

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Wednesday, 6 September 2023

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Maureen McKay (Chair), Carolina Veres (Vice-Chair), Stephen Booth, Lloyd Briscoe, Rob Broom, Nazmin Chowdhury, Alex Farquharson, Graham Lawrence CC, Claire Parris (substitute) and Tom Wren.
Mr Syed Uddin (Independent Co-opted Non-voting Member).

Start / End Start Time: 6.00pm
Time: End Time: 7.19pm

1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Baroness Taylor (substituted by Councillor Claire Parris).

The Chair welcomed Mr Syed Uddin, the new Independent Member to his first meeting of the Audit Committee.

There were no declarations of interest.

2 **MINUTES - 6 JUNE 2023**

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 6 June 2023 be approved as a correct record and signed by the Chair.

3 **EXTERNAL AUDIT PROGRESS AND LOCAL AUDIT DELAYS - DLUHC UPDATE JULY 2023**

The Committee considered a report presented by the Assistant Director (Finance) in respect of Local Audit delays and giving an update from the Department of Levelling Up, Housing and Communities (DLUHC) which had been issued in July 2023.

The Assistant Director (Finance) reminded Members that since 2017/18 there had been a deterioration with delays compounding during the Covid-19 pandemic, leading to a national persistent and significant backlog of audit opinions.

The Committee was advised that consideration was being given by DLUHC to potential changes to the Code of Audit Practice which it was hoped would prevent continued delays. It was hoped that changes to the relevant codes and standards would be made in time for implementation to begin by the end of December 2023. Officers also advised that the following statutory deadlines were being consulted on the SBC audits:

- 2020/21 – 2021/22 deadline 31 March 2024
- 2022/23 – deadline 30 September 2024
- 2023/2024 – deadline 31 March 2025.

The Committee then received a verbal update from Ernst & Young (EY) regarding progress on the outstanding SBC external audits. Debbie Hansen from EY advised that they were currently working through the impact of the DHLUC proposals. She advised the Committee that due to the delays, working papers including outstanding queries relating to valuations had to be revisited. Changes in personnel and a sector wide recruitment and retention challenge had also added to the delays to the Audits.

It was **RESOLVED:**

1. That the verbal update from Ernst & Young regarding progress on outstanding SBC external audits be noted.
2. That the report in respect of Local Audit delays and an update from the Department of Levelling Up, Housing and Communities (DHLUC) be noted.

4 **SHARED ANTI-FRAUD SERVICE (SAFS) ANNUAL REPORT 2022/23**

The Committee considered a report in respect of the Shared Anti-Fraud Service (SAFS) Annual Report 2022/23.

Darren Bowler from SAFS advised the Committee of significant recent reports published which had been used to ensure the Council was aware of new and emerging fraud threats as well as those established/known risks. The new reports included Lost Homes, Lost Hope which used previous data and research to estimate the current cost to local government of tenancy fraud. Members were concerned that the numbers of fraud cases identified appeared to be low. The Anti-Fraud Manager advised that the numbers were comparable to other partner authorities and also included the incidences of the more serious sub-letting cases along with similar figures for Council Tax fraud cases.

Members were pleased to note that close working arrangements were now in place with the Council's Tenancy Team to improve the identification of any cases of potential fraud.

In response to a question, the Assistant Director (Finance) advised that following the upcoming Treasury Management training session, further training sessions would be arranged for Members on Risk Management and Fraud.

It was **RESOLVED:**

1. That the activity taken by the Shared Anti-Fraud Service to deliver the 2022/23 Anti-Fraud Plan for the Council be noted.
2. That the other anti-fraud activity undertaken to protect the Council be noted.

5 **SHARED ANTI-FRAUD SERVICE (SAFS) - 2023/24 ANTI-FRAUD PLAN - PROGRESS REPORT**

The Committee considered a progress report in respect of the Shared Anti-Fraud Service (SAFS) Anti-Fraud Plan 2023/24.

The Committee was advised that between April and July 2023 a further 41 allegations of fraud had been received by the Council/SAFS and were now under investigation with an estimated fraud loss of £375k.

In response to a question, Members were advised that all SBC staff were required to undertake mandatory I learn Fraud training.

Officers agreed that for future reports, a summary of the changes would be included at the beginning of the report for ease of reference

It was **RESOLVED** that the progress made by officers and the Shared Anti-Fraud Service to deliver the 2023/24 Anti-Fraud Plan for the Council be noted.

6 **SHARED INTERNAL AUDIT SERVICES (SIAS) INTERNAL AUDIT PLAN 2023/24 - PROGRESS REPORT**

The Committee considered a progress report in respect of the delivery of the Shared Internal Audit Service (SIAS) Internal Audit Plan 2023/24, as at 18 August 2023.

The SIAS Client Audit Manager advised that all Audits scheduled for 2023/24 would be allocated to a member of the Audit Team by the end of the year. He gave an update to the Committee on each individual project within the 23/24 Audit Plan.

It was noted that one new high priority recommendation had been added to the schedule relating to debt recovery reminder and payment arrangements. In response to a question the Assistant Director advised that the Council's Integra System was subject to an upgrade which would increase the functionality for staff. An update would also be given to the November meeting on the progress with this recommendation. The Assistant Director assured Members that the Council was robust in its debt collections and that the correct agencies were used.

The Client Audit Manager also advised that SIAS were broadly on track with profiled targets for both delivery of planned days and projects. In response to a number of vacancies within the Team, additional resources had been used from external partners to deliver the planned work for quarter 4 allowing the work to be completed.

Members were pleased to note that significant progress had been made in filling the vacancies with a new Client Audit Manager and three Trainee Auditors starting and that sufficient resources were available to deliver the SBC Plan 2023/24.

In response to a question regarding Members having access to the final full Audit reports, the Audit manager advised he would consult with Strategic Director (CF) and Assistant Director Finance to consider this.

It was **RESOLVED**:

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

7 **ANNUAL TREASURY MANAGEMENT STRATEGY REVIEW 2022/23**

The Committee considered a report in respect of a review of the 2022/23 Annual Treasury Management Strategy and Prudential Indicators.

The Assistant Director (Finance) advised that during the financial year, Officers had operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management practices.

The Committee noted that no new external borrowing had been taken during the year.

Members were advised that there were no breaches to the Policy in the year to 31 March 2023 with the investment activity conforming to the approved strategy.

It was also noted that in accordance with the strategy, the Council invests its surplus cash balances that are committed for future approved spending.

It was **RESOLVED** that, subject to any comments made by the Executive, the 2022/23 Annual Treasury Management Review be recommended to Council for approval.

8 **URGENT PART I BUSINESS**

None.

9 **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED** that:

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.
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.

10 **PART II MINUTES - AUDIT COMMITTEE - 6 JUNE 2023**

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 6 June 2023 be approved as a correct record and signed by the Chair.

11 **STRATEGIC RISK REGISTER**

The Corporate Performance and Improvement Officer presented a report providing the Quarter 1 2023/24 (April to June 2023) update in respect of the Strategic Risk Register.

The Corporate Performance and Improvement Officer, assisted by the Assistant Director Finance, responded to a number of questions raised by Members on the report.

It was **RESOLVED** that the latest Strategic Risk Register, as set out at Appendix A1 to the report, be noted.

12 **URGENT PART II BUSINESS**

None.

CHAIR