

## SUMMARY OF DECISIONS

<b>Meeting:</b>	Audit Committee	
<b>Date:</b>	Wednesday, 7 September 2022	
<b>Place:</b>	Council Chamber, Daneshill House, Danestrete, Stevenage	
<b>Members Present:</b>	Councillors:	Maureen McKay (Chair), Myla Arceno, Alex Farquharson, Jackie Hollywell and Loraine Rossati. Mr Geoff Gibbs (Independent Co-opted Non-voting Member).

	<b>ELECTION OF CHAIR</b>	
	In the absence of the Chair and Vice-Chair of the Committee, and upon being moved and seconded, and following a vote, it was <b>RESOLVED</b> that Councillor Maureen McKay be elected to Chair the meeting.	
<b>1</b>	<b>APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST</b>	
	Apologies for absence were submitted on behalf of Councillors Teresa Callaghan (Chair), John Gardner (Vice-Chair), Stephen Booth, Graham Lawrence CC and Tom Wren.  There were no declarations of interest.	
<b>2</b>	<b>MINUTES - 7 JUNE 2022</b>	
	It was <b>RESOLVED</b> that, subject to the replacement of “2029/20” with “2019/20” in the fifth paragraph of the preamble in Minute 5 – 2019/20 and 2020/21 External Audit of SBC Accounts – Update, the Minutes of the meeting of the Audit Committee held on 7 June 2022 be approved as a correct record and signed by the Chair.	

3	<b>2019/20 EXTERNAL AUDIT UPDATE</b>	<b>N. Harris (E &amp; Y)</b>
<p>The Committee received a verbal update from Neil Harris (Ernst &amp; Young) in respect of the 2019/20 External audit of SBC accounts.</p> <p>In response to Members' questions, Mr Harris, assisted by the Strategic Director (CF) stated:</p> <ul style="list-style-type: none"> <li>• For those local authorities with closed audited accounts for 2019/20, it was too late for the process with regard to how expenditure on replacement infrastructure was accounted for to be included, although the process would need to be carried out on their 2020/21 accounts;</li> <li>• Mr Harris undertook to report back on the number of local authorities that still had 2019/20 accounts outstanding;</li> <li>• The Redmond Report had identified that the public sector external audit model was broken. PSAA had endeavoured to address this by seeking to identify additional external audit providers. There were also ongoing recruitment issues for auditors and local authority accountants. In view of the above issues, the Government had relaxed the rules on penalties for non-completion of audited accounts; and</li> <li>• The PSAA scale fee for 2019/20 audit work was £48,000, although the complexity of the additional work undertaken by E &amp; Y had resulted in an overall fee of £190,000. Whilst the Strategic Director had accepted part of the additional fee, she had not accepted it in its entirety. The likelihood was that the matter would need to go back to the PSAA for arbitration.</li> </ul> <p>It was <b>RESOLVED</b> that the verbal update from Ernst &amp; Young regarding the 2019/20 External audit of SBC accounts be noted.</p>		
4	<b>2021/22 ANNUAL FRAUD REPORT AND PROGRESS WITH DELIVERY OF THE 2022/23 ANTI-FRAUD PLAN</b>	<b>D. Bowler (SAFS)</b>
<p>The Shared Anti-Fraud Service (SAFS) Officer presented the 2021/22 Annual Fraud report, and provided an update on progress with delivery of the 2022/23 Anti-Fraud Plan.</p>		

	<p>In reply to Members' questions, the Shared Anti-Fraud Officer commented:</p> <ul style="list-style-type: none"> <li>• In 2021/22, the 15 “low risk” cases involving alleged housing benefit or council tax fraud were resolved through compliance activity or review, and resulted in the identification of £12,000 in additional savings for the Council;</li> <li>• SAFS staff are fully aware of the potential for instances of fraud to increase due to the current cost of living crisis, although they would continue to prioritise investigative work on a case-by-case basis, according to the seriousness of the alleged offences committed; and</li> <li>• There were occasional instances of vexatious fraud reporting. It could sometimes be difficult to detect fraud in such instances, although the first step would always to be to seek corroboration of any evidence received from the public.</li> </ul> <p>It was <b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. That the Council's work to combat fraud in 2021/22 be noted.</li> <li>2. That the performance of SAFS in meeting its Key Performance Indicators (KPIs) in 2021/22 be noted.</li> <li>3. That the progress with delivering the Anti-Fraud Plan for 2022/23 be noted.</li> </ol>	
5	<b>INTERNAL AUDIT PLAN 2022/23 - PROGRESS REPORT</b>	<b>S. Martin (SIAS)</b>
	<p>The SIAS Client Audit Manager presented a progress report with regard to the SIAS Internal Audit Plan 2022/23 (up to 19 August 2022).</p> <p>In reply to Members' questions, the SIAS Client Audit Manager responded as follows:</p> <ul style="list-style-type: none"> <li>• The Cyber Security audit had identified gaps in the Council's control framework to minimise cyber attacks. In particular, the Council only had a draft Information Security Policy and draft Cyber Incident Response Plan, and there had been</li> </ul>	

insufficient capacity in the IT Team to manage cyber security due to the ongoing work regarding migration of the Council's IT network to Windows 10. It was hoped that the high/medium priority recommendations would be actioned by December 2022. A Joint SBC/EHC Board had been established to closely monitor IT issues over the coming months, including the Windows 10 migration and cyber security;

- The reason the migration to Windows 10 was taking a considerable time was due to work required to address and resolve inter-operability/integration issues of some of the considerable number of Council IT systems both during the migration and afterwards; and
- It was confirmed that the follow up work with regard to the Landlord Health and Safety audit concerned improved processes in relation to the testing (for legionella, etc.) of water supplied to Council-owned buildings.

It was **RESOLVED**:

1. That the SIAS Internal Audit progress report be noted.
2. That the changes to the Internal Audit Plan be noted.
3. That the status of Critical and High Priority Recommendations be noted.

6	<b>ANNUAL TREASURY MANAGEMENT REVIEW OF 2021/22 INCLUDING PRUDENTIAL CODE</b>	B. Moldon
<p>The Assistant Director (Finance) presented a report on the Annual Treasury Management Review of 2021/22, including the Prudential Code.</p> <p>It was <b>RESOLVED</b> that, subject to any comments from the Executive, the 2021/22 Annual Treasury Management Review be recommended to Council for approval.</p>		

7	<b>URGENT PART I BUSINESS</b>	
	None.	
8	<b>EXCLUSION OF PUBLIC AND PRESS</b>	
	<p>It was <b>RESOLVED</b> that:</p> <ol style="list-style-type: none"> <li>1. 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.</li> <li>2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.</li> </ol>	
9	<b>PART II MINUTES - AUDIT COMMITTEE - 7 JUNE 2022</b>	
	It was <b>RESOLVED</b> that the Part II Minutes of the meeting of the Audit Committee held on 7 June 2022 be approved as a correct record and signed by the Chair.	
10	<b>STRATEGIC RISK REGISTER</b>	<b>S. Brightwell</b>
	The Corporate Performance and Improvement Officer presented a report providing the Quarter 1 2022/23 (April to June 2022) update in respect of the Strategic Risk Register.	

	<p>The Corporate Performance and Improvement Officer, assisted by the Strategic Director (CF), responded to a question raised by a Member on the report.</p> <p>It was <b>RESOLVED</b> that the latest Strategic Risk Register, as set out at Appendix A1 to the report, be noted.</p>
<b>11</b>	<b>URGENT PART II BUSINESS</b>
	None.