

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Wednesday, 8 November 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 and Tom Wren.
Mr Syed Uddin (Independent Co-opted Non-voting Member).

Start / End Start Time: 6.00pm
Time: End Time: 7.20pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies for absence.

There were no declarations of interest.

2 MINUTES - 6 SEPTEMBER 2023

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

3 SHARED ANTI-FRAUD SERVICE (SAFS) - PROGRESS WITH DELIVERY OF 2023/24 ANTI-FRAUD PLAN

The Shared Anti-Fraud Service (SAFS) Manager presented a report in respect of progress with delivery of the 2023/24 Anti-Fraud Plan.

In relation to Appendix B to the report (Progress against 2023/24 Key Performance Indicators [KPIs]), the SAFS Manager advised that a number of these were at "yellow" status and required further work, namely:

- KPI 2A – Number of Counter Fraud days – only 31% of days had been recorded in Quarters 1 and 2, due to changes in the Case Management System and staff adjusting to the time recording requirements of the new System. It should be close to target at the end of Quarter 4;
- KPI 3A – Urgent/High risk cases picked up within 1 day – this was occurring, although this was not yet recognised by the Case Management System (work was taking place to rectify this);
- KPI 4D – Training events – SAFS was looking to deliver training for members and Officers (including e-learning modules) over the coming months; and
- KPI 6 – Use of National Fraud Initiative (NFI) data – there was a high volume of data outputs/matches which were in the process of being reviewed. It was

planned to complete this work by the end of the current Financial Year.

With regard to the report, the SAFS Manager stated that, between April and September 2023, SAFS received 101 'referrals' or allegations of fraud affecting Council services. Allegations received had increased slightly compared to the same period in 2022/23. Of the 101 referrals received, 48 came from members of the public and 53 from Council staff. 14 cases of 'tenancy fraud' were currently being investigated within the Council's boundaries with the intention that, once recovered, these properties would be made available to families from the Council's housing register, including those in temporary accommodation.

The Committee was informed that SAFS had worked with the 'District Revenues Manager Group' to develop a framework contract for all district councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. SAFS was working with Council officers to review the outcome from the National Fraud Initiative (NFI) by providing resources and support to deal with reports/matches received in February 2023. To date of 1,310 matches, 464 high priority matches had been reviewed, 50 discrepancies and 12 frauds identified and savings of £223,000 recorded.

The SAFS Manager stated that the Council subscribed to the Hertfordshire FraudHub. This project operated using the same legal framework as main NFI Hub, but allowed data to be matched more frequently helping to prevent fraud or detecting it sooner. In Quarters 1 & 2 more than 4,400 matches had been reported, of which 856 had been reviewed.

The SAFS Manager advised that SAFS had provided a number of reports to the Council's senior management about fraud risks identified from investigations, both at the Council and other SAFS Partners, with recommendations on how the Council could better manage/mitigate these risks in future. Where recommendations related directly to Council services, SAFS had shared reports with Shared Internal Audit Services (SIAS) to help inform future audit planning.

In response to a number of Members' questions, the SAFS Manager commented as follows:

- SAFS staff worked in a variety of locations across the county, and worked closely with each council's Revenues and Benefits Service. SAFS representatives also attended each council's Corporate Governance Group meetings. It was recognised that SAFS officers could not cover the whole of the county at all times, which was why it was important that officers from other departments were educated to identify suspected fraudulent that, if necessary, could be reported back to SAFS;
- In terms of the high volume work relating to the NFI Hub, the highest risk data matches were prioritised and investigated first. The SAFS Manager was satisfied that the resource level within the Team was adequate for the amount of workload generated through the NFI Hub;
- There could be circumstances when the Council could take direct action against fraudsters rather than go through SAFS, which was one reason why the education of Council staff in anti-fraud matters was important; and
- Regarding KPI 2A, it was hoped that the issues caused by the new Case

Management system would be rectified to enable the target number of SAFS days delivered by 31 March 2024 to be met. However, regardless of whether or not the target number of days would be delivered, the Council would not be entitled to a refund of costs from SAFS.

It was **RESOLVED** that the work of the Council and the Shared Anti-Fraud Service in delivering the 2023/24 Anti-Fraud Plan be noted.

4 REGULATION OF INVESTIGATORY POWERS ACT (RIPA) POLICY

The Records Governance Manager presented a report in respect of the Council's updated Regulation of Investigatory Powers Act (RIPA) Policy.

The Records Governance Manager advised that RIPA regulated the use of certain surveillance powers by public authorities, including:

- Directed Surveillance (covert surveillance conducted as part of a specific investigation likely to result in obtaining private information about an individual);
- Use of Covert Human Intelligence Sources (CHIS); and
- Access to communications data (e.g. details of subscribers to telephone numbers or email accounts).

The Records Governance Manager explained that the Council rarely used these powers, and had last done so in 2021. She added that the Home Office published national Codes of Practice on the use of RIPA powers by public authorities. External Inspections were carried out from time-to-time by the Investigatory Powers Commissioner's Office (IPCO), so it was important that all documentation was properly completed and (where relevant) authorised to confirm that any directed surveillance was carried out on a lawful basis. The last inspection for SBC was held in July 2023.

The Records Governance Manager commented that the Council was required to have arrangements and a RIPA Policy in place. The current Policy was approved in 2017/18.

In relation to Communications data, the Records Governance Manager stated that all such applications must be processed through the National Anti-Fraud Network (NAFN), who would consider the application prior to submitting this for approval to the Office for Communications Data Authorisations (OCDA). All applications must be approved before Communications Data was acquired. All SBC applications submitted to NAFN would be overseen by the Council's Borough Solicitor, who acted as the Council's single point of contact for such applications.

The Committee noted that RIPA training had been provided to Council authorising officers in 2021, and that further officer training was in the process of being arranged for 2023/24.

In reply to a Member's question concerning the potential leaking of information, the Records Governance Manager advised that the NAFN had a duty of confidentiality and had accountability for sign-off of Communications data surveillance, and that

any perpetrators of leaked information would be brought to account.

It was **RESOLVED**:

1. That the content of the report be noted.
2. That the updated Regulation of Investigatory Powers Act (RIPA) Policy, as attached at Appendix A to the report, be approved.

5 PROGRESS OF CORPORATE GOVERNANCE ACTIONS

The Corporate Performance and Improvement Officer presented a report informing Members of progress with regard to the actions to strengthen the Council's corporate governance arrangements, as identified in the Council's 2022/23 Annual Governance Statement reported to the Committee on 6 June 2023.

The Corporate Performance and Improvement Officer advised that progress on the 12 high level actions, including mitigation measures, was set out in Appendix A to the report. The full year status report on those actions would be reported to the Committee in June 2024.

In response to some questions from the Committee Chair, the Corporate Performance and Improvement Officer stated:

- There were still some challenging areas where posts were proving hard to fill, including Building Surveyors. Such posts were often in competition with those in the Private Sector. Although the Human Resources Team was helping with advertising vacant posts differently, at the current time a number of the vacancies were filled by interim/agency staff; and
- Work to comply with the requirements of the Building and Fire Safety Acts was on target, with remedial works expected to commence in April 2024.

It was **RESOLVED** that the progress to date of actions to strengthen the Council's corporate governance arrangements, as identified in the Council's 2022/23 Annual Governance Statement reported to the Committee on 6 June 2023, be noted.

6 MID YEAR TREASURY MANAGEMENT REVIEW AND PRUDENTIAL INDICATORS 2023/24

The Assistant Director (Finance) presented a report in respect of the 2023/24 Mid Year Treasury Management review, including the 2023/24 prudential and treasury indicators.

The Assistant Director (Finance) advised that there had been no changes to the Strategy approved by the Council in February 2023. Projected balances were shown as £38Million at year end. As at 30 September 2023, there had been borrowing of £259Million (largely for Housing Revenue Account self-financing). Further borrowing of £24Million over the coming months would result in a total of £283Million by the end of March 2024, well within operational boundaries.

In terms of investments, the Assistant Director (Finance) stated that the Council currently had £48.5Million of these, earning an average interest rate of 5.27%. There had been no breaches of any of the indicators in the Strategy during the first 6 months of 2023/24.

In respect of a Member's questions, the Assistant Director (Finance) replied as follows:

- The term "netted off" in the second bullet point of Paragraph 4.2.4 of the report referred to the net financial impact (as opposed the gross financial impact) of the budget increases; and
- In Paragraph 4.2.5 of the report, the slippage in Housing Development budgets could be due to a variety of reasons, such as delays in procurement. He agreed to provide the Member with details of the reasons for the slippage, and stated that further information would be provided in the Quarter 2 2023/24 Capital Monitoring report being submitted to the Executive meeting on 15 November 2023.

It was **RESOLVED** that the 2023/24 Mid Year Treasury Management Review and Prudential Indicators report be recommended to Council for approval.

7 URGENT PART I BUSINESS

None.

8 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.

9 PART II MINUTES - AUDIT COMMITTEE - 6 SEPTEMBER 2023

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

10 SBC INFORMATION COMMUNICATION TECHNOLOGY (ICT) RESILIENCE

The Assistant Director (Strategic ICT Partnership) gave a presentation on ICT Resilience at the Council.

The Assistant Director (Strategic ICT Partnership) answered a number of Members'

questions regarding the presentation.

It was **RESOLVED** that the presentation on ICT Resilience be noted.

11 STRATEGIC RISK REGISTER

The Corporate Performance and Improvement Officer presented a report providing the Quarter 2 2023/24 (July to September 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**:

1. That the latest Strategic Risk Register, as set out in the report, be noted.
2. That the Risk Management Training scheduled for 30 January 2024 take place virtually via Teams.

12 URGENT PART II BUSINESS

None.

CHAIR