym saw a drop of 0.9% (795 fewer visits).

There were a total of 1,403,353 visits in 2023, which represents a 23.7% increase from 2022.

Within the 2023 figures there were 3,510 more individuals using the centre, 2,412 more fitness memberships and an increase of 612 people on the learning to swim on scheme.

Sum of Total Site Attendance	TOTAL	YR on YR	YR on YR %
2019	1043152	18361	1.8%
2020	483389	-559763	-53.7%
2021	538365	54976	11.4%
2022	1134239	595874	110.7%
2023	1403353	269114	23.7%

Activities included in the data are:

- Gym
- Casual swim
- Group exercise classes
- Swimming lessons (including 1:1 and school)
- Tennis
- Football

1.10 Swimming attendance

Swimming performance has continued to exceed the contracts attendance target of a 1% increase from the previous year, with a 9.5% increase in usage. This totals 241,028 swim visits for 2023, and a month-on-month growth, except for August. EA will be exploring activities and programmes to engage with customers over the summer holiday period in 2024.

1.11 Under-16 swim performance

There has been a 5.9% increase in under-16 swimming participation and a total of 58,682 visits in 2023. Last year Hartham Leisure Centre invested in a large inflatable that has **proved** incredibly popular **and is** programmed into the school holiday timetable.

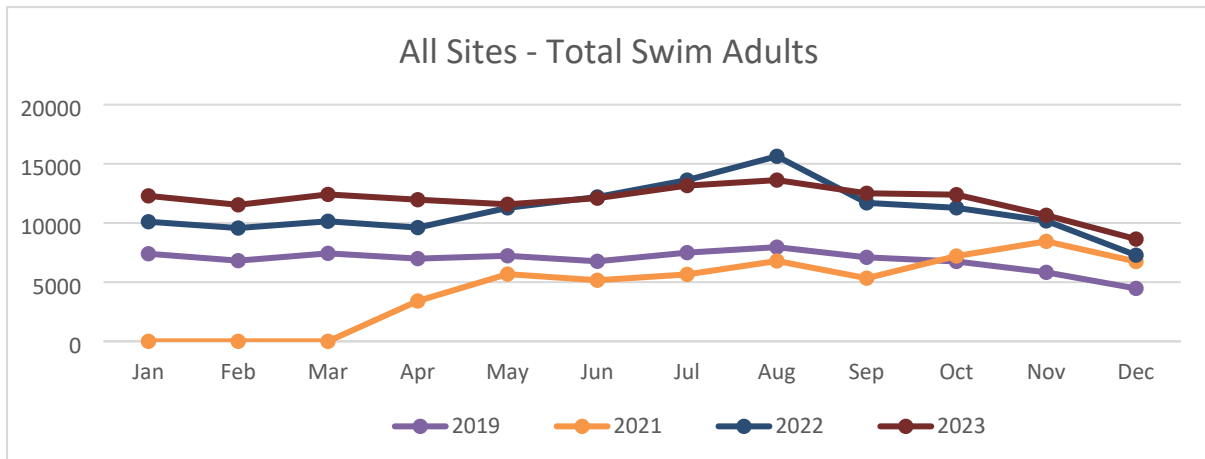
1.12 Adult swim performance

There has been a 7.7% increase in adult swimming; equating to 10,255 more visits than 2022. This is positive and aligned with the rise in membership options, which in turn has driven the number of active users. More work is needed to boost swimming in the summer holiday period, where there were 2,500 fewer swimmers. EA believes this is due to a change in programming in addition to an increased popularity of open water swimming and the refurbishment of local lidos.

1.13 Senior swim performance (60 years plus)

Senior swimming participation increased by 21.2% in 2023, with a total attendance of 39,056 swimmers over the age of 60. It is encouraging to see this level of uptake from senior gym users and EA believe it is due to the popularity of aquatic-based activities for this age group.

The graph below highlights the decrease in participation during August 2023 from 2022; this is an area that EA will focus on in 2024.



1.14 Gym attendance

There has been a continued increase in gym visits to our leisure centres, totalling 308,329 in 2023 - an increase of 17.8% from 2022. The opening of the newly extended Hartham Leisure Centre has allowed membership to increase further and has pushed gym visits to record levels. The added investment from EA to Fanshawe and Leventhorpe pool and gym has also boosted gym visits. This has supported membership growth by maintain existing customers.

1.15 Group participation

EA have focused on developing group exercise classes, following a drop in participation since COVID-19. Attendance increased by 25.1% in 2023, helped by two new studios opening in Hartham Leisure Centre, each of which have a capacity of more than 25 people.

Since the opening of Hartham Leisure Centre in September, there was an increase of 2,384 in group attendance compared to September 2022. In October and November, more than 14,000 people attended group exercise classes. The third studio; a spin studio which hosts both virtual and live classes, was opened in early 2024 and this has further boosted group participation.

1.16 Membership

There was a 23% increase in membership sales in 2023, equating to 1,496 new members. This was predominantly the result of Hartham

Leisure Centre's pre-sales and launch period. EA would like to see an increase across all centres in 2024.

The membership figures for the other centres show a 2% reduction at Fanshawe and 3% at Leventhorpe pool and gym, whilst Grange Paddocks Leisure Centre has seen a 5% reduction. In terms of unit numbers, this equates to 12 fewer sales at Fanshawe, nine at Leventhorpe pool and gym and 176 fewer sales at Grange Paddocks Leisure Centre. The drop in unit numbers at Grange Paddocks Leisure Centre is attributed to more local competition from new gyms opening in Bishop's Stortford. EA are adjusting their focus from new sales to emphasis on retention, with planned investment in more group exercise sessions in 2024.

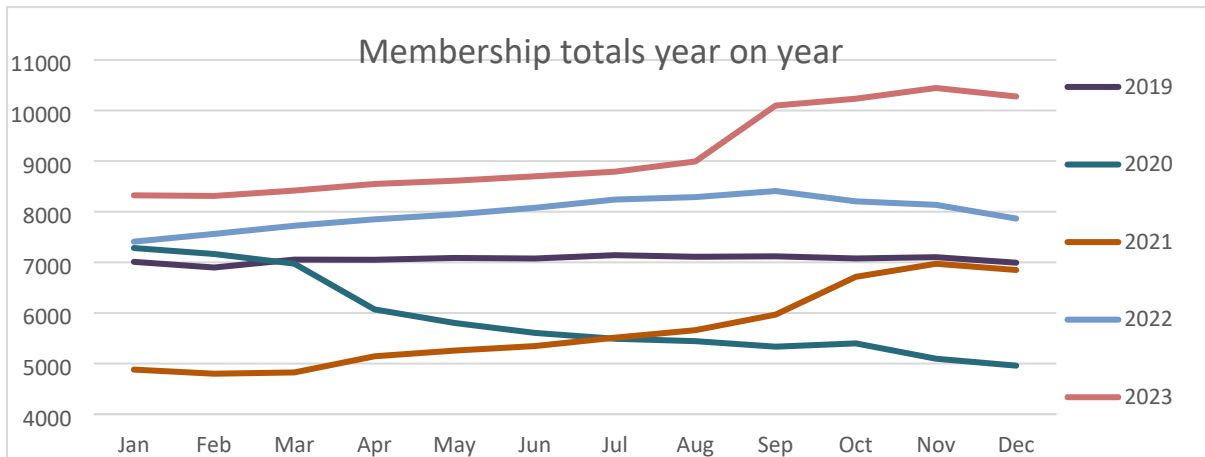
1.17 Fitness membership numbers

The launch of the Hartham Leisure Centre extension in September 2023 was hugely influential in the growth of the membership base. The 1,264 new memberships sold in September 2023 alone set a new SLM company record for a refurbishment launch.

Fitness membership includes gym and group exercise, making up a significant proportion of total attendance and approximately 40% of total turnover. Therefore, a robust fitness membership provides healthy attendance growth and is accompanied by commercial benefits. Given the challenges to operational costs around utilities and staffing costs, it is an essential factor in the leisure contract.

Membership at Grange Paddocks Leisure Centre peaked at 4,776 in September, which dropped to 4,293 by December due to the one-year promotional membership price ending. The opening of a new gym in Bishop's Stortford also affected membership in the latter part of the year. Across the rest of the contract, EA has seen consistency with membership numbers at Fanshawe, retaining between 680-690 members.

The graph below illustrates the membership total for the last five years, highlighting the year-on-year increase in membership.



1.18 Health and wellbeing initiatives

Health and wellbeing initiatives are at the core of the work EA do and they continue to serve the community by ensuring everyone has access to options for physical activity. EA continue to develop and deliver strategic health and wellbeing programmes.

1.19 Parkinson's support

The Community Health and Wellbeing programme includes support for people living with Parkinson's, involving 114 regular users. As part of the programme, EA has developed free access to Grange Paddocks Leisure Centre for people living with Parkinson's and their carers. There are also monthly support lunches held in the community room at Grange Paddocks Leisure Centre which regularly attracts 25-30 attendees. In addition to the community group, EA have established multiple activities branching off the Parkinson's support group, including a Boccia session, seated cricket and boxing sessions.

1.20 Sporting Champions

The Sporting Champions scheme is now in its eighth year and allows talented athletes to utilise training support and mentoring sessions to further their careers. The project is three-tiered with gold, silver and bronze. In April 2023 there were 23 local athletes selected to join the Sporting Champions scheme in East Herts. These include four triathletes, three swimmers, three rugby players, three hockey players, two skeet shooters and several other athletes in sports like judo, gymnastics and football.

1.21 Partnership working

Everyone Active is working in partnership with Alzheimer's UK to promote opportunities for physical activity and facilities available within East Herts leisure centres for those living with or affected by Alzheimer's.

Other ongoing partnerships include:

- Grove Cottage by supporting their annual Santa Run.
- I Love Hertford social media engagement around Hartham Leisure Centre.
- Mum's guide to Hertford with social media engagement.
- Community Voice, a police partnership for Hertford and Hartham Common.
- Blood Cancer UK, supported at Grange Paddocks Leisure Centre.
- Campioni football camps at Grange Paddocks Leisure Centre with retired West Ham United player James Collins.
- Stortford school sports partnership, with use of the 3g pitch at Grange Paddocks.
- Stort Valley Healthcare - who support Parkinson's and Dementia.
- Herts Sport Partnership, which provides holiday activities and food for children at Grange Paddocks Leisure Centre.
- Ongoing partnership with Weight Watchers as part of EA's corporate partnership. This provides space at Grange Paddocks Leisure Centre for the community to have free access to space to hold meetings. This is a useful cross-pollination between those looking to lose weight but who may not yet be ready to be physically active.
- Herts Sports Partnership with a successful funding bid for HAPPY activity camps, which provide holiday camps over the Christmas period for children in receipt of free school meals.
- Partnership with Stevenage Football Community Trust, providing coaching for the walking football activity session at Hartham Leisure Centre.
- Man v. Fat - a weight loss programme which involves playing football at Grange Paddocks Leisure Centre.
- MacMillian cancer support charity – fundraising.

- Caudwell Youth, a youth programme for developing and shaping young people's futures.
- Football For Fathers – social football community for over 30-year-olds to return to football.
- Connected with Table Tennis England for junior table tennis.
- Engaged with the Real Madrid Foundation who held very successful football sessions at Grange Paddocks Leisure Centre.
- Stevenage Football Club and Premier League Kicks, who provided free football sessions at Hartham Leisure Centre for 14–16-year-olds.
- Following the launch of the new 3g pitch in late 2022, EA have established a footballing partnership with Ipswich Town Football Foundation, Soccer Sixes, Bishop's Stortford Community FC, Real Stortford, The Games Group, Bows Soccer Academy, Stortford Swifts and numerous others for regular hires.

1.22 Social value

Social value measures the positive value that an organisation creates for society, communities, and the economy, including the NHS. Measuring social value includes both physical and mental health and is calculated on the health care cost savings for eight health outcomes.

These correlate to decreasing the risk and prevention of illness, combined with reduced GP visits and psychotherapy usage for physically active people.

The Social Value Calculator report for 2023 reveals all sites in East Herts increased their social value from £4,762,265 in 2022 to £5,544,045 in 2023. This is a 16.42% increase and a growth of £781,780. It reflects the core achievements of EA that more people from the East Herts district are using the leisure centres and attending active community programmes.

The table below indicates the social value calculator results for all sites in the leisure contract. The performance for calculated social value is significantly boosted by Hartham Leisure Centre's uplift from £1,180,749 in 2022 to £1,829,908 in 2023, an increase of 54.98%.

The 5.7% increase at Grange Paddocks Leisure Centre is positive also. However, both Fanshawe and Leventhorpe pool and gym's social value is down. This was influenced by the number of attendees and the number of unique social value participants.

	Total Social Value	Total SV participation 2023	Total SV participation 2022	% difference	Social value per person	Social Value total		
						2022	2023	% difference
ALL	£ 5,535,904	35160	29891	17.63%	£ 157	£4,762,265	£ 5,544,045	16.42%
FAN	£ 322,977	2773	3288	-15.66%	£ 116	£ 359,434	£ 322,977	-10.14%
GPP	£ 3,174,902	17844	16436	8.57%	£ 178	£ 3,003,607	£ 3,174,902	5.70%
HAR	£ 1,829,908	12431	7577	64.06%	£ 147	£ 1,180,749	£ 1,829,908	54.98%
LEV	£ 164,881	1484	1690	-12.19%	£ 111	£ 167,839	£ 164,881	-1.76%
WFR	£ 51,377	792	900	-12.00%	£ 65	£ 50,636	£ 51,377	1.46%

1.23 Customer satisfaction

EA send customer satisfaction surveys to members every six months via email. These provide feedback from users and are used to provide a summary for EA's Quality Action Plan and influence strategy development.

EA have made significant improvements to the dual site facilities, including updating the changing rooms and ensuring consistently high standards of cleanliness throughout the day. The table below highlights the overall rate of gym and group exercise experience at our leisure centres.

In 2023 there was a 1% decrease in overall satisfaction levels of 'very good to good' at Grange Paddocks Leisure Centre, but an increase for the other centres. This is something that EA have looked into and as a result have added more virtual classes to ensure there is availability for those who want early or late classes around their work schedule.

	2023	2022	2021	2019	2018	2017
How would you rate the overall gym and group exercise experience in the leisure centre?	Very Good to Good	Very Good to Good	% very satisfied or fairly satisfied	% very satisfied or fairly satisfied	% very satisfied or fairly satisfied	% very satisfied or fairly satisfied
All Sites	77.3%	78.3%	83.9%	81.8%	82.8%	87.2%
FAN	50.0%	41.3%	80.7%	75.6%	62.9%	75.1%
GPP	85.8%	89.1%	91.9%	77.3%	71.8%	85.3%
HAR	76.3%	72.9%	82.3%	84.2%	92.6%	92.4%
LEV	41.7%	37.5%	82.8%	75.5%	65.5%	96.0%
WFR	66.7%	NA	N/A	N/A	N/A	N/A

1.24 Swimming experience

EA were pleased with the feedback of 81.7% for all sites of 'very good to good' when users were asked how they would rate their swimming experience. Where there were a small number of 'poor to very poor' scores, EA reviewed individual feedback to look at improvement opportunities.

	2023	2022	2021	2019	2018	2017
0.5.How would you rate the overall swimming experience in the leisure centre?	Very Good to Good	Very Good to Good	% very satisfied or fairly satisfied	% very satisfied or fairly satisfied	% very satisfied or fairly satisfied	% very satisfied or fairly satisfied
All Sites	81.7%	84.1%	78.2%	80.2%	81.8%	80.8%
FAN	81.0%	68.0%	81.7%	81.3%	58.4%	71.6%
GPP	84.4%	88.7%	85.0%	73.8%	58.1%	72.1%
HAR	76.6%	83.7%	81.7%	80.4%	84.1%	82.9%
LEV	86.5%	84.1%	81.8%	81.3%	83.2%	88.3%
WFR	78.6%	61.1%	84.1%	83.6%	93.7%	89.1%

1.25 Overall visits to the centre

In terms of satisfaction levels regarding users' overall visits to the centres, a combined score of 81.6% was recorded in 2023, a slight drop of 0.8% from the overall score of the previous year. EA are mindful that in 2023 there was a four-month delay to the Hartham project opening and Fanshawe gym was closed for two-and-a-half weeks for refurbishment; all of which has been raised in this open-source feedback. As the survey is now independent of each site and is sent out

electronically and centrally, EA understands that the feedback they receive is generally more critical as responses are not traceable to specific users.

	2023	2022	2021	2019	2018	2017
How satisfied are you with your overall visit to the centre ?	Very Good to Good	Very Good to Good	% very satisfied or fairly satisfied	% very satisfied or fairly satisfied	% very satisfied or fairly satisfied	% very satisfied or fairly satisfied
All Sites	81.6%	82.4%	86.9%	86.7%	87.3%	87.7%
FAN	66.4%	62.9%	83.3%	81.0%	78.7%	87.0%
GPP	88.4%	88.6%	87.9%	87.1%	77.7%	83.0%
HAR	77.0%	77.0%	86.1%	86.4%	87.4%	84.2%
LEV	84.2%	86.4%	88.2%	91.6%	94.1%	93.0%
WFR	72.7%	54.5%	90.2%	87.9%	98.4%	91.0%

1.26 Value for money

Value for money continues to be an important factor for EA customers. In 2023 EA achieved over 78% across all sites. EA are actively looking at individual feedback as to where they can improve, particularly at improving on 'average' satisfaction scores, with a shift for these to become 'good' scores.

	2023	2022
How would you rate the activities at the centre in terms of Value of Money	Very Good to Good	Very Good to Good
All Sites	78.41%	77.78%
FAN	70.71%	67.01%
GPP	77.65%	80.97%
HAR	80.47%	74.47%
LEV	80.39%	81.82%
WFR	83.33%	72.73%

1.27 Health and safety

EA continues to work closely with the Council's Health and Safety Officer to streamline health and safety audits. EA carry out an overall audit of internal health and safety reviews, which is an annual process comprised of 12 months of monitoring, including compliance to the statutory and corporate standards, training and administration, plus two review audits for each site.

Across the contract, EA has seen a degree of over-reporting on reportable accidents, which required further training for colleagues on their accident reporting system. The moment an accident is generated, EA cannot change the status of the report regardless of whether this is the provision of first aid and/or the accident occurred out of the red line of the centres.

2023 Accident Analysis													
Contract	Site	Total Site Attendance	Total Accidents	Natural Causes	Sporting Injury	Other type of Injury	No of Customer Accidents	No of SLIPS (Non-Sporting) NB: DO NOT INCLUDE TRIPS	No Of Accidents involving Flumes	No of Contractor Accidents	No of Colleague Accidents	Brief overview of Riddor Reportable Accidents. (Please copy and	Monthly Accident Rate per 10,000 Visits
East Herts 2023 only	Fanshaw Pool and Gym	86437	37	3	5	27	36	1	0	0	1	NA	4.1649
	Grange Paddocks	757383	79	8	26	45	76	2	0	0	3	NA	1.0035
	Hartham Leisure Centre	430974	31	4	6	17	31	4	0	0	0	See Dec 23 report	0.7193
	Leventhorpe Pool and Gym	69237	4	0	1	3	4	0	0	0	0	NA	0.5777
	Ward Freeman Pool	59322	12	0	0	10	11	0	0	0	1	NA	1.8543
	TOTAL	1403353	163	15	38	102	158	7	0	0	5	NA	1.1259

1.28 Major incidents

In December there was an incident at Hartham Leisure Centre in which an individual sadly had a medical condition resulting in fatality, despite the efforts of the team on site and paramedics. The incident was not directly related to an accident at the site; however, it required the poolside to be closed for some time. EA staff involved were offered counselling and received regular checks post-incident to ensure EA supported them following this incident.

1.29 Accident summary

EA use benchmarking for accident performance analysis, comparing the level against accidents per 10,000 visits. This provides a comparison where sites can be cross-referenced against benchmarked levels.

There were 163 reported accidents, which is a slight increase from 121 in the same period in 2022. The accidents per 10,000 visits for 2023 is 1.1259 per 10,000 visits, slightly up from the 2022 performance of 0.93 accidents per 10,000 visits. This increase of 0.19 accidents per 10,000 visits is not of any concern. EA continue to review accident reporting monthly to look for patterns, avoidable incidents, and opportunities to improve safety and customer experience.

1.30 Inspections

In addition to formal set monitoring arrangements, East Herts Council officers undertake a mixture of monthly unannounced and announced inspections, reviewing and recording service delivery, marketing, health and safety and monitoring procedure standards.

1.31 Utilities

Utility consumption has remained a core focus for EA in 2023 due to the increase in utility base costs. EA continue to monitor energy and water consumption with regular reviews of their energy action plans and operational reviews at all sites. These include pool temperatures, time clocks on building management systems and research into further improvements or issues.

EA utilised Customer Relationship Management system to highlight when there were programmed empty spaces in their activities studios to ensure lighting and heating were reduced or switched off until the subsequent sessions.

EA also focused on timers with the air handling unit (AHU) for the poolside at Fanshawe pool and gym being upgraded to a 24/7-day timer, rather than just a 24-hour time. In addition, staff attended training with EA's Carbon and Energy Reduction Officer who shared best practice, new ideas and plans to reduce energy and carbon emissions.

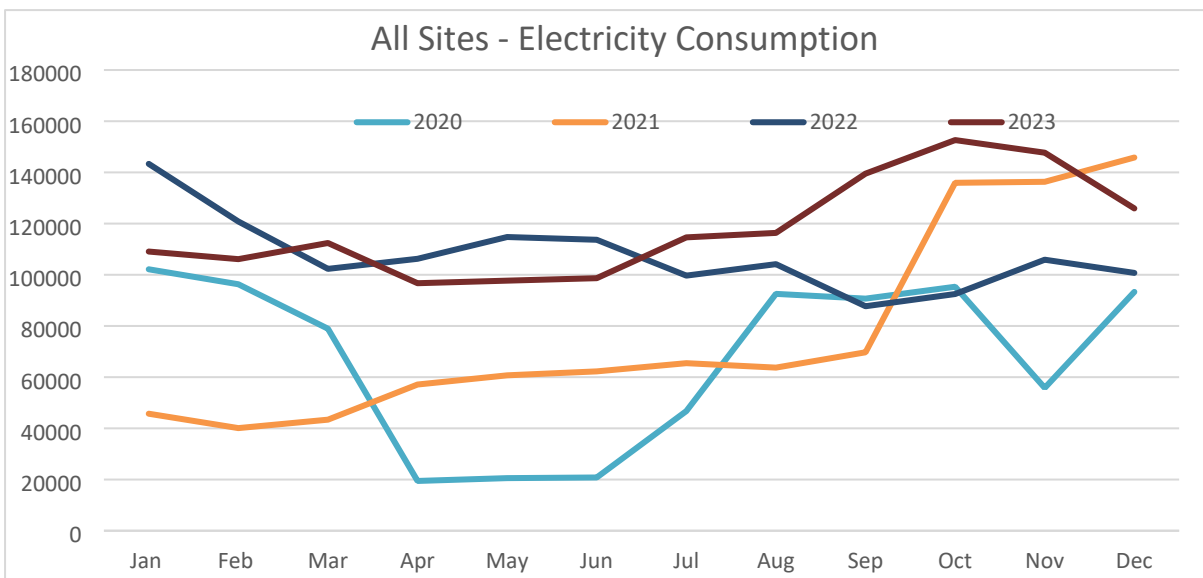
1.32 Energy and environmental action plans

EA have continued to complete bi-monthly reviews of their plant rooms and operational Building Management Systems (BMS) to ensure they are monitoring set points, concentrating on core basics around temperature set points and timeclocks to ensure EA have the correct set points at the suitable timings.



1.33 Energy consumption

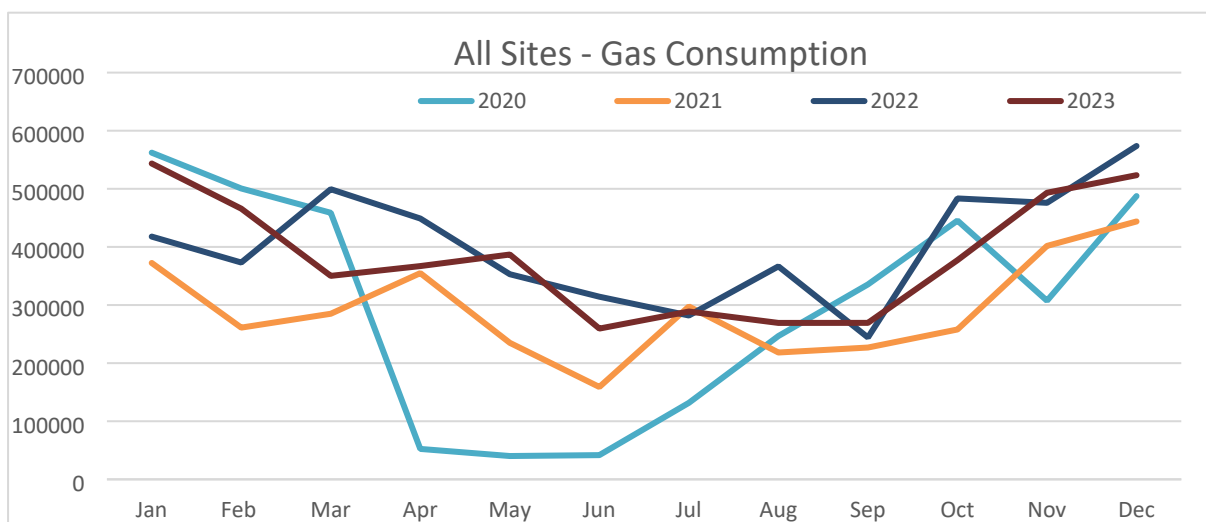
In the first six months of 2023, EA saw a year-on-year saving in electricity consumption and from July 2023 onwards, recorded an increase in consumption across the previous periods. From a year-on-year performance perspective, the increase in consumption in quarter 3 led to a reduction in the year-on-year energy consumption saving. The increase in consumption was mainly due to an issue with the Combined Heat Power (CHP) unit at Grange Paddocks Leisure Centre, which uses gas for power generation. This was also coupled with the new Hartham Leisure Centre coming online, where the building contractor operated with the lights on for night time security.



1.34 Gas consumption

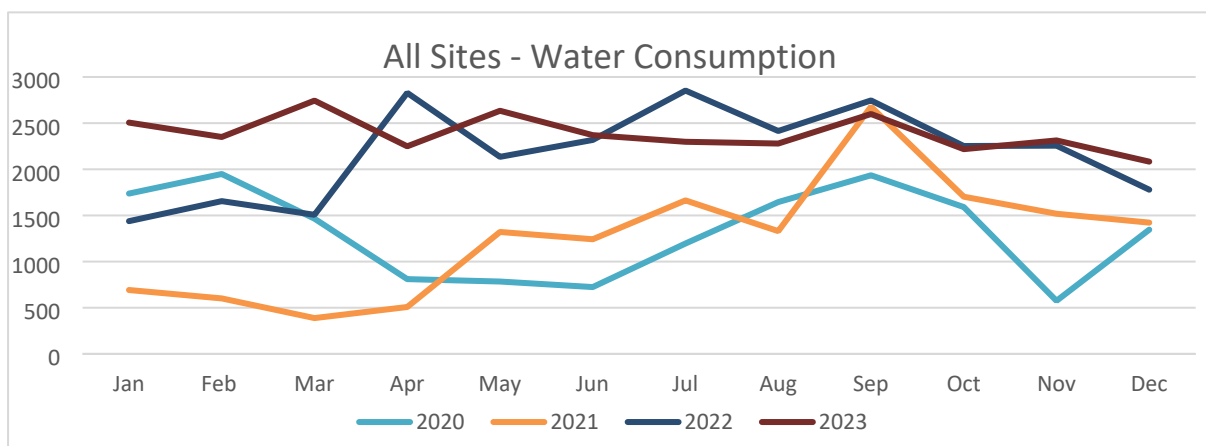
There was a slight shift in EA’s gas consumption due to Grange Paddocks Leisure Centre having a Combined Heat Power (CHP) unit, which uses gas consumption for power consumption because gas is generally cheaper than electricity. For 2023 overall, EA saw the CHP at Grange Paddocks Leisure Centre used for a run time of 16.4 hours per day. This dropped to 9.8 hours per day in quarter 3, which accounts for the savings in August.

For the whole period of January to September 2023, there was an increase in year-on-year consumption of 1.28%, however this includes the new Hartham Leisure Centre pool being open for its first full year.



1.35 Water consumption

The water consumption levels in the year-on-year comparison were much higher last year due to the pool at Hartham Leisure Centre being open for the whole period in 2023, compared to opening in May 2022.



1.36 Developments and investment

1.36.1 Fanshawe pool and gym

From August to September 2023, EA changed the gym's layout at Fanshawe pool and gym by removing the plinth where the cardio equipment was placed. EA relocated the strength and cardiovascular equipment from Hartham Leisure Centre, which completed an equipment refresh and layout change at Fanshawe pool and gym. This resulted in positive feedback from customers to EA in the latter part of quarter 4.

1.36.2 Hartham Leisure Centre

After several delays to the project, the extension was opened 9 September 2023. The weekend was hugely successful, with over 300 new membership sales and more than 750 attendances. Since opening, Hartham Leisure Centre recorded more than 1,200 new membership sales in the opening month.

1.36.3 Ward Freman pool

On 23 December 2023 Ward Freman pool was closed to public access following multiple issues that required essential work for health and safety reasons. There were long-standing issues with the pool floor and edges, along with crucial works required to refurbish the pool filtration system. In the period between the announcement that the centre would close and it closing, EA offered many swimmers on the learn to swim scheme alternative spaces in local EA sites. EA are committed to supporting and assisting the Ward Freman Community Pool Group CIO to seek a longer-term solution to the situation.

1.37 Feedback and enquiries

The use of the single customer view (SCV) system provides a cross-reference to customers' previous tickets, including feedback, usage patterns, and marketing distribution summary. It enables EA to be proactive from a case management perspective where they may encounter a historical element and provides them with a better understanding of the customer.

1.38 Key feedback and enquiry patterns

There are a few reoccurring themes in monthly feedback which EA are

working on at a site level to improve services and systems. Since March 2023, EA have updated the frequently asked questions on their website and single customer view links that manage customer enquiries and feedback. Several of the enquiries have automatic responses factored into a select number of topics, and, whilst this may seem impersonal, it increases EA's response times significantly.

1.39 Swimming lesson progress

Owing to the rapid growth of Grange Paddocks Leisure Centre, EA saw several feedback tickets from customers who wished to move their child into the next stage. Due to the pyramid function of the stages, the next stage is not necessarily available due to an influx of new swimmers. EA are recruiting more swimming teachers and looking at more sessions for these stages, however, it remains an ongoing challenge.

1.40 Confirmation of membership cancellation

Previously, members received an automated response when cancelling their membership which a number of them did not read/acknowledge, leading to a further cancellation request. This has now been resolved with changes to EA's digital member account self-service section.

Implications/Consultations

No

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

No

Background papers, appendices, and other relevant material

N/A

Contact Member

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Agenda Item 10

East Herts Council Report

Audit and Governance Committee

Date of meeting: Wednesday 29 May 2024

Report by: Tyron Suddes – Information Governance and Data Protection Manager

Report title: Data Protection Update

Ward(s) affected: (All Wards);

Summary – To provide an update on the council’s response to reported data breaches and subject access requests

RECOMMENDATIONS FOR Audit and Governance Committee

- a) That the Committee notes the content of the report and provides any observations to the Information Governance and Data Protection Manager.

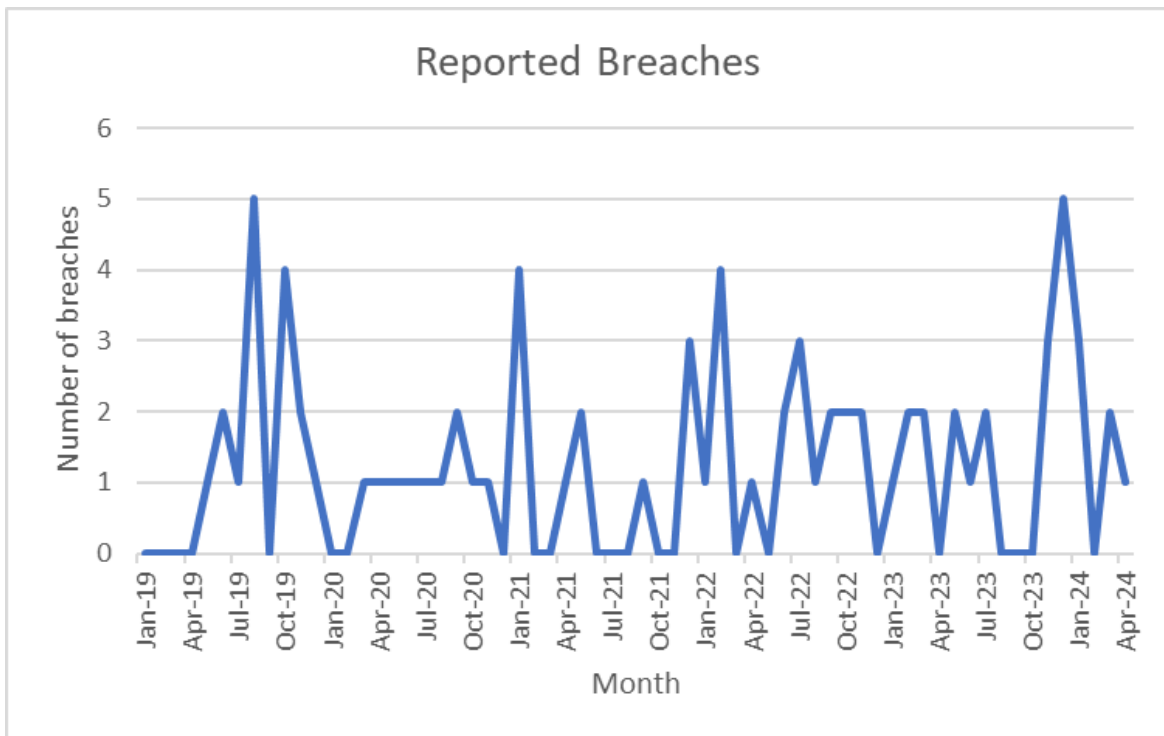
1.0 Proposal(s)

- 1.1. As Above

2.0 Background

- 2.1 This report provides a regular update on the council’s response to reported data breaches and subject access requests.
- 2.2 There have been fourteen reported breaches from September 2023 to April 2024, one of which was reported to the Information Commissioner’s Office (ICO).
- 2.3 This was due to a cyber attack on a sub-processor used to provide community lottery services and the following actions were taken:
 - 2.3.1 The sub-processor immediately set up new servers that underwent external testing and scans to ensure security and resiliency.
 - 2.3.2 The council was provided with assurance as to the sub-processor’s future technical and organisational arrangements.

- 2.4 Given the actions taken by the supplier and the council's assurance of security arrangements, the ICO took no further action and was satisfied with the council's response.
- 2.5 Of the other thirteen reported breaches:
- 2.5.1 Nine were due to correspondence being shared with an incorrect recipient;
 - 2.5.2 One was due to not correctly using the BCC function when sending an email;
 - 2.5.3 Two were due to a calendar invite being sent to multiple attendees, revealing their email addresses;
 - 2.5.4 One was due to data not being fully redacted before publication on the council's website
- 2.6 The following actions were immediately taken in response to the above breaches:
- 2.6.1 Where possible, emails recalls were issued;
 - 2.6.2 The incorrect recipient was asked to destroy personal data and confirm by email once complete;
 - 2.6.3 Where errors were due to software issues these were immediately rectified with the relevant supplier;
 - 2.6.4 Data published in error was immediately corrected or removed;
- 2.7 The following actions were taken to prevent similar breaches from occurring in future:
- 2.7.1 Officers were advised to regularly clear their auto-complete cache to reduce the possibility of sending emails in error
 - 2.7.2 Officers were reminded of the serious implications of a data breach and, where relevant, were advised of further actions/training to take to reduce the likelihood of future breaches;
 - 2.7.3 A MailTip feature has been activated on outlook which will notify officers when they enter an external email address.
 - 2.7.4 Officers were reminded of the importance of liaising with the Information Governance and Data Protection Manager prior to engaging new suppliers that will process council controlled personal data so that a supplier assurance assessment can be carried out.
- 2.8 The amount of data breaches over the last reporting period remains acceptable, particularly given the amount of data the council processes daily. The table below gives an overview of reported data breach trends:



2.9 The council’s data breach procedures were reviewed in 2021 and a Data Breach Policy was adopted in the same year. This reflects a general increase in reported data breaches following the implementation of more stringent reporting procedures and associated data breach training to all council staff.

2.10 There have been five subject access requests from September 2023 to April 2024. All requests were processed and responded to within the statutory time limit.

3.0 Reason(s)

3.1 At its meeting on 17th November 2020, the Audit and Governance Committee requested that it receives reports on GDPR and data protection matters.

3.2 At paragraph 8.1.8(n) of the Constitution, the Audit and Governance Committee has a role in considering the council’s Data Protection policies and procedures.

4.0 Options

4.1 The Committee requested an update and so there are no alternative options to consider.

5.0 Risks

5.1 Data Breaches can pose a financial and reputational risk to the council if they are not reported and dealt with correctly, however, the council,

through e-learning, virtual classroom training, shared learning and updated policies and procedures has raised awareness around data breaches and how to prevent and report these where required. Additionally, through regular reporting of breaches, the council can identify trends and possible actions to prevent these reoccurring.

- 5.2 Similarly, subject access requests, if not responded to correctly and within the statutory one month time frame, can pose financial and reputational risks to the council. This report provides reassurance the council continues to respond to these requests in line with legislation.

6.0 Implications/Consultations

Community Safety

No

Data Protection

Yes – regular updates on data protection aim to provide assurance that the council remains compliant with data protection legislation. Equally, updating on data breaches and subject access requests provides assurance that the council remains compliant in these areas.

Equalities

No

Environmental Sustainability

No

Financial

A serious data breach could result in the council facing substantial financial penalties, emphasising the importance of monitoring performance and responses to those breaches that arise from time to time.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No – other than as identified above.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 None

Contact Member

Executive Member for Corporate Services,
Executive Member for Neighbourhoods

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East Herts Council Report

Audit and Governance Committee

Date of meeting: 29 May 2024

Report by: Executive Member for Financial Sustainability

Report title: Monitoring of 2023/24 quarter four corporate risk register

Ward(s) affected: All

Summary – This report provides the Committee with the corporate risk register which details how East Herts manages the key risks to the council.

RECOMMENDATIONS FOR Audit and Governance Committee:

- A) The 2023/24 quarter four corporate risk register be reviewed, and officers advised of any suggested improvements to the format of the risk register.**
- B) The Committee notes the risk register and actions being taken to control and mitigate risk.**

1.0 Background

1.1 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.

1.2 The Corporate Risk Register is attached at Appendix A The format concentrates on key risks and is very focused on control and mitigation actions.

2.0 Risk register results for quarter four

2.1 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.)

	Likelihood			
	1	2	3	4
Impact	A			
	B		2	1, 6
	C		3, 7, 8	4
	D		5	

2.3 Details of how we score the risk score can be found below. Please see appendix 1 for a comprehensive breakdown of each risk.

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

Table 2: Methodology of corporate risk scoring

2.4 The risk scores now reflect control and mitigation measures rather than the raw score shown previously so will appear lower because of control measures.

2.5 No risks have had a score increase or decrease since the last report to the Committee.

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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Reference	Risk Title	Likelihood	Impact	Likelihood reduction	LR Target Date	Impact Mitigation	IM Target Date	Residual Likelihood	Residual Impact	Progress Update	Risk Owner
1 - Financial Resources	Expenditure is likely to exceed the resources available to the council triggering a report in the public interest by the s.151 officer under section 114 (3) of the Local Government Finance Act 1988.	A	4	Medium Term Financial Plan which plans for further reductions in net expenditure to reflect that both Labour and Conservative parties have committed to real terms reduction in council funding Annual savings plan Transforming East Herts Programme to deliver efficiencies and enable customers to access services 24/7 on the web site Reductions in non-essential capital expenditure and agreement to sell assets to realise £6 million capital receipt which will be applied to pay down debt. LGA Finance Peer Challenge has been accessed - awaiting desktop report being completed. Workshop with Executive and agreed Finance dashboard to be reported in Performance Management system		s.114 Report leading to appointment of Commissioners but also access to Government support Requesting CIPFA support prior to reaching s.114 threshold Requesting Government support although flexibility on capital receipts and further borrowing would be counter-productive		B	4	Developing finance dashboard for monthly reporting to Executive. Will be available to all Members once the software is implemented and up and running completely.	Steven Linnett
2 - Climate Change	Lack of mitigation of and adaptation to climate changes adversely impacts of service delivery	B	4	Declaration of Climate Emergency by Council Reducing carbon emissions from council operations - Climate Change Action Plan Seeking to influence residents to reduce carbon footprint for the district		Adaption Plan Business Continuity Plan Severe Weather section Emergency Plan including specific response plans to flooding etc. Health and Safety Policy details severe weather response		B	3	Adaption risk assessment substantially complete. Producing offsetting strategy and business case for carbon credits. All vehicles in council fleet now BEVs and in waste contract all vehicles below 3.5 tonnes will be electric	Jonathan Geall
3 - District Plan	District Plan not in place leading to a developer led system relying only on the National Planning Policy Framework. Potential loss of affordable housing, section 106 contributions, and potentially lower quality development	A	3	Timetable for Plan Review agreed at Executive Budget for evidence studies in place. Evidence based support for policies in line with National Planning Policy Framework, Duty to Co-operate and other national policies e.g. SSSI policies		Evidence based decision making in line with National Planning Policy Framework Ensure Duty to Co-operate complied with Ensuring that all potential policies and legally compliant with the NPPF and other policies		C	2	Preparing for Strategic Visioning Workshop on 26 June to begin process of producing the plan.	Sara Saunders
4 - Key Contractor	A key major contractor of the council fails meaning that services stop altogether e.g the refuse contractor fails and streets are not swept and bins are not emptied	C	4	Monitoring of major contractors for risks of business failure Parent Company Guarantee/Performance Bond Contract compliance procedure should note issues locally such as recruitment freeze or other issues that may indicate financial health issues with company		Local Authority Trading Company ready to activate to take over service provision Business Continuity Plans Performance Bonds or parent company guarantee		C	3	Continued monitoring of positions. Geesink Norba who were contracted to Urbaser to provide vehicle maintenance went into administration last month. Urbaser activated contingency plan and new contractor has taken over. Minimal impact on refuse and recycling collections and some impact on street cleansing but nothing major.	Colin Bartlett
5 - Governance	There is a governance failure caused by a lack of policies, procedures and internal controls leading to loss of legal cases on process and/or loss of assets	B	4	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 and Freedom of Information. Ensuring Equalities Impact Assessments are completed for all policies		In house legal staff in place with few vacancies therefore capacity available to address issues that arise unexpectedly. Internal audit provided by Shared Internal Audit Service using assurance mapping methodology which allows for all assurance levels to be seen and assessed. Monitoring Officer and s.151 officer work closely together and horizon scan for potential issues		D	2	Minor amendments to Constitution to reflect legislation changes made. HR policies being amended for legislative change	James Ellis
6 Ransomware attack deletes data	A ransomware attack succeeds and the council's IT systems are unusable for a prolonged period. The council will be unable to: collect revenues; calculate and pay benefits; pay staff; pay suppliers and take regulatory or enforcement action.	A	4	Cyber Security Treatment Plan in place. Operating systems and databases moved onto newest operating system releases. Network has had new firewalls and anti-virus software updates. All laptops protected with AV and firewall systems. All system access requires 2 factor authentication. Staff undertake compulsory data protection and cyber security training. New software implemented that requires staff to say if link is safe before network tests the link and either says yes or flags a security risk.	WiFi - July 2024 Income and Card Payments System - September 2024 General Ledger system - March 2025	Back ups periodically are stored on physical media and placed into secure fire proof safe storage and are retained for 2 years to allow systems to be restored - ransomware can lie dormant on networks for several months before activation and will be present on backups hence longer retention periods	On-going	B	4	On going updates to systems. Business system migration to secure cloud starting with finance systems and file storage being moved to Microsoft Cloud to ensure greater protection and to reduce reliance on physical data centre. WiFi in the offices is to be upgraded to enhance signal coverage and security	Helen Standen
7 - Major Data Breach	A major data breach of sensitive personal data occurs causing reputational damage and the Information Commissioner to fine the Council	A	3	Mandatory staff training Laptop/mobile device security Confidential waste shredded		Mandatory staff training Data Protection and Privacy Statements Culture of reporting all breaches and learning from each breach		C	2		James Ellis
8 - Staff and skills	The lack of the right staff to deliver services leads to service backlogs and failures. Staff are not skilled up to perform work in a digital environment and to work in an agile ways means that investment in systems and digital access channels is wasted	B	4	LGA have been commissioned to undertake a Decision Making Accountability Review to help inform the structure of the council. Commercial skills training requirements identified. Cultural change training requirements being worked on to cement Transforming East Herts investment as recognised in the July 2022 Business Case	LGA DMA report expected 24/05/2024 Culture Change training 31/03/2025	Introduction of new systems and moving transactions onto the web goes through a first stage of process review using Lean Six Sigma principles so wasteful processes are eliminated as well as maximising the technological capabilities. As far as possible human interventions in a process will be reduced or eliminated altogether. Training in skills is being worked up to deliver culture change to ensure investment is maximised. Managers have been trained as part of the Blueprint Programme and aspiring managers trained as part of the First Step Programme	Culture Change training 31/03/2025	C	3	Decision Making Accountability review fieldwork completed which involved interviews with around 30 staff to explore are decisions taken at the right level and as close to the customer as possible. First Steps Programme Year 1 cohort have completed training and are working on projects to ensure corporate plan targets are in line with OKR methodology.	Helen Standen

East Herts Council Report

Audit & Governance Committee

Date of meeting: 29 May 2024

**Report by: Steven Linnett, Head of Strategic Finance & Property
(s.151 Officer)**

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 its 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

2.0 Receive copies of Executive budget monitoring reports, for information, so that the final accounts outturn position can be compared to forecasts during the year.

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, audits 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:

Committee	Date	Report Title	Report Summary
Audit & Governance Committee	September 2024	Training:	Members are invited to nominate a training topic
		Procurement Strategy 2024/5 – 2029/30 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Procurement Strategy 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.
		Financial Management 2024/25 – 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 2024/25	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.

Committee	Date	Report Title	Report Summary
Audit & Governance Committee	November 2024	Training: Treasury Management	Presentation to Members on Treasury Management and the Committee's role in overseeing treasury policies
		Annual Infrastructure Funding Statement Report 2023/24	To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report 2020/21
		External Audit Planning Report 2024/25	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council.
		Budget 2025/26 and Medium Term Financial Plan 2025/25 – 2029/30	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 2023/24	To provide Audit and Governance Committee with a copy of the Annual Treasury Report so that they can scrutinise the Report.
		Treasury Management 2024/25 Mid-Year Review	To provide Audit and Governance Committee with a copy of the Treasury Management Mid-

Committee	Date	Report Title	Report Summary
			Year Review Report so that they can scrutinise the Report
		Strategic Risk Register Monitoring Q2 2024/25	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 2.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance Committee	January 2025	Training: Statement of Accounts	Presentation to Members on the key elements of the Statement of Accounts and the inter-relationship of the core statements.
		Budget Scrutiny - Budget 2025/26 and Medium Term Financial Plan 2025-29	To present to Audit and Governance Committee the Executive's proposed General Fund Budget and Medium Term Financial Plan for scrutiny.
		Investment Strategy 2025/26 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Investment Strategy for scrutiny.
		Capital Strategy and Minimum Revenue Provision Policy 2025/26 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Capital Strategy and Minimum Revenue Provision Policy for scrutiny.
		Financial Management 2024/25 – 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.

Committee	Date	Report Title	Report Summary
		Treasury Management 2024/25 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
		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.
		Anti-Fraud Plan	To present to Audit and Governance Committee the Shared Anti-Fraud Service Anti-Fraud Plan for the financial year.
		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.
		Internal Audit Plan	To present to Audit and Governance Committee the Shared Internal Audit Service Audit Plan for the financial year.
		Data Protection Update	To present to Audit and Governance Committee the progress on data protection policies and practices.
		External Audit Planning Report 2024/25	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council.
		Provisional Outturn 2023/24	To present to Audit and Governance Committee the provisional General Fund Revenue and Capital Outturn. The figures

Committee	Date	Report Title	Report Summary
			remain provisional until the external auditor has completed the audit.
		Receipt of the Final External Auditor's Audit Results Report 2023/24	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 'Communication of Audit Matters to Those Charged With Governance'.
		Approval of the Statement of Accounts 2023/24	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 2023/24	To present to Audit and Governance Committee for approval the Annual Governance Statement for incorporation in the Statement of

Committee	Date	Report Title	Report Summary
			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.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance Committee	May 2025	Appointment of Vice- Chairman for 2025/26	Members will vote to appoint the Vice Chairman of the Committee
		Training:	Members are invited to nominate a training topic
		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.

Committee	Date	Report Title	Report Summary
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		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.
		Strategic Risk Register Monitoring Q4 2024/25 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.
		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.

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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