

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Tuesday, 20 November 2018

Time: 6.00pm

Place: Shimkent Room - Daneshill House, Danestrete

Present: Councillors: Maureen McKay (Chair), John Gardner (Vice-Chair), Howard Burrell, Laurie Chester, Graham Lawrence and Graham Snell. Independent Member – Mr Geoff Gibbs.

Also Present: Simon Martin (Shared Internal Audit Services)
Nick Jennings (Shared Anti-Fraud Services)

Start / End Time: Start Time: 6.00pm
End Time: 7.07pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors David Cullen and John Lloyd.

There were no declarations of interest.

2 MINUTES - 12 SEPTEMBER 2018

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 12 September 2018 be approved as a correct record and signed by the Chair.

In respect of Minute 4 – SIAS Annual Report 2017/18, the Independent Member (Mr Geoff Gibbs) confirmed that he had just received the Ernst & Young toolkit for assessing the effectiveness of Audit Committees. He acknowledged that a full scale review might be costly, but felt that some form of self-assessment might be possible.

3 SHARED ANTI-FRAUD SERVICE (SAFS) - PROGRESS WITH DELIVERING THE 2018/19 ANTI-FRAUD ACTION PLAN

The Shared Anti-Fraud Manager presented a progress report on the Anti-Fraud Plan 2018/19.

The Shared Anti-Fraud Manager referred to the Government's Anti-Corruption Strategy 2018-22, which was a useful reference document for tackling bribery and corruption, especially from overseas sources.

The Shared Anti-Fraud Manager advised that the number of alleged fraud cases reported remained high. To the end of September 2018, SAFS had received 94 allegations of fraud; 113 cases were carried forward from 2017/18; and 91 cases were still under investigation.

The Committee noted that of the 35 cases investigated and closed during the year where fraud was identified, losses of £77,655 and savings of £91,853 were recorded.

In response to a Member's question, the Shared Anti-Fraud Manager confirmed that he was confident that all of the actions contained in the 2018/19 Action Plan would be completed by the end of March 2019.

It was **RESOLVED** that the work of Officers and the Shared Anti-Fraud Service (SAFS) in delivering the Anti-Fraud Plan 2018/19 be noted.

4 SHARED ANTI-FRAUD SERVICE (SAFS) - COUNCIL ANTI-FRAUD PLAN 2017/2018

The Shared Anti-Fraud Manager presented a report detailing the work of the Council and Shared Anti-Fraud Service (SAFS) in delivering the Anti-Fraud Action Plan 2017/18.

The Shared Anti-Fraud Manager drew attention to an interesting CIPFA document on all reported fraud in Local Government in the UK. He undertook to circulate this document to all Members of the Committee.

The Shared Anti-Fraud Manager advised that the SAFS/SBC Business Plan objectives for 2017/18 had been achieved, apart from the Anti-Fraud and Corruption Strategies, which it was planned to complete in 2018/19.

It was noted that all of the SAFS 2017/18 Key Performance Indicators had been met, with the exception of the one relating to "Success rate for cases investigated", which had achieved a 44% outcome against a target of 50%.

In response to a series of Members' questions, the Shared Anti-Fraud Manager replied as follows:

- Sometimes it was difficult to place a value on identified fraud, and so some of the figures in the report referred to irrecoverable losses to SBC as a result of fraudulent activity;
- Staff who reported fraud were provided feedback on the outcome (success or otherwise) of the case;
- Blue Badges – where these were removed from individuals due to fraudulent use, the costs attributed to this were recorded as savings (ie. the additional revenue gained by the individual using a regular parking space rather than a Blue Badge space);
- The majority of the type of Local Government fraud had not changed over the past 5 years (mostly Council Tax and Housing Benefit fraud), although certain areas of fraud had become much more sophisticated, especially due to the rise in "fake" companies, many of them based overseas; and
- Where no action had been taken on fraud allegations this was often due to the quality of the report; the fact that it did not fit into the SAFS remit (in which case it was referred to others organisations, such as the Department for Work &

Pensions); or the value of the alleged fraud could be dealt with administratively, without the need for further investigation.

It was **RESOLVED** that the work of the Council and Shared Anti-Fraud Service (SAFS) in delivering the Anti-Fraud Action Plan 2017/18 be noted.

5 SHARED INTERNAL AUDIT SERVICE (SIAS) - PROGRESS REPORT 2018/2019

The Committee received the Shared Internal Audit Service (SIAS) 2018/19 progress report for the period to 2 November 2018.

The SIAS Client Audit Manager confirmed that, since the preparation of the report, the final reports relating to the Cash & Banking and Council Tax audits had been issued, both with good assurance ratings.

The Committee was advised that, since the issue of the progress report, the number of SIAS billable days had increased from 178.5 to 185.

The SIAS Client Audit Manager confirmed that the dates pertaining to the Mobile Device Management and BYOD and TSS Improvement Plan Governance Audits, shown as May and June 2018 respectively, were the start dates for these audits. Final reports had not yet been issued due to the complexities of both of these audits and the need for a management response to the recommendations made.

The Committee noted that High Priority Audit Recommendations set out in the report related to CCTV and Cyber Security, and that Management Responses had been provided against each recommendation.

In respect of the CCTV recommendations, the Committee was informed that a shareholder review was taking place of the effectiveness of both the Joint CCTV Partnership and the CCTV company, with a view to ascertaining whether to expand the service or concentrate on the core functions.

It was **RESOLVED**:

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

6 2018/2019 MID YEAR TREASURY MANAGEMENT REVIEW

The Committee considered a report which updated Members on Treasury Management activities in 2018/19 and reviewed the effectiveness of the 2018/19 Treasury Management and Investment Strategy, including the 2018/19 prudential and treasury indicators.

The Assistant Director (Finance & Estates) referred to some minor amendments to the report, including that the figure for "Total Borrowing" in the second column of the table at Paragraph 4.5.4 of the report should be £227,595.

The Assistant Director (Finance & Estates) commented that the average borrowing rate on loans as at 30 September 2018 was 3.37% and the average investment rate at the same date was 0.77% (compared to 0.58% earned in 2017/18).

The Assistant Director (Finance & Estates) advised that, as at 1 April 2018, the cash balances held by the Council totalled £62.4Million. Most of this sum was held on behalf of other parties or their use was restricted to capital projects which had already been identified.

The Committee noted that the report also recommended that, in the future, officers were authorised to undertake treasury management functions on behalf of any Council owned companies and Council Limited Liability Partnerships.

It was **RESOLVED**:

1. That Council be recommended to approve the 2018/19 Treasury Management Mid-Year review.
2. That Council be recommended to approve the latest list of approved Countries for investments, as set out in Appendix D to the report.
3. That Council be recommended to empower officers to undertake treasury management functions on behalf of Council wholly owned companies and/or Council Limited Liability Partnership (LLP), subject to authorisation from the Board of Directors (see Paragraph 4.5.12 of the report).

7 URGENT PART 1 BUSINESS

None.

8 EXCLUSION OF PUBLIC AND PRESS

It was **RESOLVED** that:

1. Under Section 100(A) 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. 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 STRATEGIC RISK REGISTER

The Committee considered the Council's latest Strategy Risk Register.

Members asked a number of detailed questions about the report which were answered by the Officer.

It was **RESOLVED**:

1. That the latest Strategic Risk Register (Appendices A1 - A3 to the report) be noted.
2. That the developments on risk management issues be noted.

10 URGENT PART II BUSINESS

None.

11 PART II MINUTES AUDIT COMMITTEE 12 SEPTEMBER 2018

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 12 September 2018 be approved as a correct record and signed by the Chair.

CHAIR