

# STEVENAGE BOROUGH COUNCIL

## AUDIT COMMITTEE MINUTES

Date: Tuesday, 19 March 2019

Time: 6.00pm

Place: Shimkent Room, Daneshill House, Danestrete

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

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

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

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

Apologies for absence were received from Councillor David Cullen.

There were no declarations of interest.

### 2 **MINUTES - 4 FEBRUARY 2019**

It was **RESOLVED** that the Minutes of the Audit Committee meeting held on 4 February 2019 be approved as a correct record and signed by the Chair.

### 3 **SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD PLAN 2019/20**

The Committee considered a report in respect of the Shared Anti-Fraud Service (SAFS) – Anti-Fraud Plan 2019/20.

The SAFS Manager commented that, as well as the Anti-Fraud Plan 2019/20, the Local Government Association Councillors Workbook on Fraud and Bribery were appended to the report.

The SAFS Manager advised that the Anti-Fraud Plan provided some national context with regard to fraud issues; the SAFS arrangements for 2019/20; the SAFS budget (setting out a 2% increase in fees for 2019/20); staffing levels; and standards of service. He also referred to the SAFS Action Plan, designed to meet the CIPFA Principles set out in the Local Government Counter Fraud and Corruption Strategy (2016-2019), and the Key Performance Indicators for 2019/20.

In response to Members' questions, the Shared Anti-Fraud Service Manager commented as follows:

- the staffing levels of the Service had increased following Luton Borough Council joining the partnership in 2017 – this had provided greater flexibility in the deployment of staff to support all of the partner authorities;
- National level of fraud – there were figures to support a level of known fraud, but the various figures produced by various institutions, such as CIPFA or the National Audit Office, also included estimated risks of unknown fraud;
- New activities to be undertaken by SAFS in 2019/20 included enhanced anti-fraud work on procurement matters; Right to Buy housing fraud (money laundering etc.); and joint work with the Cabinet Office on a new national fraud initiative;
- The £2,000 increase in fees payable by SBC to SAFS for 2019/20 had been the first such increase since the partnership was established in 2015 (increased costs in previous years had been absorbed by SAFS);
- SBC’s contribution towards the Herts Fraud Hub would be £4,000, although it was hoped that this would be recouped over time through improved and swifter data sharing methods to assist in the prevention/detection of fraud;
- The new 2019/20 Key Performance Indicator (KPI) target relating to the number of social homes secured from sub-letting or other unlawful tenancy breaches had been set at 12 for the year, as these cases were often complex and took time to resolve. However, it was hoped that this target would be exceeded; and
- The “other” types of fraud set out in the Annual Fraud Indicator (AFI) statistics 2017 of the cost of fraud to the UK economy, included Business Rates fraud, Insurance fraud, etc.

The SAFS Anti-Fraud Manager undertook to provide Members of the Committee with the full CIPFA Counter Fraud and Corruption Tracker report, which was an annual survey of fraud activity in councils and measured detection rates across local government and across different types of fraud.

It was **RESOLVED**:

1. That the SAFS / SBC Anti-Fraud Plan 2019/20, as attached at Appendix B to the report, be approved.
2. That the Local Government Association Councillors Workbook on Fraud and Bribery Prevention 2017 be noted.

#### 4 **CORPORATE GOVERNANCE ARRANGEMENTS**

The Committee considered a report in respect of activity carried out in 2018/19 to strengthen the Council’s corporate governance arrangements (set out in Appendix A to the report), and corporate governance enhancement activity identified for delivery in 2019/20 to be reflected in the Council’s 2018/19 Annual Governance Statement (set out in Appendix B to the report).

The Senior Performance and Resilience Officer advised that the one new corporate governance activity programmed for delivery in 2019/20 related to the governance framework and business plan for the CCTV Partnership.

Officers responded to the following questions raised by Members:

- Annual Governance Statement (AGS) 2017/18 Action 3 – new arrangements for the delivery of repairs and voids had resulted in improvements to service delivery during Quarter 3 of the 2018/19 financial year;
- AGS 2017/18 Action 4 – the majority of the Fourth Tier Management reviews had been completed. Reviews for the Housing & investment Team (Tiers 6 and 7) and Stevenage Direct Services (Tiers 4 and below) were scheduled for commencement during Quarter 1 of 2019/20;
- AGS 2017/18 Action 5 – a draft ICT Strategy (including investment proposals) and roadmap was being developed to enhance improvement activity throughout 2019/20;
- AGS 2018/19 Action 1 – the Assistant Director (Corporate Services & Transformation) undertook to provide Members of the Committee with further detail as to the resourcing of the Aids & Adaptations Policy, and the review of the ability and financial viability to take on sub-contracted works in-house;
- AGS 2018/19 Action 7 – the SIAS Client Audit Manager confirmed that the governance framework and business plan for the CCTV Partnership was due to be reviewed at the meeting of the Joint CCTV Partnership Committee at its meeting to be held on 10 April 2019; and
- SBC’s Corporate Governance Group was chaired by the Assistant Director (Finance & Estates), with the Assistant Director (Corporate Services & Transformation) as Vice-Chair, and comprised other senior officers, as well as the SIAS Client Audit Manager.

It was **RESOLVED**:

1. That progress on significant corporate governance enhancement activity during 2018/19 be noted.
2. That corporate governance enhancement activity identified for 2019/20, for inclusion in the Council’s 2018/19 Annual Governance Statement, be noted.

## 5 **SHARED INTERNAL AUDIT SERVICES - PROGRESS REPORT 2018/19**

The Committee considered a report in respect of the Shared Internal Audit Service (SIAS) 2018/19 progress report for the period to 1 March 2019.

The SIAS Client Audit Manager advised that SIAS was on track to deliver the Audit Plan and meet its associated Performance Indicators. 98% of planned audit days had been delivered, and 93% of planned projects were at draft or final report stage – the others would be completed by 31 March 2019. The audits of Payroll and Housing Rents had both been finalised since the report had been drafted, both with an assurance level of “Good”.

The SIAS Client Audit Manager explained that, due to officer capacity issues, the planned audits relating to Land Charges and the Homelessness Reduction Act had been deferred to 2019/20.

In reply to Members’ queries, the SIAS Client Audit Manager commented:

- As referred to earlier in the meeting, the High Priority Recommendations relating to the CCTV Partnership were scheduled to be addressed by the Joint CCTV Partnership Committee at its meeting to be held on 10 April 2019;
- The Client Satisfaction Performance Indicator had met the 100% target, although it was noted that only 11 of 29 questionnaires had been completed and returned to SIAS, despite regular reminders. The Assistant Director (Corporate Services & Transformation) undertook to raise this issue with Senior Leadership Team colleagues; and
- Joint Reviews – only 2 out of 4 billable audit days had been delivered during 2018/19 (relating to the CCTV Partnership review). There had been no appetite during the year for any further Joint Review audit work.

It was **RESOLVED:**

1. That the Internal Audit progress report 2018/19 be noted.
2. That the amendments to the Internal Audit Plan, as at 1 March 2019, be approved.
3. That the status of Critical and High Priority Recommendations be noted.

## 6 **SHARED INTERNAL AUDIT SERVICE - INTERNAL AUDIT PLAN 2019/20**

The Committee considered a report which set out the proposed Shared Internal Audit Service (SIAS) Internal Audit Plan for 2019/20.

The SIAS Client Audit Manager advised that, in order to comply with the requirements of the Public Sector Internal Audit Standards (PSIAS), SIAS had continued with a methodology for all SIAS partners. The proposed 2019/20 Plan had been supported by the Council's Strategic Leadership Team.

The SIAS Client Audit Manager stated that the Council had purchased 350 audit days for 2019/20, as set out in Paragraph 2.8 of the report. Appendix A to the report set out the proposed outline scopes of each of the planned 2019/20 audits. Regular reports on progress against the Plan would continue to be submitted to the Committee throughout 2019/20.

In response to a question about the Hertfordshire Home Improvement Agency (HHIA) audit, the SIAS Client Audit Manager explained that the 2018/19 audit had received a "Limited" assurance opinion (at draft report stage). Once finalised, the audit report would be submitted to the Committee.

A number of Members reported communication problems when dealing with HHIA-related enquiries from residents, in respect of the taking of responsibility to deal with issues between officers of Hertfordshire County Council and SBC. The Assistant Director (Corporate Services & Transformation) undertook to provide clarity between the respective responsibilities of HCC and SBC under the HHIA Agreement, and circulate this to Members of the Committee.

The Client Audit Manager was requested to give consideration to a possible amendment to the Client Satisfaction Performance Indicator included in the Audit Plan, so that the target was for 100% of survey questionnaires to be returned, with a satisfaction rate of 95%.

It was **RESOLVED** that the proposed Stevenage Borough Council Internal Audit Plan for 2019/20, as attached at Appendix A to the report, be approved.

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 officers.

It was **RESOLVED**:

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

10 **URGENT PART II BUSINESS**

None.

**CHAIR**