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AUDIT COMMITTEE

Date: Monday, 28 March 2022

Time: 6.00pm

Location: Council Chamber, Daneshill House, Danestrete, Stevenage

Contact: Ian Gourlay (01438) 242703

committees@stevenage.gov.uk

Members: Councillors: T Callaghan (Chair), J Gardner (Vice-Chair), M Arceno, Ashley-Wren, S Booth, G Lawrence CC, N Leech, M McKay, C Parris and L Rossati.
Mr G Gibbs (Independent Co-opted Non-voting Member)

AGENDA

PART I

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 8 FEBRUARY 2022 AND 28 FEBRUARY 2022

To approve as a correct record the Minutes of the meetings of the Audit Committee held on 8 February 2022 and 28 February 2022.

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3. SAFS PROPOSED ANTI-FRAUD PLAN 2022/23 AND PROGRESS ON THE ANTI-FRAUD PLAN 2021/22

To consider the Shared Anti-Fraud Service's proposed Anti-Fraud Plan for 2022/23 and progress on the Anti-Fraud Plan 2021/22.

Pages 11 – 28

4. SIAS INTERNAL AUDIT PLAN 2021/22 - PROGRESS REPORT

To consider progress on the SIAS Internal Audit Plan 2021/22.

Pages 29 – 40

5. SIAS INTERNAL AUDIT PLAN 2022/23

To consider the proposed SIAS Internal Audit Plan for 2022/23.

Pages 41 – 58

6. CORPORATE GOVERNANCE ARRANGEMENTS

To consider an assessment of Corporate Governance arrangements.

Pages 59 – 70

7. URGENT PART I BUSINESS

To consider any Part I business accepted by the Chair as urgent.

8. EXCLUSION OF PUBLIC AND PRESS

To consider the following motions –

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 involve 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. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

9. STRATEGIC RISK REGISTER

To note the latest Strategic Risk Register for Stevenage Borough Council and developments on risk management issues.
Pages 71 - 116

10. URGENT PART II BUSINESS

To consider any Part II business accepted by the Chair as urgent.

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Tuesday, 8 February 2022

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Teresa Callaghan (Chair), John Gardner (Vice-Chair) Chair), Myla Arceno, Julie Ashley-Wren, Graham Lawrence CC, Nick Leech, Maureen McKay, Claire Parris and Loraine Rossati.
Mr Geoff Gibbs (Independent Co-opted Non-voting Member).

Start / End Start Time: 6.00pm
Time: End Time: 6.22pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Stephen Booth.

There were no declarations of interest.

2 MINUTES - 10 NOVEMBER 2021

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 10 November 2021 be approved as a correct record and signed by the Chair.

3 SIAS INTERNAL AUDIT PLAN 2021/22 - PROGRESS REPORT

The SIAS Client Audit Manager presented a progress report with regard to the SIAS Internal Audit Plan 2021/22 (up to 21 January 2022).

The SIAS Client Audit Manager advised that 11 final Audit reports (with various assurance levels) had been issued since the September 2021 Audit Committee meeting, as set out in Paragraph 2.2 of the report. He referred to the implementation status of Critical and High Priority Recommendations, as set out in Appendix B to the report, and commented that the two new recommendations in respect of Landlord Health and Safety were due to be implemented in the next month, progress on which would be included in his report to the March 2022 Audit Committee meeting.

The SIAS Client Audit Manager drew attention to the revised Audit Charter 2021/22 set out at Appendix E to the report. The proposed changes to the Charter were required following an Independent External Assessment Report issued in June 2021. The revised Charter, if approved, would allow SIAS to self-assess compliance with the Public Sector Internal Audit Standards (PSIAS) as "Generally Conforms" (the highest rating).

It was **RESOLVED**:

1. That the SIAS Internal Audit Plan 2021/22 progress report be noted.
2. That the status of Critical and High Priority Recommendations be noted.
3. That the Revised Audit Charter for 2021/22, as set out at Appendix E to the report, be approved.

4 ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL CODE INDICATORS 2022/23

The Strategic Director (CF) presented a report in respect of the Annual Treasury Management Strategy including Prudential Code Indicators for 2022/23.

The Strategic Director (CF) commented that the report had been drafted prior to the recent Bank of England rise in interest rates.

The Strategic Director (CF) advised that the Council's cash balances were £79.9Million at the 31 December 2021 and were projected to be £71.4Million by 31 March 2022. This projection excluded £10.5Million of used balances in lieu of external borrowing due to low interest rates leading to a poor return on investments. An assumed interest rate of 0.25% had been applied to investment returns.

The Strategic Director (CF) further advised that the Council had borrowed £9M in advance of the recent increase in interest rates. The estimated increase in investment income due to the interest rate rise was £70,000 for the Housing Revenue Account and £60,000 for the General Fund.

The Strategic Director (CF) stated that there had been no breaches of treasury counterparty limits in 2021/22, and no increases were proposed for 2022/23.

The Strategic Director (CF) explained that the Government was consulting local authorities regarding Minimum Revenue Provision. The proposals contained in the consultation paper could potentially impact upon wholly owned companies.

In response to a series of Member's questions, the Strategic Director (CF) advised:

- like most local authorities, SBC carried out most of its borrowing with the Public Works Loan Board (PWLB), which was one of the cheapest forms of borrowing;
- the Government consultation on Minimum Revenue Provision (MRP) had arisen due to its concern that a number of local authorities had borrowed in order to invest in commercial property. The Government was tightening up this process, as it felt that a number of Councils were avoiding MRP processes due to them establishing wholly owned companies (for example, for the building of housing);
- much of the Council's borrowing was at fixed rate, as certainty was required regarding the level of repayment. In terms of Council investments, these were deposited with a variety of counterparties, some at fixed and others at variable

interest rates. Prudently, the Council did not rely on investment income to prop up its balances; and

- there was very little internal borrowing at SBC. Generally, this would only be considered if there was a pressing short-term need.

It was **RESOLVED** that the Executive be requested to recommend to Council:

1. That the Annual Treasury Management Strategy 2022/23, as set out at Appendix A to the report, be approved.
2. That the Prudential Indicators for 2022/23, as set out at Appendix C to the report, be approved.
3. That the Minimum Revenue Provision (MRP) policy, as set out at Appendix B to the report, be approved.

5 URGENT PART 1 BUSINESS

Progress on External Audit of Statement of Accounts

The Chair invited the Strategic Director (CF) to update the Committee regarding progress on the Statement of Accounts.

In respect of the 2019/20 Accounts, the Strategic Director (CF) advised that it was still intended for the scheduled 28 February 2022 meeting to take place. The Ernst & Young Client lead was currently reviewing the papers and carrying out various checks, following which it was hoped that the final report would be issued.

The Strategic Director (CF) stated that Ernst & Young had commenced work on the 2020/21 Accounts.

6 EXCLUSION OF PUBLIC AND PRESS

It was **RESOLVED**:

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.
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.

7 PART II MINUTES - AUDIT COMMITTEE - 10 NOVEMBER 2021

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 10 November 2021 be approved as a correct record and signed by the Chair.

8 URGENT PART II BUSINESS

None.

CHAIR

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Monday, 28 February 2022

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete

Present: Councillors: Teresa Callaghan (Chair), John Gardner (Vice-Chair), Myla Arceno, Julie Ashley-Wren, Stephen Booth, Nick Leech, Maureen McKay and Loraine Rossati.
Mr Geoffrey Gibbs (Independent Co-opted Non-voting Member).

Start / End Time: Start Time: 6.00pm
End Time: 7.29pm

1 APPOINTMENT OF PERSON TO PRESIDE

It was **RESOLVED** that Councillor Teresa Callaghan be appointed to preside over the meeting which was held jointly with the Statement of Accounts Committee.

2 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Graham Lawrence CC and Claire Parris.

There were no declarations of interest.

3 2019/20 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT

The Audit Committee and the Statement of Accounts Committee meeting jointly received a presentation from the Strategic Director (CF) on the Statement of Accounts (SoA) 2019/20.

The presentation from the Strategic Director (CF) included the following Information:

- as at 31 March 2020, the Council's Revenue and Capital Reserves had totalled £59,298,063;
- since then, changes to the draft SoA related to invoices received in September 2020, updated accruals, and a loan error relating to Hertfordshire Local Enterprise Partnership (LEP), meant that the revised 31 March 2020 Revenue and Capital Reserves now totalled £60,859,000;
- the effect of Covid-19, including a Government Grant underspend of £45,000; Covid loss of income and additional costs overspend of £178,000; Covid Revenue Contribution to Capital Outlay resulting in an underspend of £1.22M; carry forwards of £794,000; and pilot gains from Non-Domestic Rates of £518,000;
- Capital receipts during the year had amounted to £14.79M;

- The total of 2019/20 unusable reserves was £514,287;
- A summary of the balance sheets revealed net assets of £573,581;
- Long term assets totalled £812,964; and
- Long term liabilities totalled £271,597.

The Strategic Director (CF) commented that key points arising from the ISA 260 report were that valuations were required and these would be reviewed for 2020/21; Pension entries required changes; and adjustments for the Hertfordshire LEP loan and some other working accruals. She added that adjustments had not been made regarding the valuation of Queensway LLP; that the asset valuations would be adjusted in 2020/21; and that the £153,000 Capital underspend was unadjusted as it was an extrapolation of £985.

In relation to work on the 2020/21 SoA, the Strategic Director (CF) reported that the Draft Accounts and Public Inspection Notice had been published on 26 October 2021. Audit planning had taken place in February 2022; Sample selection, fieldwork and conducting the audit would take place in March and April 2022; and it was estimated that the draft Audit report would be issued in May 2022.

The Strategic Director (CF) concluded by stating that proposals for an update of the 2021/22 Code of Practice on Local Authority Accounting included a deferral of the implementation of IFRS 16 Leases, which was currently set to be implemented in the 2022/23 Code; and pausing the requirements for professional valuation of operational property, plant and equipment assets in 2021/22.

In response to Members' questions, the Strategic Director (CF) advised:

- once the Covid-19 pandemic had started, measures were put in place to ensure the Council's financial resilience when a revised Medium Term Financial Strategy was approved in June 2020. This included a significant Revenue Contribution to Capital Outlay;
- the asset valuation differences between the Council and Ernst & Young amounted to £2M out of a total of £780M; and
- it was confirmed that the external auditors' sample testing of property, plant and equipment had identified 7 low value items (cumulative value £985) for which the Council was unable to provide evidence to support the capital nature of this expenditure. Accordingly, the external auditors had extrapolated these items to calculate a projected audit misstatement of £153,480. The Council had not adjusted the financial statements for this projected misstatement.

Neil Harris (Ernst & Young) presented the Audit Results Report (ISA 260) for 2019/20, and made the following points during his presentation:

- the "lateness" of the 2019/20 audit report was due to resource constraints and staff turnover, both in the public sector audit industry and in Local Authority Finance Teams. This should be viewed in the context of increased regulatory demands, coupled with the complex nature of the SBC audit (including Queensway LLP valuations), against the backdrop of the Covid-19 pandemic and increased home working;
- the outstanding matters to conclude on the 2019/20 audit were outlined in the

report. Work was nearly concluded, and it was likely that there would be no material uncertainties that needed to be disclosed. If any material uncertainties arose, then this matter would need to be reported back to the Audit/Statement of Accounts Committees;

- reference was made to the summary of the unadjusted audit differences set out in Section 3 of the report, as previously mentioned by the Strategic Director (CF), namely the inappropriate capitalisation of revenue expenditure (£153,000); valuation of property, plant and equipment (£120,000); and Queensway lease accounting treatment (£175,000);
- attention was drawn to the summary of agreed adjusted audit differences, also set out in Section 3 of the report, which included the accounting treatment of Hertfordshire LEP funding for Capital regeneration schemes in Stevenage; the Pension liability; and Property, Plant and Equipment valuations; and
- Following work carried out investigating and addressing a significant risk concerning the Council's financial resilience, Ernst & Young was currently expecting to report an unmodified value for money conclusion in relation to the 2029/20 audit.

Neil Harris concluded by referring to the Ernst & Young fees for the audit, set out in Section 9 of the report. There had been a significant increase in the level of fees due to the complexity of the audit. However, he advised that Public Sector Audit Appointments (PSAA) Ltd would be arbitrating between Ernst & Young and the Council on this matter.

In reply to a series of questions, Neil responded as follows:

- there was a 50% backlog in local authority audits. It could possibly take 2 to 3 years to get back on track;
- audit priority was given to "major" local authorities, such as Hertfordshire County Council, who administered pension funds. Whilst a lower level of materiality was applied to Borough/District councils, such audits were often more complex, especially for those councils like Stevenage BC which operated a Housing Revenue Account. Delays also occurred at times when the audit timetable and the Finance Team resources available at District/Borough councils to assist were not aligned (eg) Budget setting;
- there had been an increasing scarcity of auditors experienced in public sector audit, and part of this was that the work was not seen as attractive, due to the audit complexity and constrained timetables. However, CIPFA and the audit firms had been concentrating on a recruitment drive aimed to address this shortfall; and
- the number of staff at Ernst & Young had increased over the past 18 months. Ernst & Young operated an Audit Risk Sub-Committee, which ensured that the complexities and risks associated with each audit were recognised, and which aimed to address any resource issues that had arisen which showed that an audit would need an increased level of support.

Note – At this point in the meeting the Statement of Accounts Committee RESOLVED to adjourn until the rise of the Audit Committee.

The Strategic Director (CF) responded to a further series of Members' questions as

follows:

- Section 106 monies – these Capital monies were received in advance and were not committed until certain conditions were met. They were therefore not treated in the same manner as grants income. A good proportion of Section 106 monies were allocated for Hertfordshire County Council functions, such as education;
- Valuation of market based property assets – the 4 properties out of a sample of 8, where the valuation of the asset was outside of a reasonable expected range, thereby resulting in an audit misstatement, was considered a sufficient sample size; and
- Joint ventures liability – there is no finite figure that could be applied to the extent of SBC's liability, as the Council was a partner in but had no direct control over a number of joint ventures, such as the Hertfordshire Building Control Partnership.

It was **RESOLVED**:

1. That the Chief Financial Officer be delegated authority, after consultation with the Chairs of the Audit Committee and Statement of Accounts Committee, to authorise changes to:
 - (i) the Council's Letter of Representation (Appendix 2 to the report), provided no matters arise from the conclusion of the audit which are material in nature.
 - (ii) the Statement of Accounts 2019/20 (Appendix 3 to the report), provided no matters arise from the conclusion of the audit which are material in nature.
2. That the Audit Results Report to those charged with Governance for 2019/20 (Appendix 1 to the report) be noted.
3. That the Annual Governance Statement (Appendix 1 to the report) be recommended to the Statement of Accounts Committee for approval.

4 URGENT PART I BUSINESS

None.

5 EXCLUSION OF PUBLIC AND PRESS

Not required.

6 URGENT PART II BUSINESS

None.

CHAIR

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Stevenage Borough Council

Anti-Fraud Plan 2022/23 & Anti-Fraud Activity update 2021/22

Recommendation

Members are recommended to:

1. Approve the Anti-Fraud Plan 2022/23; and
2. Note the activity to protect the Council against fraud and corruption in 2021/22

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Contents

- 1 Purpose
- 2 Background
- 3 Anti-Fraud Plan 2022/23
- 4 Current Anti-Fraud Activity (2021/22)
- 5 Further Reading

Appendices

- A. Proposed Anti-Fraud Plan 2022/23
- B. SAFS KPI performance to January 2022

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1 Purpose

1.1 This report provides details of the Council's anti-fraud and corruption arrangements for the current year, 2021/22, and the proposed Anti-Fraud Plan for 2022/23. The Plan for 2022/23 ensures that the Council considers and acknowledges the risk of fraud, has in place appropriate policies and processes to deter/prevent/investigate fraud, and that senior officers understand their role in protecting the Council against fraud.

2 Background

2.1 Recent reports have been provided to officers and are being used by SAFS to ensure that the Council is aware of its fraud risks and finds ways to mitigate or manage these effectively wherever possible. Details of these reports and other recommend reding for Committee members can be found **at Section 5** of this report.

2.2 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office, and the Private Sector, fraud risk across local government in England exceeds £2.billion each year, with some more recent reports indicating levels considerably above this. Fraud is now the most commonly reported crime in the UK and poses a particular risk to organisation with statutory duties to provide public services.

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

2.4 It is essential that the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, as well as plans to deal with the investigation and prosecution of identified fraud.

2.5 Stevenage Borough Council is a founding partner of the Shared Anti-Fraud Service (SAFS). Members of this committee have received reports about how this service works closely with the Shared Internal Audit Service (SIAS) dealing with all aspects of fraud from prevention and deterrence to investigation and prosecution, working with services and Council staff at all levels.

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3 Anti-Fraud Plan 2022/23

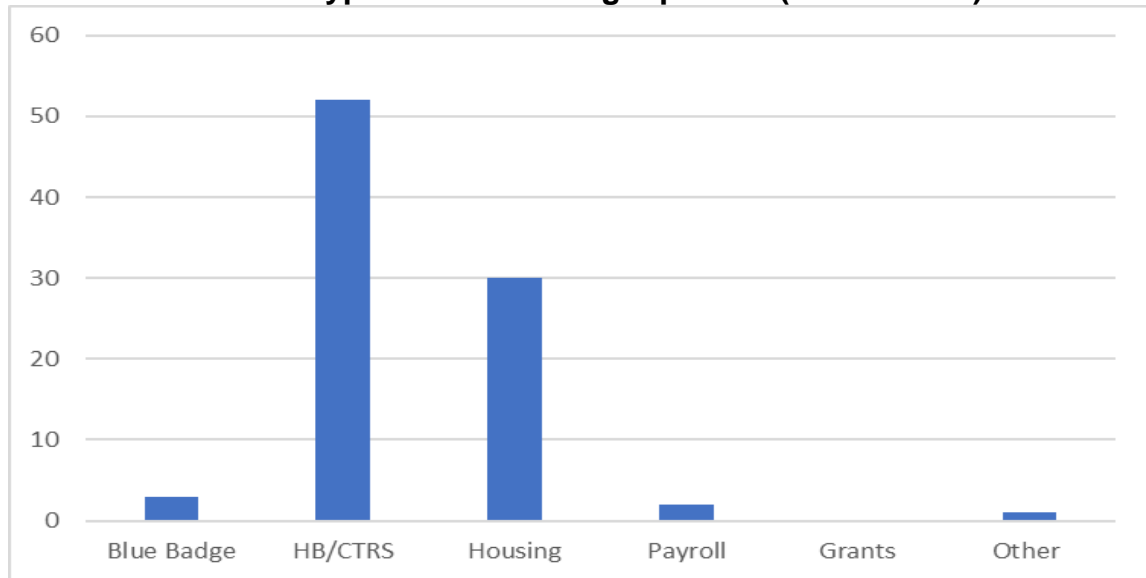
- 3.1 The reports and papers already mentioned recommend that organisations have effective and robust counter fraud and corruption measures. These measures must include the acknowledgement of fraud and corruption as a tangible risk, policies and procedures to deter and prevent fraud and resources to investigate fraud and recover losses. Above all an organisation should have a plan to protect itself against fraud and corruption.
- 3.2 Council officers and SAFS develop an anti-fraud plan each year and the proposed plan for 2022/23 is attached for approval by this Committee.
- 3.3 The Anti-Fraud Plan for 2022/23 has been designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL) by adopting the five 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue. A copy of the Anti-Fraud Plan is attached at **Appendix A**.
- 3.4 In 2021 we adopted the FFCL checklist as a 'To-do' list and we will continue to use this to track responsibility for actions/objectives to demonstrate how the Council is doing as a comparison against the checklist.

4. Anti-Fraud Activity 2021/22- Quarters 1-3.

- 4.1 Between April and December 2021 SAFS received 88 allegations (referrals) of fraud affecting Council services – this is down somewhat on the same period last year (100). It should be noted that these are only allegations at this stage and not all will need to be investigated. However, every referral received will be reviewed, risk-assessed and appropriate action taken.
- 4.2 Table 1 shows the number of allegations of fraud received by the Council and which services these relate to. The majority of matters, 52, relate to council tax discounts and/or housing benefit followed by 30 allegations were about misuse of the Councils housing stock or the housing register. No Covid-grant frauds were reported in 2021/22.

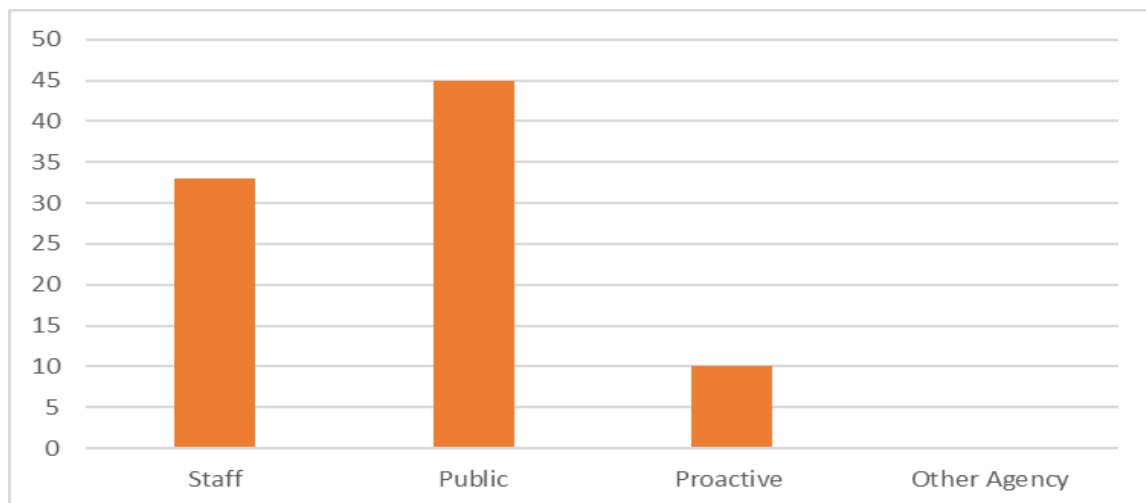
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Table 1. Shows the types of fraud being reported- (88 Referrals)



4.3 Table 2 shows who is reporting suspicions of fraud to the Council. Of the 88 matters reported the majority, 45, were reported by the general public, 33 by staff and 10 from proactive work including data-analytics.

Table 2. Shows who is reporting Fraud to the Council- (88 Referrals)



Proactive; includes the use of data-analytics where fraud identified.

4.4 SAFS carried forward 57 live cases from 2020/21 and currently 45 cases are open and under investigation with estimated fraud losses/savings of £519k.

4.5 At the time of this report many cases raised for investigation are still in the early stages, however, of the 41 investigations closed in year fraud loss/savings in excess of £475k have been reported.

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'Fraud Loss' is fraud that has occurred resulting in a debt that can be recovered through civil/statutory routes. 'Fraud Savings' reflect attempted frauds that have been prevented or an ongoing 'Loss' that has been stopped.

- 4.6 A significant number of cases have been delayed or suspended due to the restrictions with face-to-face interviews resulting from social distancing and some cases where SAFS works with other agencies, in particular the Department for Work and Pension (DWP), have been delayed as staff have been redeployed during the Covid crisis.
- 4.7 As well as identifying or preventing financial loss SAFS have worked with the Councils Housing Department and Shared Legal Service to recover 7 Council properties that were subject to an element of 'tenancy fraud' and completed the review of 66 Right to Buy (RTB) applications to prevent any potential money laundering. The RTB review process also helped to identify an ongoing tenancy fraud in 2021 assisting in the securing of the property in question.
- 4.7 Fraud awareness training has been delivered to Council Officers during 2021/22 via virtual training events and team meetings that have been very well attended. SAFS have worked with the National Anti-Fraud Network (NAFN) to roll out further staff training in maximising the use of the fraud/error/debt recovery services provided by NAFN. SAFS have also supported Council officers using the various National Fraud Initiative (NFI) programmes in 2021/22 and continue to do so.
- 4.8 Since early 2021, a focus of SAFS work has been to work with Council officers to ensure that the Council has been able to deal with the output from the National Fraud Initiative (NFI). The Council received a number of reports in February 2021 and 1,202 individual data matches to review. The NFI matches data between bodies that is collected in October and shared with participants the following February, this results in numerous 'false-positive' matches and many matches which just need administrative action as opposed to fraud investigation.
- The Council received 1,023 matches as part of the main exercise. These matches covered areas such as Housing Benefit/ Council Tax/ Housing/ Creditors/ Payroll- 330 of these were highlighted as 'priority' matches. By the end of December 2021 285 priority matches had been fully reviewed (320 total matches cleared) but, a significant number are still under review at present. The vast majority of the priority Housing/Creditors/HB/CTax matches have been cleared.
 - The Council received a report with 901 matches in a separate NFI exercise focused entirely on council tax discounts. As mentioned above this can create a large number of false positives and a decision was made to use further data

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analytics (Council Tax Review Framework) to try and reduce the volume of matches that needed intervention. A plan for this to happen in 2022 has been agreed.

- The final report from NFI in 2021 was used to review the Councils data for the payment of grants to businesses as part of the Covid response between 2020 and 2021. All of the data held by the Council about those grants was reviewed as part of this report by the Cabinet Office and matches to grant data held by every other Council in England & Wales, HMRC, Banks and Companies House. The Council received a report indicating that 17 grant awards needed further review and this has now been undertaken revealing no concerns and providing further assurance around the Councils administration of Covid grant schemes.
- As we are now in a position to start using Council data in the Herts-FraudHub we tested this successfully in 2021 with some basic data-sets. We are now loading data from council tax/ housing register /payroll on an agreed schedule. To the end of January 2022 matches for review were identified in council tax and payroll data and these are under review by the relevant service areas at present.

4.9 As part of the Government and Council's ongoing response to the Covid-19 pandemic, SAFS continues to provide the following additional services:

- Support with those ongoing Business Grant schemes.
- Assistance and support on new schemes to support residents who are required to self-isolate.
- Review of new grant schemes that the Council may need to operate during local/national lock-downs that may happen in the future as a result of increased infection rates. SAFS are offering support to Council officers to review the various grant applications related to the OMICRON variant where this is required.
- Enhanced provision of alerts around mandate and phishing frauds from national bodies including National Fraud Intelligence Bureau, National Anti-Fraud Network (NAFN), Credit Industry Fraud Avoidance Service and CIPFA (Chartered Institute of Public Finance and Accountancy).

4.10 The Council adopted new Anti-Fraud, Anti-Money Laundering and Anti-Bribery policies in 2021 and these are now available to officers on the Councils intranet and are published on the Councils webpage.

4.11 A detailed report of all counter fraud activity undertaken in 2021/22 will be provided to this Committee in the early summer 2022.

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4.12 SAFS KPI data can be found at **Appendix B**

5. Further Reading

- *Councillors Workbook on Bribery & Fraud Prevention*
- *Fighting Fraud and Corruption Locally a Strategy for the 2020's.*
- *Tackling Fraud in the Public Sector.*
- *COVID-19 Counter Fraud Measures Toolkit.*
- *UK Annual Fraud Indicator 2017.*
- *Fraud and Corruption Tracker 2019.*
- *United Kingdom Anti-Corruption Strategy 2017-2022.*
- *Local Government Transparency Code.*
- *The National Fraud Strategy: Fighting Fraud Together.*
- *CIPFA Red Book 2 – Managing the Risk of Fraud – Actions to Counter Fraud and Corruption.*

Stevenage Borough Council

Anti-Fraud Plan 2022/23

in partnership with

The Shared Anti-Fraud Service



SAFS

Shared Anti-Fraud Service
Fighting Fraud in Partnership

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Introduction

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

The Council's Strategy applies to all staff, elected members, agency staff, temporary staff, volunteers, consultants, contractors and partners and states that the aims of the Strategy are to;

- **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 regard to fraud and corruption.**
- **Assist the Strategic Director (CFO) in fulfilment of their role as the Council's S151 Officer and the Borough Solicitor | Lead Lawyer - Shared Legal Service in fulfilment of 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 its dealings and has adopted Codes of Conduct for Members and officers.**

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

National Context.

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

The Fighting Fraud and Corruption Locally, A Strategy for the 2020’s, published in March 2020 is supported by CIPFA, the LGA, SOLCACE and a number of External Auditors. A copy of the Strategy can be found at <https://bit.ly/3p5Rr98>

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

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

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

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



Anti-Fraud Plan 2022-2023

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

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

The Anti-Fraud Plan for 2022/23 follows the guidelines and checklist contained in the Fighting Fraud and Corruption Locally Strategy and progress against this will be reported to senior management and the Councils Audit and Governance Committee. A full breakdown of planned activity to protect the Council can be found at **page 7**.

SAFS Resources 2022-2023

Anti-Fraud Arrangements

Stevenage Borough 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. In 2019 the SAFS Partnership won the '*Outstanding Partnership*' award at the Tackling Economic Crime Awards (TECAs) and in 2020 the TECAs award for '*Outstanding Professional in Counter Fraud*' was won by a member of the SAFS team

SAFS is a Partnership with each organisation paying a fee for Hertfordshire County Council to provide a contracted service across the Partnership. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has a seat on the Board. For the Stevenage Borough Council the Strategic Director (CFO) is the Board representative.

Although SAFS provides 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 2021 the SAFS Board agreed to increase the fees for all Partners by 2.5% to meet increased service costs from April 2022. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years.

Stevenage Borough Council fees for 2022/23 are £107,707. This sum is payable quarterly.

Staffing

The full complement of SAFS in 2022/23 will be 21.6 FTE.

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

The Councils Tenancy Fraud Investigator will remain seconded to SAFS for 2022/23 where their workload and line management will be provided directly by SAFS.

SAFS has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services provided by Hertfordshire County Council Legal Service and the Shared Legal Service (SLS).

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

Workplans & Projects 2022-2023

As well as an agreed programme of work (see **page 7**) 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
Central Services / Finance	<p>General Support and advice on fraud matters. 3 Reports to Finance Audit & Risk Committee. Regular meetings with officers to consider any new and emerging fraud risks and performance against SAFS KPIs SAFS attendance at Corporate Governance/Enforcement Groups. Assisting with the development/review of the Councils anti-fraud policies. Money Laundering Reporting Officer (MLRO) role and Policy review, ML Risk Assessment and training for relevant staff. 5+ fraud awareness/prevention training events for staff/members in year. Review and re-release of SAFS I-Learn training package on fraud/bribery/money laundering - hosted on the Councils Learning Pool. Roll out of NAFN training and registration for appropriate services/officers across the Council.</p>
Revenues and Benefits	<p>Close liaison with the Revs and Bens services. Proactive training and awareness for leadership and front-line staff. Reactive investigations for HB/CTRS including working with the DWP FES, where appropriate. Identify systems/processes/new developments to assist in recovery of debt created by fraud. Assist with potential fraud resulting from Covid Grant Schemes administered by the Council. Post payment assurance of grant schemes.</p>
Housing Services	<p>Reactive investigations for housing application & tenancy related fraud. Review all applications under the Right to Buy scheme to prevent fraud and money laundering. Provide a focus on fraud risks affecting temporary accommodation costs. Review housing register to identify fraudulent applications and, where appropriate, investigate these. Continue to work with Private Registered Providers (including Clarion/Catalyst/B3L) across all aspects of tenancy fraud to assist in the recovery of properties which can be prioritised for local residents from the Councils Housing Register.</p>
Data- Analytics	<p>Use of data and technology to prevent or identify fraud. Assist with NFI 2022/23 Data uploads (Oct 2022) and Output (February 2023). FraudHub. Further developing the effective use of the Cabinet Office FraudHub. Support for SAFS sponsored county wide Council Tax Review Framework for SPD and EHR. Use of data-analytics to identify fraud as result of Covid-19 and other grants schemes. Review extension of NFI Powers to 'other' crime and debt collection.</p>
Other / Contingency	<p>Identify fraud risks and training in other areas including payroll, licensing, parking services, planning, procurement processes & contract management.</p>

SAFS KPIs & Standards of Service.

SAFS will work to a set of KPIs agreed with senior officers and the KPIs will assist in delivering the Anti-Fraud Plan. The KPI's can be found at **page 8** and will be reported to senior officers and the Finance Audit and Risk Committee throughout the year.

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

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

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

SBC / SAFS Action Plan 2022/2023

FFCL Pillars	Objectives	Activities	Responsible Officer
Governance	<p>Having robust arrangements and executive support to ensure anti fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p>The Council has in place an Anti-Fraud and Corruption Strategy & Fraud Response Plan and associated policies to deter, prevent, investigate and punish acts of fraud or corruption.</p> <p>The Councils Audit and Governance Committee will receive reports during the year about the arrangements in place to protect the Council against fraud and the effectiveness of these.</p> <p>Audit and Governance Committee and its Chair, 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.</p> <p>Weaknesses revealed by instances of proven fraud will be fed back to departments with recommendations to fraud-proof systems, and/or reported to senior managers or Internal Audit to review outcomes.</p> <p>SAFS will assist the Council in providing its Fraud Data for the Transparency Code each year</p> <p>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.</p>	<p>Managing Director / Borough Solicitor / Strategic Director (CFO)</p> <p>Strategic Director (CFO)/ Head of SAFS</p> <p>AC Chair/ Strategic Director (CFO)</p> <p>Head of SAFS/ SIAS Client Audit Manager/ Strategic Director (CFO)</p> <p>Head of SAFS</p> <p>Strategic Director (CFO)/ Borough Solicitor/ HR Services Manager</p>
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 charged with Governance .</p>	<p>Review of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement. Review the Councils Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime Policies</p> <p>The Councils Communication Team will publicise anti-fraud campaigns and provide internal communications to staff on fraud awareness</p> <p>The Council and SAFS will provide fraud awareness & specific anti-fraud training across all Council services and review the E-Learning training available for staff</p> <p>The Council is a member of the Hertfordshire Shared Anti-Fraud Service (SAFS). The Strategic Director (CFO) will ensure that the services provided by SAFS are appropriate and provide an effective ROI in both savings delivered and added value.</p> <p>Audits conducted by the Shared Internal Audit Service (SIAS) will take account of known or emerging fraud risks when audit activity is being planned. SIAS will also report any suspected fraud to senior manager and SAFS to review and act upon.</p> <p>All SAFS staff will be fully trained and accredited. SAFS will continue to work with the Cabinet Office to support the Counter-Fraud Profession.</p>	<p>Strategic Director (CFO)</p> <p>Head of SAFS/ Communications Manager</p> <p>HR Services Manager/ Head of SAFS</p> <p>Strategic Director (CFO)</p> <p>SIAS Client Audit Manager</p> <p>Head of SAFS</p>
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>	<p>SAFS will provide fraud alerts and new and emerging fraud threats to be disseminated to appropriate officers/staff/services.</p> <p>SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA, CIFAS.</p> <p>Develop the Councils use of the Herts <i>FraudHub</i> and Deliver the NFI 2022/2023 Exercise</p> <p>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.</p> <p>SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council</p> <p>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.</p> <p>SAFS will work with the LGA and Cabinet Office to support the roll out of a Counter-Fraud Profession.</p>	<p>Head of SAFS</p> <p>Head of SAFS</p> <p>Head of SAFS/ Strategic Director (CFO)</p> <p>Head of SAFS/ Strategic Director (CFO)</p> <p>Head of SAFS</p> <p>Borough Solicitor / Data Protection Officer</p> <p>Head of SAFS</p>
PURSU	<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> <p>Learning lessons and closing the gaps.</p>	<p>All fraud reported to the Council will be via SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members.</p> <p>All investigations will comply with relevant legislation and Council Policies. Investigations will include civil, criminal and disciplinary disposals</p> <p>SAFS will use its case management system to record and report on all fraud referred, investigated and identified.</p> <p>The Shared Legal Service, HR and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses- supported by relevant policies.</p> <p>SAFS and the Councils Shared R&B Service will continue to work with DWP to deliver joint investigations where fraud affects both HB and CTRS</p> <p>SAFS will use its in-house expertise as well as external partners when considering the use of POCA, Surveillance or IT Forensics.</p>	<p>Head of SAFS</p> <p>Head of SAFS</p> <p>Head of SAFS</p> <p>Head of SAFS /Borough Solicitor/ Strategic Director (CFO)</p> <p>Head of SAFS/ Head of Revenues & Benefits shared service</p> <p>Head of SAFS</p>
PROTECT	<p>Recognising the harm that fraud can cause in the community.</p> <p>Protecting itself and its' residents from fraud.</p>	<p>SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council</p> <p>SAFS will review and share fraud trends and new threats</p> <p>Reports for Audit Committee on all Counter Fraud activity at the Council</p> <p>The Council has in place other measure to protect itself against cyber crime, malware and other potential attacks aimed at its IT infrastructure with training for staff and members</p> <p>SAFS will work with bodies including CO/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government</p>	<p>Head of SAFS</p> <p>Head of SAFS</p> <p>Head of SAFS / Head of Revenues & Benefits shared service</p> <p>Head of IT Security</p> <p>Head of SAFS</p>

SAFS KPIs - 2022/ 2023

KPI	Measure	Target 2022/23	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. 1 FTE on call at the Council + Management of Tenancy Fraud Officer (Supported by SAFS Intel/ AFI/Management). B. 3 Reports to Audit Committee in year. C. SAFS Attendance at Corporate Governance, Champion meetings, team management meetings.	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases 24 hours from receipt. B. All other cases 2 working days on Average. C. Sharing of Fraud Alerts- within 2 working days. D. Dissemination of non-SBC referrals to 3 rd parties within 2 working days (Police/HMRC/DWP/NCSC)	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD for Council staff. B. Membership of CIPFA Counter Fraud Centre (via HCC) C. Access to CIFAS best practice/guidance/fraud alerts (via HCC) D. NAFN Access/Training for relevant Council Staff. E. 5 Training events for staff/Members in year. F. Money Laundering Reporting Officer role. G. Support for Covid grant schemes and other local/national responses to the pandemic.	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to the Council by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each, Reported. C. All 'sanctions' imposed in line with Council policies/ legislation. D. 100% review of all RTB applications to prevent fraud/ML	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Support the NFI 2022/23 upload and output/reports across services. B. Consider other areas where the better use of data will benefit the Council financially. C. Develop and extend the use/capacity of the Herts-FraudHub for SBC.	Further develop a Hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.

SAFS KPIs - 2021/ 2022

KPI	Measure	Target 2021/22	Performance to January 2022
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	Report to SAFS Board in June/Sep/Dec 2021 (planned reports March 2022). Strategic Director (CFO) or deputy sits on the SAFS Board, has access to and meets (along with other managers) SAFS Mgt regularly.
2	Provide an investigation service.	A. 1 FTE on call at the Council. (Supported by SAFS Intel/ AFI/Management). B. 3 Reports to Audit Committee. C. SAFS Attendance at Corporate Governance, Champion meetings, team management meetings.	A. FTE in place since April 2021 + seconded TF CFO to SAFS B. Reports to AC in May 2021 and September 2021 and third report planned for March 2022. C. SAFS has close working with relationship with shared R&B Service and sits on the Corporate Governance Group and JAG.
3	Action on reported fraud.	A. All urgent/ high risk cases 1 Day. B. All other cases 2 Days on Average.	A. All urgent cases are being met within 24 hours at present B. Non-urgent referrals are also being cleared within 24 hours.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre C. NAFN Access/Training for relevant Council Staff D. 10 Training events for staff/Members in year.	A. SAFS has access to both, and Council staff can access NAFN B. SAFS Mgt are members of the CF Centre. C. We are still working to roll our wider use of and access to NAFN across the Council. D. Training events are still being developed with HR including improved use of the E-Learning packages.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to the Council by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each, Reported. C. Achieving a 60% success rate of cases selected for investigation. D. Assist in the recovery of property, prevention of loss or fraudulent RTB applications – 12 properties/applications in total.	A. This is happening daily as referrals received B. This is being monitored and will be included in SAFS year-end report. The SAFS CMS allows the reporting of granular detail on every referral received and each case investigated and the MI from this is used to manage workflow and workloads. C. MI from the CMS indicates a success rate of 56% currently at SBC. Compared to an average of 75% across all SAFS Partners D. 7 properties have been recovered so far and several are awaiting legal action for NTQ/NOSP paperwork. SAFS have also reviewed 66 RTB Applications.

6	Making better use of data to prevent/identify fraud.	<ul style="list-style-type: none"> A. Support the NFI 2020/21 Output and reports across services. B. Support the implementation of the Herts FraudHub at EHC. C. Consider other areas where the better use of data will benefit the Council financially. 	<ul style="list-style-type: none"> A. SAFS and Council officers are working on the output from NFI 2020/21 at present. B. We are now loading live data into the FraudHub and working in the output from this. C. SAFS continues to use data analytics to assist with assurance on the covid grant schemes and respond to new fraud threats.
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Stevenage Borough Council
Audit Committee

28 March 2022
Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Approve Changes to the Internal Audit Plan as at 11 March 2022
- c) Note the Status of Critical and High Priority Recommendations

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

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

Appendices:

- A Progress against the 2021/22 Audit Plan
- B Implementation Status of Critical and High Priority Recommendations
- C Internal Audit Plan Items (April 2021 to March 2022) - Indicative start dates agreed with management
- D Assurance Definitions / Priority Levels

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2021/22 Internal Audit Plan to 11 March 2022.
 - b) Final audit reports issued for the period 21 January 2022 to 11 March 2022.
 - c) Details of any changes to the approved Internal Audit Plan.
 - d) The implementation status of previously agreed audit recommendations.
 - e) An update on performance management information to 11 March 2022.

Background

- 1.2 Internal Audit's Annual Plan for 2021/22 was approved by the Audit Committee at its meeting on 24 March 2021. The Audit Committee receive periodic updates against the Internal Audit Plan.
- 1.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include details of changes to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As of 11 March 2022, 87% of the 2021/22 Audit Plan days have been delivered (the calculation excludes contingency days that have not yet been allocated).
- 2.2 The following final reports have been issued since the last Audit Committee meeting:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Creditors	Feb 2022	Reasonable	One Medium Priority
Risk Management Follow Up	Mar 2022	Not Assessed	None
Corporate Governance Follow Up	Mar 2022	Not Assessed	None

- 2.3 The table below summarises the position regarding 2021/22 projects to 11 March 2022. Appendix A provides a status update on each individual project within the 2021/22 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	16	52%
Draft Report Issued	5	16%
In Fieldwork/Quality Review	6	19%
In Planning/Terms of Reference Issued	0	0%
Allocated	0	0%
Not Yet Allocated	1	3%
Cancelled	3	10%
Total	31	100%

Proposed Audit Plan Changes

- 2.4 The following Audit Plan change was agreed with the audit sponsor. The Committee is asked to approve this change:
- a) **IT Resilience (6 days)** – a joint audit with East Herts Council intended for quarter 4 has been cancelled. After discussions with the Interim Strategic ICT Partnership Manager, SIAS was advised that the service was unable to support an audit due to prioritising operational matters at the present time.

Critical and High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.6 The schedule attached at Appendix B details the most recent management updates on the status of any outstanding Critical and High priority audit recommendations.

Performance Management

- 2.7 The 2021/22 annual performance indicators were approved at the SIAS Board meeting in March 2021.

- 2.8 The actual performance for Stevenage Borough Council against the targets that can be monitored in year is set out in the table below:

Performance Indicator	Annual Target	Profiled Target	Actual to 11 March 2022
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	90% (272/302.5 days)	87% (262.5/302.5 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	82% (23/28 projects)	75% (21/28 projects)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (7 received) Note (1)
4. Number of Critical and High Priority Audit Recommendations agreed	95%	95%	100% (2 High agreed)

Note (1) - 2 received in 2021/22 relate to 2020/21 audits.

APPENDIX A - PROGRESS AGAINST THE 2021/22 INTERNAL AUDIT PLAN

2021/22 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Key Financial Systems – 91 days									
Provision for full or targeted audit of one or more key financial systems. Mapping the remaining key financial systems to confirm appropriate lines of assurance and to inform the annual assurance opinion									
Business Rates (full audit)	Substantial	0	0	1	0	91	Yes	80	Final Report Issued
Council Tax (full audit)									Draft Report Issued
Housing Benefits (full audit)	Substantial	0	0	0	2				Final Report Issued
Treasury Management (mapping)									In Fieldwork
Debtors (full audit)									Draft Report Issued
Creditors (full audit)	Reasonable	0	0	1	0				Final Report Issued
Payroll (mapping)									Draft Report Issued
Main Accounting (targeted audit)									Not Yet Allocated
Housing Rents (targeted audit)									In Fieldwork
Cash & Banking (mapping)	Substantial	0	0	0	0				Final Report Issued
Operational Audits – 136.5 days									
Vehicle Workshop	Substantial	0	0	0	1	10	Yes	10	Final Report Issued
Homelessness & Housing Advice						10	Yes	1.5	In Fieldwork
Housing Allocations						10	Yes	1.5	In Fieldwork
Collection of Leaseholder Liability						10	Yes	3	In Fieldwork
Community Safety (SADA)						10	Yes	9.5	Draft Report Issued
Youth Council	Reasonable	0	0	2	3	8	Yes	8	Final Report Issued
COVID-19 Pandemic Response & Recovery	Not Assessed	0	0	0	0	12	Yes	12	Final Report Issued
Welfare Reform						0.5	N/A	0.5	Cancelled
Health & Safety	Reasonable	0	0	1	0	10	Yes	10	Final Report Issued
Information Governance (mapping)	Reasonable	0	0	2	1	10	Yes	10	Final Report Issued

APPENDIX A - PROGRESS AGAINST THE 2021/22 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Council Housebuilding & Acquisitions Programme						0	N/A	0	Cancelled
Contract Management						10	Yes	9.5	Draft Report Issued
Capital Programme Development & Delivery	Substantial	0	0	0	1	10	Yes	10	Final Report Issued
Housing Development Site (North Road)	Substantial	0	0	0	0	11	Yes	11	Final Report Issued
Follow Up audit (Landlord Health & Safety)	Limited	0	2	0	2	5	Yes	5	Final Report Issued
Follow Up audit (GF Prop Health & Safety)	Reasonable	0	0	0	0	5	Yes	5	Final Report Issued
Homes England – Compliance Audit						5	Yes	5	Complete
Risk Management and Governance – 15 days									
Risk Management, Corporate Governance		0	0	0	0	15	Yes	15	Final Report Issued
IT Audits (in conjunction with East Herts Council) – 10 days									
IT Resilience						0	N/A	0	Cancelled
Cyber Security Assurance Mapping						10	Yes	8.5	In Fieldwork
Shared Learning and Joint Reviews – 2 days									
Joint Reviews						0	No	0	Cancelled
Shared Learning						2	No	2	Complete
Completion of outstanding 2020/21 projects – 4 days									
Various						4	Yes	4	Complete
Contingency – 12.5 days									
Contingency						12.5	No	0	Not Yet Allocated
Strategic Support – 44 days									
Head of Internal Audit Opinion 2020/21						3	Yes	3	Complete
Audit Committee						8	Yes	7.5	Allocated
Client Meetings and ad-hoc advice						9	Yes	8	Through Year
Plan Monitoring, Work Allocation and						12	Yes	11	Through Year

APPENDIX A - PROGRESS AGAINST THE 2021/22 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Scheduling									
SIAS Development/EQA						6	Yes	6	Complete
2022/23 Internal Audit Planning						6	Yes	6	Complete
SBC TOTAL		0	2	7	10	315		262.5	

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

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

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Mar 2022)
1.	Follow Up audit (Landlord Health & Safety).	<p><u>Recommendation:</u> <u>Completion of remedial actions arising from Water Risk Assessments.</u> Remedial works identified from the risk assessments sampled at the previous audit have not been fully completed and it is not clear what is outstanding. It is therefore recommended that risk assessments are carried out by the council's new contractors and the remedial actions required recorded in priority order and carried out in a timely manner. The programme of works required should be regularly monitored to ensure that they are being actioned and completed. The date of completion should be recorded.</p> <p><u>Agreed Management Action(s):</u> The council's new contract with water hygiene contractor, Safewater, commenced 1 November 2021. Safewater have been issued with the council's current risk assessment programme and asked to re-survey all blocks, prioritising blocks where remedial actions are outstanding. A programme evidencing the date for each risk assessment has been requested from Safewater and this will be given to the Gas Manager so that he can monitor progress. It will also be agreed between the Gas Manager and the contractor that remedial actions up to a work value of £250 can be authorised and completed at the time of survey – note a record of works completed should be recorded on the contractor's portal. Works above this value will be sent to the Gas Manager in quote form and an order raised on the council's Northgate System. Any remedial actions that Safewater require special access or another contractor's assistance is the responsibility of the Gas Manager to identify, action and monitor remedial work and quality. The Gas Manager has agreed with Safewater that all remedial actions from the risk assessments will be recorded on one spreadsheet and updated, monthly. All data should be prepared to go into Propeller, the council's new compliance management tool. The Compliance Manager has set up a weekly meeting with the Gas Manager to ensure procedure are in</p>	<p>Responsible Officer: Compliance Manager (Housing Investments). Due Date: 31 March 2022.</p>	<p>The management response opposite is the latest comment.</p>	<p>Not Yet Due.</p>

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Mar 2022)
		place and are being followed. The Gas Manager will also evidence to the Compliance Manager that monthly contractor meetings are booked in and operational performance is on the agenda to be monitored and escalated to the Compliance Manager if necessary.			
2.	Follow Up audit (Landlord Health & Safety).	<p><u>Recommendation:</u> <u>Completion of remedial actions arising from Water Risk Assessments.</u> We recommend that any remedial work outstanding is carried out and the date of completion is recorded on the spreadsheet to ensure that all necessary actions have taken place. Those without a date should be chased to ensure that nothing gets missed.</p> <p><u>Agreed Management Action(s):</u> The Gas Manager has been asked to issue all failed temperature checks to Safewater to action immediately. The Gas Manager has requested a date for each visit, and he will monitor each action up until completion. The Compliance Manager has weekly meetings arranged with the Gas Manager to monitor progress. The Gas Manager has also been asked to provide an access procedure for Safewater as failed access into areas where services are provided have caused a number of failures. The Gas Manager is aware that they are responsible for assisting the contractor with access. The Gas Manager has agreed with Safewater that all failed temperature checks should be collated on one spreadsheet and updated monthly - Performance will also be monitored at monthly contractor meetings and escalated to the Compliance Manager where necessary. Where necessary, the Gas Manager will also agree a value of works that Safewater can self-authorise to prevent return visits. Quoted work will be authorised by the Gas Manager and issued via Northgate.</p>	<p>Responsible Officer: The Compliance Manager (Housing Investments). Due Date: 31 March 2022.</p>	The management response opposite is the latest comment.	Not Yet Due.

APPENDIX C – INTERNAL AUDIT PLAN ITEMS (APRIL 2021 TO MARCH 2022) – START DATES AGREED WITH MANAGEMENT

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Youth Council (Final Report Issued)	Vehicle Workshop (Final Report issued)	Revenues x2 / Benefits x1 (Final Report x2 / Draft Report x1)	Financial Systems x 7 (Not Yet Allocated x1, In Fieldwork x2, Draft Report x2, Final Report x2)
COVID-19 Pandemic Response (Final Report Issued)	Community Safety (SADA) (Draft Report Issued)	Housing Allocations (In Fieldwork)	Homelessness & Housing Advice (In Fieldwork)
Health & Safety (Final Report Issued)	Homes England – Compliance Audit (Final Report Issued)	Welfare Reform (Cancelled)	Collection of Leaseholder Liability (In Fieldwork)
Council Housebuilding & Acquisitions Programme (Cancelled)	Information Governance (Final Report Issued)	Capital Programme Delivery (Final Report Issued)	Risk Management & Corporate Governance (Final Reports Issued)
Housing Development Site (North Road) (Final Report Issued)	Landlord H & S Follow up (Final Report Issued)	Cyber Security (In Fieldwork (c/f from Q2))	IT Resilience (Cancelled)
	Contract Management (Draft Report Issued)	GF H & S Follow Up (Final Report Issued (b/f from Q4))	

APPENDIX D – ASSURANCE / PRIORITY LEVELS

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



INTERNAL AUDIT PLAN 2022/23

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE

28 MARCH 2022

RECOMMENDATION:

Members are recommended to approve the proposed Stevenage Borough Council Internal Audit Plan for 2022/23

Contents

1. Introduction and Background

2. Audit Planning Process

2.1 Planning Principles

2.2 Approach to Planning

2.11 Planning Context

2.14 Internal Audit Plan 2022/23

3. Performance Management

3.1 Update Reporting

3.3 Performance Indicators

Appendices

A Proposed Stevenage Borough Council Internal Audit Plan
2022/23

B Proposed Audit Start Dates

RECOMMENDATION:

Members are recommended to approve the proposed Stevenage Borough Council Internal Audit Plan for 2022/23

1. Introduction and Background

- 1.1 The mission of Internal Audit is “to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”. The Public Sector Internal Audit Standards (PSIAS) encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). These Standards note that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The SIAS Board has approved the SIAS Internal Audit Strategy in December 2021 and this strategy outlines how SIAS will achieve the mission of Internal Audit and ensure ongoing compliance with the PSIAS. The following report follows the key principles within the Strategy related to Audit Planning and Resourcing, with the Strategy document itself being available to Members upon request.
- 1.2 The PSIAS set out how SIAS must approach audit planning. The specific standards that SIAS must adhere to are as follows:

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

- 1.3 The Council’s Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council’s wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Chief Audit Executive’s Annual Opinion Report.
- 1.4 The Shared Internal Audit Service’s (SIAS) Audit Charter was presented to the February 2022 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 and revised on 1 April 2017. An updated version of the SIAS Audit Charter will be brought to the June 2022 Audit Committee meeting for Member approval.

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

2. **Audit Planning Process**

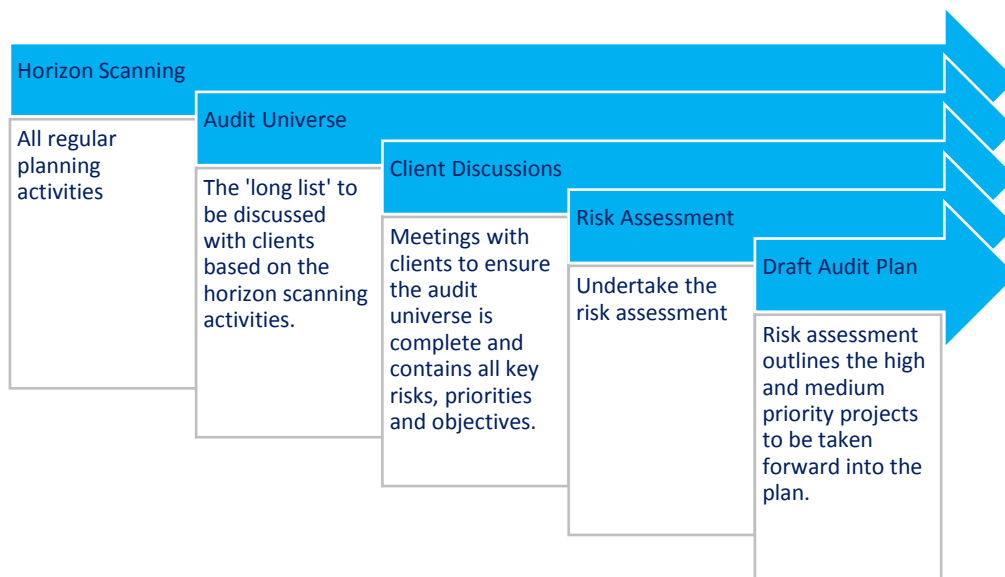
Planning Principles

2.1 SIAS audit planning is underpinned by the following principles:

- a) Focus of assurance effort on the Council's key issues, obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
- b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.
- c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.
- d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource-constrained environment, all needs cannot be met.
- e) Identification of responsibilities where services are delivered in partnership.
- f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
- g) Capacity to deliver key commitments including governance work.
- h) Capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

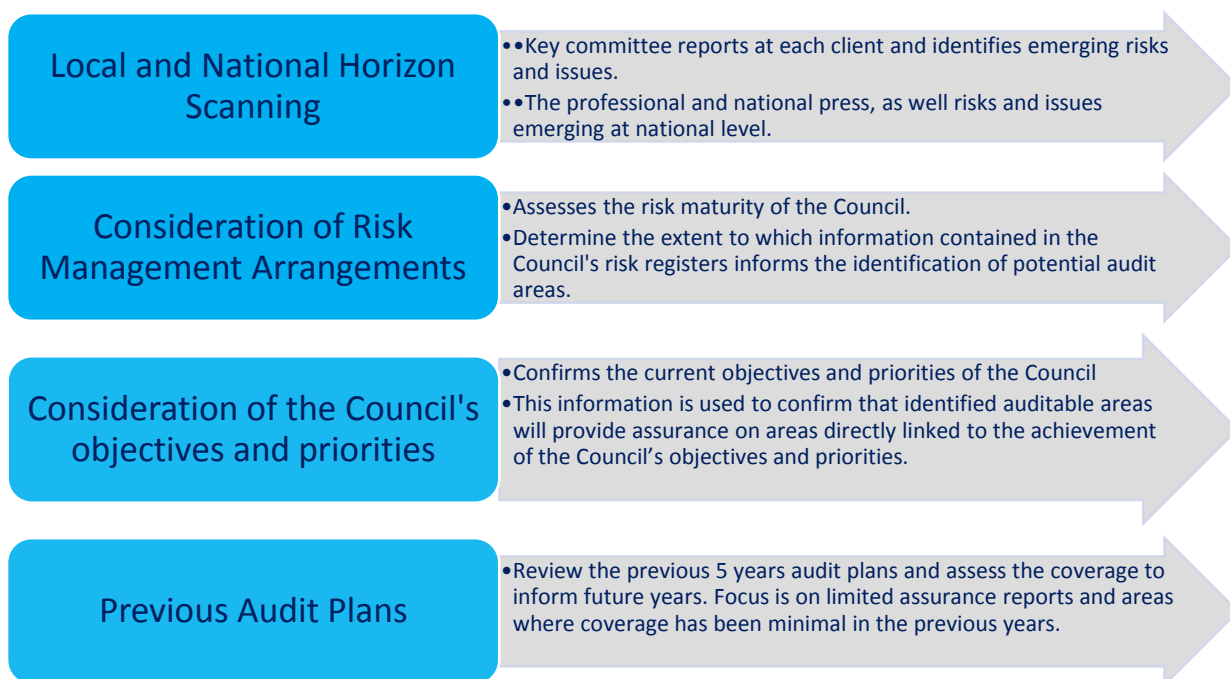
Approach to Planning

- 2.2 In June 2021, SIAS was subject an External Quality Assessment (EQA) and this provided observations relating to its approach to planning. As a result, SIAS has developed an updated approach to annual planning that ensures ongoing compliance with the requirements of the PSIAS. SIAS now applies the following methodology at all its partners:



Horizon Scanning and Audit Universe

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



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

Client Discussions

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

Risk Assessment

- 2.6 The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.
- 2.7 To assess the priority level of the proposed assignments a methodology allocates a score of 1-4 (1 = Low, 4 = High) to each of the following areas:
1. **Financial Materiality** – the relative significance of the system, process, or service, in financial terms, to the Council.
 2. **Corporate Significance** – the extent to which the system, process or service impacts on the Council’s objectives, priorities, or risks (including legal or regulatory requirements).
 3. **Vulnerability and Change** – the extent to which the system, process or service is liable to breakdown, fraud, loss or error or changes that have taken place or due to take place.
 4. **Management Concerns** – the management assessment of risk to the organisation
- 2.8 The following aspects will reduce the overall score:
1. **First line assurance** (e.g. Management) – assurance received from management through AGS processes, implementation of recommendations, etc.
 2. **Second line assurance** (e.g. compliance, regulator, ombudsman, etc.) – assurance provided by other sources.
 3. **Third line assurance** (e.g. Internal Audit) – previous assurance reviews completed in the specified service area, process, or system.
- 2.9 Each element that affects the overall score is weighted to demonstrate the significance of the area when drawing an opinion or the quality of the assurance that has previously been received. This will provide an overall risk score and therefore determine if the project is deemed to be high, medium, or low risk.

Draft Audit Plan

- 2.10 The results of the risk assessment and discussions with Senior Mangers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Senior Leadership Team to seek their views on the assessments completed

and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2022/23.

The Planning Context

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

- The full impact of Covid-19 may not be known and will continue to have significant impact on the Council's operations in future years. Whilst the longer-term impacts of the pandemic remain speculative, the current challenges and risks relate to economic impacts, growth, public health, and equality for local authorities.
- From 1 January 2021, the UK entered into new trading arrangements with the EU ending 11 months of transition arrangements. The result of the changes to trading with EU based companies will have an impact on Council services with additional risks needing to be considered that include compliance with customs rules, continuity of supply / services and workforce pressures related to the right to work in the UK.
- Latest forecasts show a mixed outlook for the UK economy, reflecting increasing national and international uncertainties. Local authorities will need to be attuned to the impact, including the potential reduction in business rates, and increasing unemployment, on their local economies and services and any direct investments of their own.
- Demand continues to rise, driven by complex needs, an ageing population, and challenges in the healthcare system. With reduced financial support, local authorities will have to continue to become more innovative and commercial.
- Cyber security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected to successful cyber attacks recently. Continued vigilance and awareness remain key to protecting the information assets of local authorities.
- Digital transformation continues to offer opportunities along with significant risks. The innovative use of technology is helping to reduce costs, as well as be more efficient and transparent. However, factors such as security, privacy, ethical and regulatory compliance are a recognised concern.
- Major national programmes in areas like changes to the retention of business rates, public health and housing mean the overall financial environment remains relatively unstable.

- There have been high profile governance issues, conflicts of interest, probity, and procurement, at both national and local levels creating a culture of mis-trust in all tiers of government.
 - Local authorities are facing significant challenges in relation to talent management, both in terms of recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may become a concern in the short term.
- 2.12 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.
- 2.13 The challenge of giving value in this context, means that Internal Audit needs to:
- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.
 - Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.
 - Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as use of technology to achieve 'whole population testing' and new insights over sampling or 'continuous assurance' where appropriate.
 - Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks of COVID-19 and the impact this has had on audit activity.

Internal Audit Plan 2022/23

- 2.14 The draft plan for 2022/23 is included at Appendix A and contains a high-level proposed outline scope for each audit; Appendix B details the likely start months. The number of days purchased in 2022/23 remains the same as 2021/22 at 315 days.
- 2.15 The table shows the estimated allocation of the total annual number of purchased audit days for the year.

	2022/23 Days	%
Key Financial Systems	70	22
Other Audits	170	54
IT Audits	10	3
Corporate Governance / Risk Management	0	0
Joint Reviews and Shared Learning	5	2
Strategic Support*	47	15
Contingency and other	3	1
Carry forward work 2021/22	10	3
Total allocated days	315	100%

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

- 2.16 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The postponement or cancellation of any high priority audits will require approval from the Strategic Director (CFO).
- 2.17 Members will note the inclusion of a provision for the completion of projects that relate to 2021/22. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible; especially given the high dependence on client officers during a period where there are competing demands on their time, e.g. year-end closure procedures.
- 2.18 The nature of assurance work is such that enough activity must have been completed in the financial year, for the Chief Audit Executive to give an overall opinion on the Authority's internal control environment. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Strategic Director (CFO).

Resources

- 2.19 The Standard 2030 requires SIAS to consider our resources, how these will be effectively used and any limitations of the adequacy of resources.
- 2.20 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.
- 2.21 SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
- 2.22 SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has three team members studying towards their professional qualifications.
- 2.23 The service will be adequately resourced to deliver the number of planned internal audit days commissioned by Stevenage Borough Council. There are currently no limitations on the adequacy of resources in place to deliver the Stevenage Borough Council Internal Audit Plan 2022/23.
- 2.24 During 2022/23, SIAS is undertaking a number of service development activities designed to drive efficiency in our methodology. More details on this are provided to SIAS Board Members through the SIAS Service Plan updates and through the Annual Report provided to this Committee in September 2022.

3. Performance Management

Update Reporting

- 3.1 SIAS is required to report its work to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. Progress against the agreed plan for 2022/23 and any proposed changes will be reported to this Committee four times in the 2022/23 civic year.
- 3.2 SIAS will report on the implementation of agreed high priority recommendations as part of the update reporting process.

Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2022/23 are shown in the table below. Actual performance against target will be included in the update reports to this Committee.

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

*The approach for obtaining client feedback is currently being reviewed, therefore this indicator will be added, if it remains relevant, upon completion of this exercise.

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL AUDIT PLAN 2022/23

Audit	Proposed Outline Scope	Proposed Days
COVERAGE OF KEY FINANCIAL SYSTEMS		
Business Rates (shared with EHC).	An audit covering risks linked to raising liability, billing (including reliefs and discounts), collection, and recovery.	70
Council Tax (shared with EHC).	An audit covering risks linked to raising liability, billing (including reliefs and discounts), collection, and recovery.	
Housing Benefits (shared with EHC).	An audit covering risks linked to claim submission, assessment, changes in circumstances and payment.	
Asset Management Assurance Mapping.	Mapping the various sources of assurance, the associated control framework and identifying any gaps.	
Creditors Assurance Mapping.	Mapping the various sources of assurance, the associated control framework and identifying any gaps.	
Debtors Assurance Mapping.	Mapping the various sources of assurance, the associated control framework and identifying any gaps.	
Housing Rents Assurance Mapping.	Mapping the various sources of assurance, the associated control framework and identifying any gaps.	
Cash & Banking Assurance Mapping Refresh.	A short review of the existing map for any changes and exceptions.	
Treasury Management Assurance Mapping Refresh.	A short review of the existing map for any changes and exceptions.	
Payroll Assurance Mapping Refresh.	A short review of the existing map for any changes and exceptions.	

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL AUDIT PLAN 2022/23

Audit	Proposed Outline Scope	Proposed Days
COVERAGE OF OPERATIONAL SERVICES		
Planned and Response Maintenance to the Council's Estate.	A targeted audit covering risks linked to the condition of the Council's estate and planned/response maintenance.	100
Leisure Services.	An audit covering risks linked to the management and operation of Council owned leisure facilities.	
Community Safety (CCTV operations).	A targeted audit covering risks linked to CCTV operations, including day to day operations of the service, costs, and recharging.	
Cemeteries.	An audit covering risks linked to the management and maintenance of the Council's two cemeteries.	
Open Spaces.	An audit covering risks linked to the management and maintenance of the Council's green landscape areas, woodlands, and parks.	
Commercial Property.	An audit covering risks linked to expenditure and income arising from the Council's commercial properties.	
Environmental Maintenance.	An audit covering risks linked to street sweeping and cleansing.	
Landlord Health & Safety Property Compliance.	A targeted audit covering risks associated with water, gas, electrical or fire safety at council HRA property.	
Refuse Services.	An audit covering risks linked to income and expenditure associated with the collection of domestic and or trade refuse.	
Off Street Parking.	An audit covering risks linked to the control of off street parking, utilising automated payment and the barrier system throughout the borough.	

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL AUDIT PLAN 2022/23

Audit	Proposed Outline Scope	Proposed Days
COVERAGE OF CORPORATE SERVICES/THEMES		
Ways of Working.	An audit covering risks linked to technology enabled remote working, use of office accommodation and staff wellbeing.	70
Supply Chain Interruption.	An audit covering risks linked to supply chain failure and associated business interruption.	
Energy and Utility Payments.	An audit covering risks linked to tariffs, billing, and payment procedures.	
Customer Services.	An audit covering risks linked to staff health & safety where there is lone working and or front facing customer contact.	
Housebuilding and Acquisitions.	A targeted audit covering risks linked with part of the council's house building and or acquisitions strategy.	
Towns Fund.	A targeted audit covering risks linked with the governance of one or more significant regeneration projects.	
Digital Exclusion.	A targeted audit covering risks linked to the potential impact on people of easily accessing council services that have been/are being digitalised.	
COVERAGE OF INFORMATION TECHNOLOGY		
Malicious Software (shared with EHC).	An audit covering risks linked to malicious software and phishing emails, staff awareness and training.	10

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL AUDIT PLAN 2022/23

Audit	Proposed Outline Scope	Proposed Days
Cyber Security Framework Assurance Mapping Refresh (shared with EHC).	A short review of the existing assurance map for any changes and exceptions.	
JOINT REVIEWS & SHARED LEARNING		
Joint Reviews.	The SIAS Board traditionally agree a topic (or topics) for consideration as joint reviews across the SIAS partners in-year. Any unused audit days will be returned to contingency for use on emerging audits / risks, applied to other audits in the plan or used on audits in the reserve list.	5
Shared Learning.	Shared Learning Newsletters and Summary Themed Reports. Audit Committee and Joint Review Workshops.	
CONTINGENCY		
Contingency.	To provide for adequate response to risks emerging during the course of the financial year.	3
STRATEGIC SUPPORT		
Head of Internal Audit Opinion 2021/22.	To prepare and agree the Head of Internal Audit Opinion and Annual Report for 2021/22.	3
Audit Committee & Recommendation Follow Up.	To provide services linked to the preparation and agreement of Audit Committee reports, meeting with the Audit Committee Chair prior to each Audit Committee (as required) and presentation of reports / participation at Audit Committee. Follow up of Critical and High priority recommendations.	10

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL AUDIT PLAN 2022/23

Audit	Proposed Outline Scope	Proposed Days
Client Liaison, Ad-hoc Advice, including CGG & RMG.	This involves meetings and updates with the Council’s Audit Champion and other key officers. Attendance at the Corporate Governance Group (CGG) and Risk Management Group (RMG) is also included.	10
Plan and Progress Monitoring.	To produce and monitor performance and billing information, work allocation and scheduling.	12
SIAS Development.	Included to reflect the Council's contribution to developing and maintain the shared service / partnership through its service plans and corporate activities.	5
Matters Arising From SAFS	To deal with any audit related matters arising from work carried out by the Shared Anti-Fraud Service (SAFS).	2
2023/24 Audit Planning.	To provide services in relation to preparation and agreement of the 2023/24 Audit Plan.	5
2021/22 projects requiring completion.	Additional time, if required, for the completion of 2021/22 audit work carried forward into the 2022/23 year. Any unused days will be returned to contingency for use on emerging risks and audits or allocated to audits in the reserve list.	10
TOTAL		315
RESERVE LIST		
Corporate Health & Safety		
Civic Events		

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL AUDIT PLAN 2022/23

Audit	Proposed Outline Scope	Proposed Days
General Fund Health & Safety Property Compliance	To be determined should the audit be promoted from the Reserve List	To be determined
Information Governance Assurance Map Refresh		
Insurance		
Economic Development		
Caretaking		
Garages		
Community Grant Scheme		
Climate Change Commitments		
Equalities		
Contract Management		
Human Resources (workforce strategy)		
Risk Management Assurance Mapping		
Corporate Governance Assurance Mapping		
Main Accounting Assurance Mapping		

APPENDIX B – PROPOSED AUDIT START DATES

Apr	May	Jun	July	Aug	Sept
Refuse	Planned and Response Maintenance to the Council's Estate	Cemeteries	Asset Management Assurance Mapping	Community Safety (CCTV operations)	Leisure
Ways of Working	Supply Chain Interruption	Environmental Maintenance	Off Street Parking	Customer Services	Open Spaces
Energy & Utility Payments			Digital Exclusion		Malicious Software

Oct	Nov	Dec	Jan	Feb	Mar
Commercial Property	Council Tax	Creditors Assurance Mapping	Housing Rents Assurance Mapping	Treasury Management Assurance Mapping Refresh	
Landlord Health & Safety Property Compliance	Business Rates	Debtors Assurance Mapping	Cash & Banking Assurance Mapping	Payroll Assurance Mapping Refresh	
	Housing Benefits	Towns Fund	House Building & Acquisitions	Cyber Security Framework Assurance Mapping Refresh	

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

Meeting: **Audit Committee**

Portfolio Area: All Portfolio Areas

Date: **28 March 2022**

CORPORATE GOVERNANCE ARRANGEMENTS

Author: Suzanne Brightwell Ext: 2966

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1. PURPOSE

1.1. To advise Members of the Audit Committee of:

- Activity carried out in 2021/22 to strengthen the Council's corporate governance arrangements.
- Corporate governance enhancement activity identified for delivery in 2022/23, which will be reflected in the Council's 2021/22 Annual Governance Statement.

2. RECOMMENDATIONS

2.1. That Members of Audit Committee note:

- Progress on corporate governance enhancement activity during 2021/22.
- Corporate governance enhancement activity identified for 2022/23, for inclusion in the Council's 2021/22 Annual Governance Statement.

3. BACKGROUND

3.1. Corporate governance is both the policies and procedures in place and the values and behaviours that are needed to ensure the Council runs effectively and can be held to account for its actions.

3.2. Local Governance Framework

3.2.1. In January 2008, Audit Committee approved a local framework encompassing the CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'. In April 2016, CIPFA/SOLACE revised this Framework to reflect the CIPFA/IFAC International Framework, 'Good Governance in the Public Sector.'

The 2016 CIPFA/SOLACE 'Delivering Good Governance' Framework focuses on seven core principles of good governance and recommends the actions an authority needs to follow to:

- Set out its commitment to the principles of good governance
- Determine its own governance structure, or Local Code of Governance.
- Ensure that it operates effectively in practice through the review of arrangements.

3.2.2. The Framework defines the principles that should underpin the governance of each local government organisation and outlines the requirement for authorities to test their governance structures and partnerships against the principles contained in the Framework by:

- Developing and maintaining an up to date Local Code of Governance, including arrangements for ensuring ongoing effectiveness
- Reviewing existing governance arrangements, and
- Reporting publicly on compliance with the Local Code of Governance on an annual basis setting out how they have monitored the effectiveness of their governance arrangements in the year and identify any enhancement required.

3.2.3. The CIPFA/SOLACE seven core principles of good governance are:

A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law

B: Ensuring openness and comprehensive stakeholder engagement

(Principles A and B are considered fundamental and applicable through principles C to G)

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

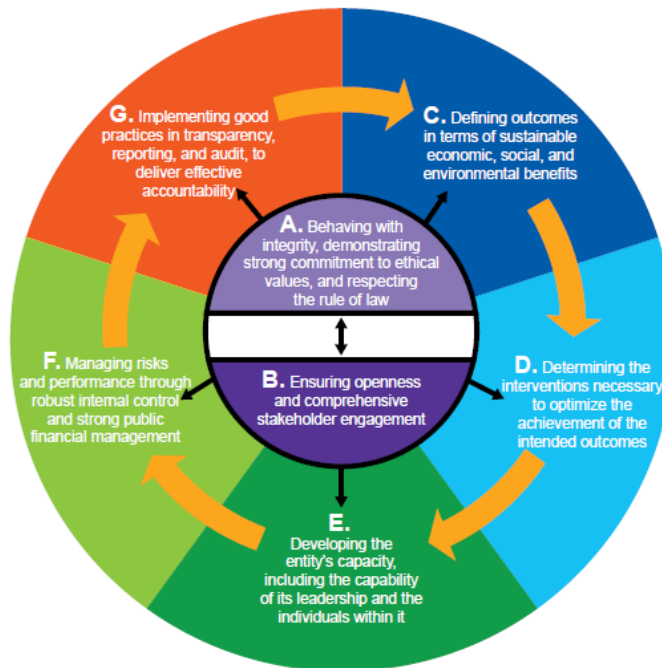
D: Determining the interventions necessary to optimise the achievement of intended outcomes

E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

F: Managing risks and performance through robust internal control and strong public financial management

G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The diagram overleaf, taken from the International Framework, Good Governance in the Public Sector (CIPFA/IFAC, 2014) illustrates the above principles of good governance in the public sector and how they relate to each other.



3.2.4 For each of the above core principles, the Framework outlines a set of sub-principles and a set of behaviours and actions that demonstrate good governance in practice.

3.3 Local Code of Governance

3.3.1 To achieve good governance, a local authority should be able to demonstrate that its governance structures comply with those outlined in the 'Delivering Good Governance' Framework. The Framework states that the authority should develop and maintain a Local Code of Governance which reflects the principles identified in the Framework.

3.3.2 The Council's current Local Code of Governance which is revised annually to enhance the assessment process was last approved by Audit Committee in June 2021 and will be considered by Audit Committee at its meeting in June 2022.

3.4 Legislation and Proper Practice

The self-assessment of the Council's corporate governance arrangements against the CIPFA/SOLACE Framework principles forms part of the assurance process for the production of the Council's Annual Governance Statement to meet Regulation 6 of the 2015 Accounts and Audit (England) Regulations.

3.5 Review of Corporate Governance Arrangements

3.5.1 The primary focus of the Council's review of governance arrangements is focused on compliance with the core and sub-principles that form the 'Delivering Good Governance' Framework.

- 3.5.2** To ensure a proactive approach to this review, Corporate Governance Group meets quarterly to regularly consider the effectiveness of the Council's governance arrangements against the Framework. Each of the seven principles (outlined previously in Paragraph 3.2.3) is reviewed by Corporate Governance Group throughout the year.
- 3.5.3** Significant enhancement activity identified as a result of these reviews is reflected in Appendix A and Appendix B of this report. To provide Members with a complete picture of governance enhancement carried out in 2021/22 and scheduled for 2022/23, enhancement activity pertaining to best practice has also been reflected in Appendix A and Appendix B.
- 3.5.4** Enhancement activity is deemed significant if recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service following their review of control arrangements to meet the Audit Plan, or if identified as key to the management of 'very high/high level' strategic risks. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and the delivery of outcomes should be addressed.

REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

The self-assessment of the Council's corporate governance arrangements against the 'Delivering Good Governance in Local Government' Framework principles and identification of significant governance action to facilitate continued compliance with this Framework, forms part of the assurance process for the production of the Council's Annual Governance Statement to meet Regulation 6 of the 2015 Accounts and Audit (England) Regulations.

4. IMPLICATIONS

4.1. Financial Implications

There are no direct financial implications arising from this report.

4.2. Legal Implications

The governance enhancements identified inform the Annual Governance Statement which will be reported to Audit Committee in June 2022. It is a requirement for the Council to publish an Annual Governance Statement alongside its Statement of Accounts.

4.3. Risk Implications

Risk management supports robust corporate governance arrangements by identifying potential risks associated with the achievement of corporate priorities and statutory requirements. Weakness in corporate governance arrangements can increase risk for the Council. Governance arrangements need to be sound and seen to be sound to mitigate risk.

4.4. Other Corporate Implications

Corporate governance affects all aspects of the work of the Council, as well as partners of the Council contributing to outcome delivery, and other agencies with which the Council shares information. External bodies, in particular, need to have confidence in the way the Council operates and this can be achieved by demonstrating robust governance arrangements that are fully embedded and a commitment to ensuring effectiveness.

5.5. Climate Change Implications

Climate change will be considered as part of the Council's governance arrangements.

5. BACKGROUND DOCUMENTS

- CIPFA/SOLACE 'Delivering Good Governance in Local Government' 2016 Framework and Guidance
- CIPFA/IFAC International Framework: 'Good Governance in the Public Sector', published August 2014
- Audit Committee Report: Local Code of Corporate Governance (8 June 2020)

6. APPENDICES

- Appendix A: Corporate Governance Enhancement Activity carried out in 2021/22
- Appendix B: Corporate Governance enhancement activity planned for 2022/23.

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Corporate Governance Enhancement Activity carried out in 2021/22

Corporate governance activity included in the peach text boxes below are deemed significant. Activity is deemed significant if recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service following their review of control arrangements to meet the Audit Plan or identified as key to the management of 'very high/high' level strategic risks. To provide a complete picture of governance enhancement carried out in 2021/22, activity pertaining to best practice has also been reflected below.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

- The Officer Code of Conduct has been reviewed and approved by Council.
- The tenure of the current Independent Member of Audit Committee was extended for a further year (from July 2022 to July 2023)
- The Council's Anti-Fraud and Corruption Strategy and Anti-Money Laundering Policy were reviewed and approved by Audit Committee and a new SBC Fraud Sanctions Policy was produced.
- The Council's Procurement Strategy was reviewed to create greater emphasis on community wealth building and, where possible, the local sourcing of goods and services. A new Co-Operative Procurement Strategy 2021-2024 was produced and approved by Executive.

Principle B: Ensuring openness and comprehensive stakeholder engagement

- The Annual Report and Performance Overview highlighting the Council's achievements over the past year and plans for the next twelve months was approved by Executive and published on the Council's website
- A Resident Survey has been carried out to survey how residents perceive Council services and their local area. The information gathered from residents will help to provide insight on their priorities for the town, the extent to which the Council is perceived to provide value for money and how well services are meeting residents' expectations.
- Consultation was carried out on the 'issues and options' stage of the development of an Area Action Plan for the Station Gateway regeneration project. An Area Action Plan (AAP) is a type of Development Plan Document, providing a planning framework for a specific area of opportunity, change or conservation. AAPs can create new policy over and above the Local Plan within the designated AAP area.
- A Climate Change Citizens Panel took place from 26th October to 29th October 2021. The panel consisted of 24 participants broadly representative of the town. The participants heard from five local experts on the science, policy and activism surrounding the climate emergency and then deliberated on what action they would like to see to help Stevenage reach its target of net zero by 2030.

Principle C: Defining outcomes in terms of sustainable economic and environmental benefits

General Fund Asset Management Strategy: The Locality Review Structure is now well established. All three tranches of land identified for disposal have now been agreed by Executive. The current Asset Management system is being reviewed to see if it can meet the needs of the service.

Making Your Money Count (MYMC): To ensure that the Council has sufficient financial resources to fund its medium and long term service plans and corporate priorities the following activity has been carried out: The Making Your Money County General Fund savings target for 2022/23 was achieved and savings included in the 2022/23 General Fund budget including a review of fees and charges. In addition a report to the June 2022 Executive will outline further options totalling £500K to increase the Council's financial resilience. The Capital Programme has been reviewed and adjusted for revised estimates of capital receipts and costs of capital schemes. The Housing Revenue Account Business Plan is being refreshed and is scheduled for consideration by Executive in summer 2022. The Transformation and commercialisation programmes which will help meet the MYMC savings target will allow the Council to deliver its strategic priorities, protect outcomes for residents, and provide excellent customer experience whilst also meeting the Council's financial security targets are progressing

- The Council's Future Town, Future Council programme was reviewed. The programme has now been streamlined and has five sections: Transforming our Town, More Social and Affordable Homes, Co-operative Neighbourhoods, Making your Money Count and a Clean, Green, Safe and Thriving Town

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Regeneration: To ensure good governance of the Regeneration programme the following action has been carried out: A capital funding plan covering key regeneration projects is being developed by the Strategic Director (Finance) with support from Finance, Estates and Regeneration. This will identify and progress funding sources to ensure suitable capital funding is in place to deliver the projects, including the identification of land disposals and the ring-fencing of receipts.

The Housing Development and Regeneration Executive Committee continues to receive updates on key projects.

Stevenage was successfully awarded £37.5m of funding through the Government's Towns Fund programme. In order to secure this funding, full business cases must be developed for each of the nine projects that comprise the Stevenage Towns Fund programme. Executive have approved a number of these business cases.

Stevenage Development Board continues to have a vital role through the development of business cases with partners engaged in working groups to support the development and finalisation of the business cases. The Board includes a wide range of key stakeholders, who will need to endorse the business cases and play a key role in engaging with the projects across a range of themes, including Culture, Skills, Sustainable Transport and Town Centre Regeneration. This will ensure experience and expertise across a range of sectors will be harnessed to support the development of robust and deliverable business cases, for projects that will have a significant positive impact for the town.

To support the assurance process, and ensure appropriate separation of interests when the Council is acting as Accountable Body, an Officer Panel consisting of senior Stevenage Borough Council and partner officers (a Director, Section 151 Officer, Monitoring Officer, Hertfordshire LEP and HCC officers) has been established to ensure business cases meet requirements before being recommended to the Development Board for approval.

FTFC milestones have been adjusted following COVID-19, although the majority of progress remains unaffected.

Regular Steering Group meetings are held with key members of the Mace and SBC teams, with two weekly operational meetings between the project teams.

Commercialism: To ensure that the Council's ambitious commercial agenda can be achieved the following action has been carried out: The Commercial and Investment Executive Working Group continues to meet on a quarterly basis. Its purpose is to advise and make recommendations to the Executive on the development of co-operative commercial and insourcing programmes of work. A new advertising and sponsorship scheme has been launched. This new initiative will provide an advertising boost for local businesses following the lockdown and aims to generate income for the Council. The scheme brings together a Council-owned sponsorship portfolio which includes roundabouts, car parks, council owned buildings, events and parks. The formalisation of a filming offer for Stevenage is underway, linked to the Council's Cultural Strategy and aimed at bringing additional revenue into the Council and the wider borough. The new Corporate Commercial Officer has started in role and is involved in promoting the commercial agenda through researching income generation opportunities, improving processes, increasing efficiencies and pursuing insourcing opportunities. A fully costed proposal for solar panels for the Multi- Storey car park at the railway station has been presented for consideration with a view to offsetting substation costs. A commercial approach has been applied to 2022/23 fees and charges, including a new bulky waste charging proposal, moving closer to cost recovery in some service areas and all concessionary rates have had an initial review, with some changes made through 2022/23 fees and charges. In the garages service, the move to 52 week charging is complete, lock changes are now carried out at full cost recovery and Voluntary and Community Organisation garage tenants have been moved to low demand areas.

COVID-19: In response to the COVID-19 crisis and ensure the Council can continue to deliver services, continue to meet its FTFC ambitions and enable recovery from the effect of the virus the following action has been carried out: The Council has Covid-19 incident management arrangements in place, working with partners to address the ongoing impacts of the pandemic. Executive Members have received monthly epidemiology and COVID-19 briefings. A Hertfordshire outbreak management cell continues to meet to consider all current epidemiological data and COVID developments in Stevenage and across the county in order to ensure response plans are current and targeted action is taken aligned to the countywide Hertfordshire COVID-19 Outbreak Plan and in cooperation with partner agencies. Ongoing work continues to review the Council's financial position via regular monitoring and quarterly review. Business Continuity meetings have been held as required to consider arrangements for business continuity of council services, partnership support for health activities such as vaccination programmes and environmental health advice, communications and working with local communities. Several service areas continue to experience significantly heightened demand or pressure, arising from the pandemic, from homelessness to void properties, and other community services, with plans in place to increase capacity for some key service areas.

Socio-Economic Impacts: As a result of the combined socio-economic impacts of welfare reform, the COVID-19 pandemic, and an economic downturn the following actions have been carried out: The Community Renewal Fund bid 'Community Wealth Building Together' which was submitted in collaboration with colleagues from other Districts and Boroughs was approved for delivery by DLUHC and the Hertfordshire LEP on 3rd November 2021. Initial activities have begun and a dedicated programme manager to support these activities has started in post. The primary deliverables are a delegated grant scheme which will look to support 50 organisations (20 micro-businesses and 30 VCSE organisations) with a funding pot of £500,000 split equally throughout Hertfordshire. In addition to this the Council will be looking to create two working groups on Planning and Procurement to look at these topics in relation to all district and borough councils throughout Hertfordshire, alongside the county council. Common themes will be identified and lessons learned in these areas and how agencies can work to better align the current approaches highlighting the feasibility of a common approach to Community Wealth Building and Social Value more broadly.

COVID-19 Recovery remains a key theme for Stevenage Together meetings. Discussions recently have included a presentation by Hertfordshire's Director Of Public Health of what to expect regarding COVID-19 over the winter months, mental health presentation which included the impact of the pandemic and the refresh of the Healthy Stevenage Strategy.

The Construction Industry Training Board initiative has been implemented and the Stevenage Works Funding agreement has been agreed.

Monthly review meetings in relation to the Arrears Action Plan are continuing. A review of the Arrears Action Plan is currently being carried out.

Leisure Contract: The Council is continuing to work with its leisure contractor to ensure recovery of leisure services after the pandemic. Meetings between SBC Officers and SLL are taking place monthly. The Council's Executive, at its meeting on 9th June 2021, considered a report regarding a proposed work programme to enable the Council to determine the strategic delivery of its leisure and cultural offer post March 2023 when the current leisure contract ends.

Council Housing Building and Acquisition: To ensure the Council can deliver new council owned homes as programmed, the following actions have been carried out: All schemes have continued throughout the pandemic with minimal delays. Arrangements have been made to improve cash-flow which has enabled work to continue as planned. Two potential new schemes have been identified and are in the early stage of assessment and initial viability assessments are being carried out. Ongoing governance and review by the Housing Development and Regeneration Working Group continues. A review of the pipeline of future schemes for development will be carried out later this year once the HRA Business Plan has been revised.

- Transformation Programme aimed at improving customer satisfaction, increasing workforce productivity, and delivering savings to sustain services was approved and has commenced.
- The Community Safety Strategy 2021-2024 was approved by Council in July 2021. The new Strategy outlines the emerging priorities of the SoSafe partnership for the next three years.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- Contract Management training was delivered through the EELGA and both events were well attended by Contract Managers.
- Inclusion and Diversity Survey carried out by Council staff.
- Updated Freedom of Information e-learning was delivered and completed by Council staff.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Cyber Security and IT Resilience: To ensure the Council has resilient IT arrangements the following action has been taken: Old firewalls have been deleted and the new ACI, which has recently been installed as part of the network upgrade, is providing additional security. The Virtual Desktop Infrastructure (VDI) upgrade is now complete and the roll out of new VDI has commenced. This will improve the user experience and is an enabler for Microsoft 365 and Windows 10. The design work for the upgrade of the ICT network, to increase IT resilience, is also complete and configuration and testing of the upgraded network is currently underway.

The installation of the microwave link between the Council's two data centres to almost eliminate chances of link breakage and therefore ICT interruption is now complete. As services migrate across to the new network, they will automatically benefit from the additional resilience provided by the microwave link. Microsoft 365, which will support new ways of working, team collaboration and video-conferencing, has been piloted by ICT to troubleshoot any issues prior to its full roll out which commenced in January 2022 and is scheduled to be completed in April 2022. Work is also continuing to upgrade the Council's servers. Email and web filtering has also been replaced to increase ICT security. Meta-compliance which is a new platform that incorporates requirements of e-learning, policy compliance, cyber security and phishing awareness has been installed and will be rolled out soon. A six month cyber security awareness campaign for staff has been produced and will be rolled out from February 2022.

SOCITM have carried out a quality assurance review of the ICT Strategic Programme and Operation and will be reporting back on their findings soon.

Corporate Health and Safety: To ensure the Council has adequate Corporate Health and Safety arrangements the following action has been taken: All high risks are reviewed by the Strategic Health and Safety Group and reported to Corporate Risk Group and the Senior Leadership Team quarterly. The monitor is also reviewed by the Chief Executive at monthly HR meetings.

The Health and Safety team have assisted to ensure that all Council buildings are COVID-19 Secure. New working arrangements for Daneshill House and Cavendish Road have been implemented to ensure the health and safety of staff. The team have also provided support and advice to frontline staff to ensure their safety and the safety of customers. PPE requirements for specific operational settings have been identified and procured. Staff communication messages have been provided to advise staff of COVID-19 guidance. The usual scheduled health and safety training and audits which had been affected by the response to the pandemic resumed in April 2021 and are now on track.

In response to an audit recommendation arising from the Landlord Health and Safety audit, legionella risk assessments have been completed and a programme of remedial works has been agreed with them. The programme of work to complete the remedial works will commence in February 2022 with all remedial works scheduled to be complete by April 2022.

Compliance of the Council's Non-Housing Property: To ensure compliance of the Council's non-housing property, the following action has been taken: The service has developed a clear pathway for the procurement of new compliance contracts and the procurement of facilities management software in 2022. These actions are key to modernising the service and improving efficiency in respect of planning, delivery and follow-up compliance work. The Facilities Helpdesk has improved capacity to administer the remedial log. A dedicated officer is now responsible for ensuring the appropriate remedial work is commissioned and completed on a consistent basis. The compliance audit of all general fund assets is now complete and actions identified have been carried out. Tasks better suited to a larger project are now carried out by the Architect's Team. A strategic plan for implementation of the Corporate Landlord function has been produced and approved and is currently being implemented. An Assets and Capital Board has now been set up. A Stevenage Borough Council Compliance Group has also been recently set up to oversee the Council's approach to compliance and will report to Corporate Risk Group each quarter.

Payment Cards Industry Data Security Standards: To enhance compliance with Payment Cards Industry Data Security Standards the following action has been carried out: The Customer Service Centre has changed its process so payments are only taken via an advisor (rather than via automatic line) if it is the only way customers can pay. Optimisation of the current ICON system is being considered to ensure its full capability is being used and any additional systems /functionality which might be needed to supplement it.

- A new Freedom Of Information system was launched to enhance and management and processing of Freedom of Information requests

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

- Council approved that SBC will opt in to the appointing arrangements made by Public Sector Audit Appointments for the appointment of External Auditors covering the period April 2023 to March 2028.

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Governance Enhancement Activity to take place in 2022/23

Corporate governance activity included in the peach text boxes are deemed significant. Activity is deemed significant if recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service following their review of control arrangements to meet the Audit Plan or identified as key to the management of 'very high/high' level strategic risks.

To provide a complete picture of governance enhancement planned for 2022/23 activity pertaining to best practice is also reflected.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

To enhance existing governance arrangements the following activity pertaining to best practice has been identified:

- Member Code of Conduct to be updated and approved by Standards Committee
- Full review of the Council's Constitution to be carried out
- Review of the Council's Whistle-Blowing Policy
- IT Acceptable Use Policy to be rolled out to staff

Principle B: Ensuring openness and comprehensive stakeholder engagement

To enhance existing governance arrangements the following activity pertaining to best practice has been identified:

- Commence discussions regarding an LGA Peer Review being carried out

Principle C: Defining outcomes in terms of sustainable economic and environmental benefits

Annual Governance Statement Actions: To ensure that the General Fund Asset Management Strategy can deliver an effective mechanism to manage incoming investment as well as disposal of the Council's assets, the following activity is planned:

- Upload of asset management data onto property data management software to enhance the management of the Council's assets
- Continue the review of the council's commercial portfolio
- Recruitment of staff within the Estates Service
- Governance structure to be put in place to deliver the Corporate Landlord function

Annual Governance Statement Actions: Making Your Money Count: To ensure that the Council has sufficient resources to fund its medium and long term service plans and corporate priorities the following activity is planned:

- Complete the refresh of the Housing Revenue Account Business Plan
- Carry out a review of the Council's reserves
- Development of a Capital Funding Plan to identify and progress funding sources to ensure suitable capital funding is in place to deliver the Council's priorities
- Report to Executive outlining further Making Your Money Count savings options totally £500K to increase the Council's financial resilience

To enhance governance further the following activity pertaining to best practice has been identified:

- Development of a new five year Corporate Plan

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Annual Governance Statement Actions: Commercialisation: To ensure that the Council's ambitious Co-operative Commercial and Insourcing Strategy can be achieved, a programme of work is required:

- Continue the improvement programme in relation to garages, e.g. application of charges for garage freeholders, changes to termination periods, move to any day tenancies and transition to Choice Based Lettings.
- Review of charging arrangements across the Council
- Investigate further opportunities for grant funding
- Creation of a Disability Resource Centre and hosting parcel lockers on Council land.
- Review of the Council's skips offer
- Continue the review of concessions and fees and charges for 2023/24.
- Insourcing of day to day repairs and weed spraying
- Consider measures to drive down debt across the organisation
- Further develop the commercial culture in the Council through a combination of communications and learning and development opportunities.

Annual Governance Statement Actions: COVID-19: In response to the COVID-19 crisis and to ensure the Council can continue to deliver services, continue to meet its FTFC ambitions and enable recovery from the effect of the virus in the town, the following action is planned:

- Review the General Fund and HRA Medium Term Financial strategies in light of the financial pressures arising from the COVID-19 response
- Continue to implement the agreed town wide Recovery Plan

Annual Governance Statement Actions: Council Housebuilding and Acquisitions Programme: To ensure the Council can deliver new council owned homes as programmed the following action is planned:

- Carry out viability assessments prior to lending being approved for the Wholly Owned Company to demonstrate they meet key targets as outlined in the Business Plan
- Explore grant funding opportunities with Housing Associations in the local area to secure nomination rights to properties
- Ongoing governance and review by the Housing Development and Regeneration Working Group
- Key Performance Indicators to be determined and monitored for the Wholly Owned Company regarding key financial performance indicators
- Identify future schemes for development

Annual Governance Statement Actions: Socio-Economic Impacts: As a result of the combined socio-economic impacts of welfare reform, the Covid-19 pandemic, and an economic downturn the following action is planned:

- Continue to be involved with Community Wealth Building and Social Value initiatives
- Contribute to the Planning and Procurement working groups which will be looking at community wealth building and social value in relation to all district and borough councils throughout Hertfordshire.
- COVID-19 recovery to remain a key theme for Stevenage Together
- Complete the review of the Arrears Action

Annual Governance Statement Actions: Stevenage Leisure Limited:

- Continue with regular meetings between SBC officers and Stevenage Leisure Limited
- Carry out the work programme to enable the Council to determine the strategic delivery of its leisure and cultural offer post March 2023 when the current leisure contract ends
- Carry out the procurement process for leisure and cultural services contract

Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

Governance for this principle is currently considered robust and no further governance activity is scheduled at this stage

Principle F: Managing risks and performance through robust internal control and strong public financial management

Annual Governance Statement Actions: IT Resilience and Cyber Security: The Shared IT Service to continue to implement the IT Strategy and Action Plan to enhance IT infrastructure, cyber security, IT resilience by:

- Complete the replacement of all the Council’s firewalls
- Migrate services over to the new IT network
- Complete the upgrade from Windows 7 to Windows 10
- Complete the roll out of VDI
- Roll out of Microsoft Office 365
- Review and update the ICT Disaster Recovery Plan.
- Carry out a Cyber Security awareness campaign
- Implementation and roll out of meta-compliance
- Consider the recommendations made by the SOCITM quality assurance review of the ICT strategic programme and operation.

Annual Governance Statement Actions: Health and Safety: Continue to enhance and embed health and safety compliance and performance by:

- Continue the rolling programme of internal and external audits for medium and high risk services
- Complete the implementation of health and safety enhancements for the Council’s identified health and safety risks

Annual Governance Statement Action: Building Management – General Fund Assets: To ensure there is a clear governance structure through a corporate landlord function and ensure compliance of the Council’s non-housing property the following action is planned:

- Procurement and implementation of a new Facilities Management System to integrate operational compliance work within a single system
- Implementation of the Corporate Landlord Function
- Procurement of compliance services, covering Fire, Gas/Water and Electrical contracts

Annual Governance Statement Action: Payment Cards Industry Data Security Standard: To ensure compliance the following action is planned:

- Review the current ICON system to ensure the system is being optimised to its full capability and any additional systems/functionality is added to supplement its current capability.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Governance for this principle is currently considered robust and no further governance activity is scheduled at this stage.

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