

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Monday, 28 March 2022

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Teresa Callaghan (Chair), Graham Lawrence CC, Nick Leech, Maureen McKay, Claire Parris and Loraine Rossati.
Mr Geoff Gibbs (Independent NonVoting Co-opted Member).

Start / End Start Time: 6.00pm

Time: End Time: 6.37pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Myla Arceno, Julie Ashley-Wren, Stephen Booth and John Gardner.

There were no declarations of interest.

2 MINUTES - 8 FEBRUARY 2022 AND 28 FEBRUARY 2022

It was **RESOLVED** that the Minutes of the meetings of the Audit Committee held on 8 February 2022 and 28 February 2022 be approved as correct records and signed by the Chair.

3 SAFS PROPOSED ANTI-FRAUD PLAN 2022/23 AND PROGRESS ON THE ANTI-FRAUD PLAN 2021/22

The Shared Anti-Fraud Service (SAFS) Manager presented the proposed Anti-Fraud Plan for 2022/23, together with a progress update on the 2021/22 Anti-Fraud Plan.

In relation to the proposed 2022/23 Anti-Fraud Plan, the SAFS Manager advised that it had been designed to meet the recommendations of the Fighting Fraud and Corruption Locally (FFCL) Strategy by adopting the five “pillars” of Protect, Govern, Acknowledge, Prevent and Pursue, the objectives of which were set out in the 2022/23 SBC/SAFS Action Plan included in the report.

The SAFS Manager reported that, in December 2021, the SAFS Board had agreed to increase fees for all Partners by 2.5% to meet increased service costs from April 2022. Stevenage Borough Council fees for 2022/23 were £107,707. In respect of resources, SBC Council would have exclusive access to 1 FTE Counter Fraud Officer (Investigator); access to intelligence functions; data-matching services being offered through the Herts Fraud Hub; and could call on SAFS management for liaison meetings, management meetings and three Audit Committees reports per annum. An Accredited Financial Investigator was also available to assist in money

laundering or proceeds of crime investigations. SBC's Tenancy Fraud Investigator would remain seconded to SAFS for 2022/23, and their workload and line management would be provided directly by SAFS.

The SAFS Manager drew attention to some changes to Key Performance Indicators for 2022/23, namely the sharing of fraud alerts within 2 working days; dissemination of non-SBC referrals to third parties within 2 working days; the introduction of a Money Laundering Reporting Officer role; and support for Covid grant schemes and other local/national responses to the pandemic.

With regard to progress on the 2021/22 Anti-Fraud Plan, the SAFS Manager advised that between April and December 2021 SAFS had received 88 allegations (referrals) of fraud affecting Council services. Of the 88 matters reported, the majority (45) were reported by the general public; 33 by staff; and 10 from proactive work, including data-analytics. He was pleased to add that no Covid grant frauds had been reported in 2021/22.

The SAFS Manager stated that, in conjunction with SBC's Housing Department and Shared Legal Services, 7 Council properties subject to an element of tenancy fraud had been recovered. The use of information provided through National Fraud Initiative (NFI) programmes had also proven very useful, producing a number of positive results.

In response to Members' questions, the SAFS Manager replied as follows:

- there had been a slight reduction in fraud reporting from staff during hybrid working throughout the Covid pandemic. Further fraud awareness training was planned, both face to face and via Teams, with a view to simplifying the process for fraud reporting;
- public awareness of fraud issues was to be raised through another communications campaign; and
- a breakdown of the fraud/loss savings of £475,000 for 2021/22, as referred to in Paragraph 4.5 of the report, would be provided as part of the SAFS Annual Report to be submitted to the Committee in September 2022.

It was **RESOLVED**:

1. That the proposed SAFS Anti-Fraud Plan for 2022/23, as attached at Appendix A to the report, be approved.
2. That the activity to protect the Council against fraud and corruption, as outlined in the report, be noted.

4 SIAS INTERNAL AUDIT PLAN 2021/22 - PROGRESS REPORT

The SIAS Client Audit Manager presented a progress report with regard to the SIAS Internal Audit Plan 2021/22 (up to 11 March 2022).

The SIAS Client Audit Manager advised that most of the planned 2021/22 audit work had been completed, as set out in Appendix A to the report. Since the previous

progress report, one planned audit (IT Resilience) had been cancelled. The two outstanding Critical/High Priority Recommendations relating to the Landlord Health & Safety audit, as described in Appendix B to the report, were due for completion by 31 March 2022. The full year-end position would be reported to the June 2022 meeting of the Committee.

The Committee requested the SIAS Client Audit Manager to re-instate the cancelled Quarter 4 IT Resilience audit into the Audit Plan for 2022/23.

It was **RESOLVED**:

1. That the SIAS Internal Audit Plan 2021/22 progress report be noted.
2. That the changes to the Internal Audit Plan, as at 11 March 2022, be approved.
3. That the status of Critical and High Priority Recommendations be noted.
4. That the SIAS Client Audit Manager be requested to re-instate the cancelled Quarter 4 IT Resilience audit into the Audit Plan for 2022/23.

5 SIAS INTERNAL AUDIT PLAN 2022/23

The SIAS Client Audit Manager presented a report in respect of a proposed SBC Internal Audit Plan for 2022/23.

The SIAS Client Audit Manager advised that the Council's Internal Audit Plan outlined the programme of internal audit work for the year ahead, and formed part of the Council's wider assurance framework. He referred to Appendix A to the report, which contained the proposed outline scope of each audit, and included the Council's Key Financial Systems; various operational audits; IT audits; and Joint/Shared Service audits. The Plan had been endorsed by SBC's Strategic Leadership Team in February 2022. The Committee would be informed of any unforeseen work arising during the year undertaken by SIAS at the request of SBC.

The following answers were given to questions raised by Members:

- in relation to the re-instated IT Resilience audit, this would either replace a programmed audit with a lower risk level or would be resourced through contingency audit days;
- due to its low risk level, no audit of the Indoor Market was planned for 2022/23;
- the process for deciding which audits to include on the active list and which to include on the reserve list was through the overall risk assessment score for a variety of factors (financial risk; reputational risk; risk to the public, etc.). The higher the score, the more likelihood of an audit appearing on the active list;
- although an audit of Council garages was on the reserve list, it was confirmed that the Executive was aware of current performance issues and would be receiving a report in Quarter 1 or Quarter 2 of 2022/23 regarding a Business Case for performance improvement. The Strategic Director (RP) would give consideration to a possible presentation of the Business Case to a future meeting of the Committee.

It was **RESOLVED** that the proposed Stevenage Borough Council Internal Audit Plan for 2022/23, as set out in Appendix A to the report, be approved.

6 CORPORATE GOVERNANCE ARRANGEMENTS

The Corporate Performance and Improvement Officer presented a report in respect of the activity carried out in 2021/22 to strengthen the Council's corporate governance arrangements, together with corporate governance enhancement for delivery in 2022/23, which would be reflected in the Council's 2021/22 Annual Governance Statement.

In respect of progress on activity carried out during 2021/22 (set out in Appendix A to the report), the Corporate Performance and Improvement Officer advised that a significant amount had been achieved, in spite of the impacts of the Covid-19 pandemic.

The Corporate Performance and Improvement Officer referred to the proposed activity identified for delivery in 2022/23 (set out in Appendix B to the report). These would be included in the Annual Governance Statement (AGS) report to be submitted to the June 2022 meeting of the Committee. She reminded Members that activity was deemed significant if recommended for inclusion in the AGS by SIAS following their review of control arrangements to meet the Audit Plan or identified as key to the management of "very high/high" strategic risks.

It was **RESOLVED**:

1. That the progress on corporate governance enhancement activity during 2021/22, as set out in Appendix A to the report, be noted.
2. That the corporate governance enhancement activity identified for 2022/23, as set out in Appendix B to the report, for inclusion in the Council's 2021/22 Annual Governance Statement, be noted.

7 URGENT PART I BUSINESS

Effectiveness of the Audit Committee

The Chair advised that she and the Committee's Independent Member had discussed a review of the effectiveness of the Committee. To this end, she would be sending some information to Members in the coming months, so that feedback could be reported back to the Committee in the summer of 2022.

8 EXCLUSION OF PUBLIC AND PRESS

It was **RESOLVED**:

1. That 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 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. That 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 Corporate Performance and Improvement Officer presented a Part II report in respect of the Council's latest Strategic Risk Register.

It was **RESOLVED** that the latest Strategic Risk Register (set out in Appendices A1 – A3 to the report) be noted.

10 URGENT PART II BUSINESS

None.

CHAIR