

SUMMARY OF DECISIONS

Meeting:	Audit Committee
Date:	Thursday, 10 September 2020
Place:	Virtual (via Zoom)
Members Present:	Councillors: John Gardner (Vice-Chair in the Chair), Sandra Barr, Laurie Chester and Graham Lawrence.
Also Present:	Mr Geoff Gibbs (Independent Co-opted Member)

1	APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST	
	Apologies for absence were received from Councillors Teresa Callaghan (Chair) and Stephen Booth. There were no declarations of interest.	
2	MINUTES - 9 JUNE 2020	
	It was RESOLVED that the Minutes of the Audit Committee meeting held on 9 June 2020 be approved as a correct record and signed by the Chair. In relation to Minute 4 – Public Sector Audit Appointments (PSAA) Annual Audit Fee Letter, the Strategic Director (CF) advised that all Hertfordshire Local Authorities with Ernst & Young as their external auditors had written to the PSAA expressing concerns about the proposed increased audit fee level for 2020/21.	
3	SHARED ANTI-FRAUD SERVICES (SAFS) ANTI-FRAUD REPORT 2019/20 AND PROGRESS WITH DELIVERY OF 2020/21 ANTI-FRAUD PLAN	N. Jennings (SAFS)
	The Head of the Shared Anti-Fraud Service (SAFS) presented a report on the Anti-Fraud Plan 2019/20 and progress with delivery of the 2020/21 Anti-Fraud Plan.	

In response to Member's questions, the Head of SAFS stated:

- The National Fraud Initiative required, every two years, the upload of local authority fraud data in October to the Cabinet Office. The Cabinet Office provided a return to Councils the following February advising where fraud had been identified through data matching. There was often a delay in addressing the information provided by the NFI, with some service areas responding quicker than others. Officers were working to speed up this process in future years;
- He would contact SBC's Communications and IT Teams with a view to improving and simplifying the process for members of the public to report fraud, both through the Council's website and via the telephone;
- In respect of the achievement of 48% of fraud cases investigated and closed in 2019/20 against a target of 60%, he felt that this target was sufficiently challenging and allowed SAFS to concentrate its effort on delivering a significant level of savings for SBC; and
- The one grant application referred to in Paragraph 2.15 of the report that was the subject of suspected fraud was still under investigation.

It was **RESOLVED:**

1. That the Council's work to combat fraud in 2019/20 be noted.
2. That the performance of the Shared Anti-Fraud Service in meeting its Key Performance Indicators in 2019/20 be noted.

4	JOINT ICT INVESTMENT STRATEGY - PRESENTATION ON PROGRESS	S. Russell x 2091
<p>The Strategic ICT Partnership Manager gave a visual presentation providing an update on the Joint ICT Strategy.</p> <p>In response to a Member's question, the Strategic ICT Partnership Manager stated that he was confident that the higher cost items in the Strategy would be delivered within budget. What was less quantifiable was, for example, the precise cost of upgrading up to 2,000 individual ICT devices.</p>		

The Chair requested that a further update presentation/report be submitted to the Committee in 6 months' time (ie. to its March 2021 meeting).

It was **RESOLVED** that the presentation be noted.

5 ANNUAL TREASURY MANAGEMENT REVIEW OF 2019/20 INCLUDING PRUDENTIAL CODE

**C. Fletcher
x 2933**

The Strategic Director (CF) presented a report on the Annual Treasury Management Review of 2019/20, including the Prudential Code.

In response to a Member's question regarding the Council's cash reserves, the Strategic Director (CF) confirmed that the vast majority of these were allocated, including £10M for Council Tax and Business Rates, the majority of the former being collected on behalf of HCC; £10M for restricted use capital receipts; £13M for Capital projects; £17M HRA balance for payment of debt; and £5M for HRA interest rate fluctuations.

In reply to another Member's question in respect of Government financial support to SBC throughout the Covid-19 pandemic, the Strategic Director (CF) stated that £1.2M had been received. The latest Government Income Guarantee Scheme including funding towards items such as lost car parking income, but excluded loss of income relating to Council Tax, Business Rates, Investments, all rents and Third Party Local Authority Leisure Providers (e.g. Stevenage Leisure Limited). She estimated that the Council may receive a further £1.5M to £1.7M of further Government support funding, bringing it to a maximum total of £3M, which was unlikely to cover 50% of SBC's overall losses during the pandemic. She was concerned that the Government's support funding was very much based on what had occurred since March 2020, and did not take into account the likely continued reduced income in 2021 and beyond.

It was **RESOLVED** that, subject to any comments from the Executive, the 2019/20 Annual Treasury Management Review be recommended to Council for approval.

6	URGENT PART 1 BUSINESS	C. Fletcher x 2933
	<p>The Chair accepted the following item of urgent Part I business.</p> <p><u>Redmond Report</u></p> <p>The Strategic Director (CF) outlined the major recommendations contained in the recently published Redmond Report, an independent review on the quality of local authority financial reporting and external audit. Consultation on the review ran from 17 September 2019 to 20 December 2019, and consultees included as external audit firms, the PSAA (the procuring body for local authority external auditors) and individual councils.</p> <p>The Strategic Director (CF) advised that she would be submitting a full report on the Redmond Report to the next meeting of the Audit Committee. She undertook to arrange for Audit Committee Members to be sent a link to the Report on the Government's website.</p>	
7	EXCLUSION OF PUBLIC AND PRESS	
	<p>It was RESOLVED that:</p> <ol style="list-style-type: none"> 1. Under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006. 2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure. 	

8	PART II MINUTES - AUDIT COMMITTEE - 9 JUNE 2020	
	It was RESOLVED that the Part II Minutes of the Audit Committee meeting held on 9 June 2020 be approved as a correct record and signed by the Chair.	
9	QUEENSWAY NORTH PROJECT - FINANCIAL RISKS	C. Barnes x 2292
	<p>The Assistant Director (Regeneration) presented a report and gave a visual presentation on the Queensway North Scheme, in particular the financial risks associated with the project.</p> <p>The Assistant Director (Regeneration) and Strategic Director (CF) answered a number of Members' questions regarding the report.</p> <p>The Chair requested that a further update report on the Queensway North project be submitted to the Committee in 12 months' time.</p> <p>It was RESOLVED:</p> <ol style="list-style-type: none"> 1. That the latest position of the project and the progress made to deliver the scheme be noted. 2. That the governance arrangements implemented to ensure the efficient delivery of the project be noted. 3. That the progress on mitigating key risks to the Council be noted. 	
10	STRATEGIC RISK REGISTER	S. Kingsley-Smith x 2390
	The Committee received the Council's latest Strategic Risk Register.	

	<p>The Performance & Resilience Officer updated the Committee on changes to key risks and answered Members' questions.</p> <p>It was RESOLVED:</p> <ol style="list-style-type: none"> 1. That the latest Strategic Risk Register (set out in Appendices A1 – A3 to the report) be noted. 2. That developments on risk management issues be noted. 	
11	URGENT PART II BUSINESS	
	None.	