

## SUMMARY OF DECISIONS

<b>Meeting:</b>	Audit Committee	
<b>Date:</b>	Wednesday, 10 November 2021	
<b>Place:</b>	Council Chamber, Daneshill House, Danestrete, Stevenage	
<b>Members Present:</b>	Councillors:	Teresa Callaghan (Chair), Myla Arceno, Stephen Booth, Graham Lawrence, Maureen McKay and Claire Parris. Mr Geoffrey Gibbs (Independent Co-opted Non-voting Member)

<b>1</b>	<b>APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST</b>	
	<p>The Chair welcomed everyone to the meeting, especially Martin Hone (Interim Assistant of Finance &amp; Estates) who was attending his first meeting of the Committee.</p> <p>Apologies for absence were submitted on behalf of Councillors Julie Ashley-Wren, John Gardner, Nicholas Leech and Lou Rossati.</p> <p>There were no declarations of interest, although Mr Geoff Gibbs (Independent Co-opted Non-voting Member) stated that, as Item 5 on the agenda related to his position on the Committee, he would be withdrawing from the meeting prior to Members' consideration of that item.</p>	
<b>2</b>	<b>MINUTES - 8 SEPTEMBER 2021</b>	
	<p>It was <b>RESOLVED</b> that the Minutes of the meeting of the Audit Committee held on 8 September 2021 be approved as a correct record and signed by the Chair.</p>	
<b>3</b>	<b>APPOINTMENT OF EXTERNAL AUDITORS - OPTING IN TO THE PUBLIC SECTOR AUDIT APPOINTMENTS (PSAA) PROCESS</b>	<b>C. Fletcher M. Hone</b>
	<p>The Interim Assistant Director (Finance &amp; Estates) presented a report in respect of opting in to the Public Sector Audit Appointments (PSAA) process for the appointment of external auditors covering the period April 2023 to March 2028.</p>	

In response to a series of Members' questions, the Strategic Director (CF) commented as follows:

- the PSAA process for the appointment of auditors would comprise 89 lots and 2 development lots. The PSAA would allocate auditors, and whilst it was possible that Ernst & Young would be appointed again for SBC, there was no way of knowing. The PSAA was endeavouring to attract "new" audit firms to participate in the process;
- the scale annual audit fee was quite low in value (approx. £49,000), but because of the increased rigour required by the Government in the audit of local authority accounts the likelihood of "add-on" fees was increased. This was particularly the case should an authority (like SBC) have a Housing Revenue Account and substantial Capital Programme, which increased the complexities and risk levels of the audit;
- at present, most of the Hertfordshire local authorities were audited by Ernst & Young. Going forward, the authorities in each lot would not necessarily be audited by the same audit company;
- the nationwide shortage of auditors (and the specialist nature of local authority audit) would lead to the conclusion that to opt-in to the PSAA process would seem a prudent approach, both in terms of the resilience and experience of those undertaking the audit. To opt out would place the Council at risk of a sub-standard audit or possibly being in a position where it was unable to appoint any suitable audit firm; and
- there was no monetary fine for being late in the finalisation of an audit, although there would always be a knock-on impact on future audits. The exception was for Housing Benefits audits, whereby the Department of Work & Pensions could fine authorities for a late return. Fortunately, they had chosen not to do so during the Covid pandemic.

It was **RESOLVED:**

1. That Council be recommended to approve that SBC will opt in to the appointing arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of External Auditors covering the period April 2023 to March 2028.
2. That the Strategic Director (Section 151 Officer) confirms SBC's interest in undertaking the opt-in appointing process following ratification by Council.

4	<b>ADOPTION OF AN ANTI-FRAUD &amp; CORRUPTION STRATEGY; ANTI-MONEY LAUNDERING POLICY; AND FRAUD SANCTIONS POLICY</b>	<b>C. Fletcher M. Hone</b>
<p>The Interim Assistant Director (Finance &amp; Estates) presented a report seeking approval to the adoption of and Anti-Fraud &amp; Corruption Strategy; an Anti-Money Laundering Policy; and a Fraud Sanctions Policy.</p> <p>It was <b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. That the proposed Anti-Fraud and Corruption Strategy, as set out at Appendix A to the report, be adopted.</li> <li>2. That the proposed Anti-Money Laundering Policy, as set out at Appendix B to the report, be adopted.</li> <li>3. That the proposed Fraud Sanctions Policy, as set out at Appendix C to the report, be adopted.</li> </ol>		
5	<b>INDEPENDENT MEMBER OF AUDIT COMMITTEE</b>	<b>C. Fletcher M. Hone</b>
<p>[Prior to the consideration of the report, the Independent Co-opted Non-voting Member (Mr Geoff Gibbs) withdrew from the meeting for the duration of the Committee's debate on this item.]</p> <p>The Interim Assistant Director (Finance &amp; Estates) presented a report in respect of proposed extension for one year of the term of office of the current Independent Co-opted Non-voting Member of the Audit Committee.</p> <p>In reply to a Member's question as to whether Mr Gibbs could re-apply for the position at the end of his one-year extension, the Strategic Director (CF) advised that best practice was for the rotation of Independent Members. She added that the qualification required to act as the Independent Member was some form of extensive governance/finance experience.</p> <p>The Strategic Director (CF) undertook to provide Committee Members with the Job Description for the Independent Member, and to seek the views of Mr Gibbs on this document in due course, prior to the commencement of the recruitment process for a</p>		

	<p>new Independent Member.</p> <p>It was <b>RESOLVED</b> that the tenure of the current Independent Member of the Committee (Mr G. Gibbs) be extended for a further year (from July 2022 to July 2023) on the same terms as previously agreed.</p>	
<b>6</b>	<b>PROGRESS OF CORPORATE AND SERVICE GOVERNANCE ACTIONS</b>	<b>S. Brightwell</b>
	<p>The Senior Performance &amp; Resilience Officer presented a report detailing the progress of Corporate and Service governance actions identified in the Council's 2020/21 Annual Governance Statement.</p> <p>In response to a question from the Chair, the Strategic Director (CF) replied that a small number of the Service governance actions shown as "not started" was primarily due to staffing/resourcing issues, and that once recruitment to key posts took place these actions would be progressed.</p> <p>It was <b>RESOLVED</b>:</p> <ol style="list-style-type: none"> <li>1. That the progress to date of corporate governance actions to strengthen the Council's corporate governance arrangements, as identified in the Council's 2020/21 Annual Governance Statement reported to Audit Committee on 8 June 2021, be noted.</li> <li>2. That the progress to date of service governance actions identified by the 2020/21 Service Assurance reviews carried out at business unit level to strengthen the Council's service governance arrangements, as reported to Audit Committee on 8 June 2021, be noted.</li> </ol>	
<b>7</b>	<b>MID YEAR REVIEW OF TREASURY MANAGEMENT STRATEGY 2021/22</b>	<b>C. Fletcher M. Hone</b>
	<p>The Interim Assistant Director (Finance &amp; Estates) presented a report updating the Committee on Treasury Management activities in 2021/22 and reviewing the effectiveness of the 2021/22 Treasury Management and Investment Strategy, including</p>	

the 2021/22 prudential indicators.

In reply to Members' questions, the Strategic Director (CF) stated:

- the demolition of Swingate House (cost estimate £900,000) referred to in Paragraph 4.1.4 of the report was part of the Development Agreement with Mace, the main contractor for the SG1 regeneration project. These funds needed to be drawn down by February 2022, and the £900,00 figure was the best estimate of costs; and
- it was anticipated that the Council would be advised of its share of the Government's £4.8Billion grant funding for Local Government for the next three years in mid-December 2021. She had no inkling as to the amount of grant likely to be received by the Council.

It was **RESOLVED**:

1. That Council be recommended to approve the 2021/22 Treasury Management Mid Year review.
2. That Council be recommended to approve the latest approved Countries for Investments list (Appendix D to the report).
3. That the updated authorised and operational borrowing limits be approved (Paragraph 4.4.7 in the report).
4. That the impact of the outstanding decision set out in Paragraph 4.1.4 of the report be noted.

8	<b>URGENT PART I BUSINESS</b>	
	None.	

9	<b>EXCLUSION OF PUBLIC AND PRESS</b>	
	<p>It was <b>RESOLVED</b>:</p> <ol style="list-style-type: none"> <li>1. That under Section 100A 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.</li> <li>2. That 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.</li> </ol>	
10	<b>PART II MINUTES - AUDIT COMMITTEE - 8 SEPTEMBER 2021</b>	
	<p>It was <b>RESOLVED</b> that the Part II Minutes of the meeting of the Audit Committee held on 8 September 2021 be approved as a correct record and signed by the Chair.</p>	
11	<b>STRATEGIC RISK REGISTER</b>	<b>S. Brightwell</b>
	<p>The Senior Performance &amp; Resilience Officer presented a report in respect of the latest SBC Strategic Risk Register.</p> <p>The Corporate Performance &amp; Improvement Officer updated the Committee on changes to key risks and answered Members' questions.</p> <p>It was <b>RESOLVED</b>:</p> <ol style="list-style-type: none"> <li>1. That the latest Strategic Risk Register (set out in Appendices A1 – A3 to the report) be noted.</li> </ol>	

	2. That developments on risk management issues be noted.
<b>12</b>	<b>URGENT PART II BUSINESS</b>
	None.