

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Wednesday, 9 November 2022

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Teresa Callaghan (Chair), Myla Arceno, Stephen Booth, Alex Farquharson, Jackie Hollywell, Graham Lawrence CC, Maureen McKay, Anne Wells (substitute) and Tom Wren.
Mr Geoff Gibbs (Independent Co-opted Non-voting Member).

Start / End Start Time: 6.00pm
Time: End Time: 6.40pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were submitted on behalf of Councillors John Gardner (Vice-Chair) and Loraine Rossati. Councillor Anne Wells was substituting for Councillor Rossati.

There were no declarations of interest.

2 MINUTES - 7 SEPTEMBER 2022

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 7 September 2022 be approved as a correct record and signed by the Chair.

In respect of Minute 4 – 2019/20 External Audit Update, the Strategic Director (CF) advised that the Ernst & Young Audit Lead had been on long term sick leave. He had recently returned to work on a phased basis and his priority was to complete work on the 2019/20 SBC accounts. As a consequence, Ernst & Young had confirmed that no work would be progressed on the 2020/21 accounts audit until 2019/20 work was completed.

In reply to Members' questions, the Strategic Director (CF) stated that it was unlikely that the position would change with regard to the level of audit fees charged by Ernst & Young. A number of other local authorities were in a similar position to SBC, in that they had three years' unaudited accounts open (including Watford Borough Council and Three Rivers District Council).

3 SHARED ANTI-FRAUD SERVICE (SAFS) - PROGRESS WITH DELIVERY OF THE 2022/23 ANTI-FRAUD PLAN

The Shared Anti-Fraud Service (SAFS) Manager presented a report in respect of progress with delivery of the 2022/23 Anti-Fraud Plan.

The SAFS Manager advised that the Council would be taking part in the International Fraud Awareness Week in November 2022 with planned activity utilising social media and national/international resources. Campaigns such as this encouraged residents to report fraud and provide assurance that the Council takes fraud seriously and acts on those reports.

The SAFS Manager stated that between April and September 2022, SAFS received 55 allegations of fraud affecting Council services. Allegations of fraud had reduced slightly compared to the same period in 2021/22. To the end of September 2022, 11 investigations had been closed, with fraud identified/prevented on 9 occasions. Fraud losses of just over £133,000 had been reported and £160,000 of savings identified through prevention activity.

The SAFS Manager reported that so far this year more than 47 Right to Buy (RTB) applications had been reviewed, with one application stopped due to suspicious activity. Six Council properties that were being sub-let or misused by the tenant had also been recovered and, in more serious cases where fraud was apparent, these had been reported to Legal Services to commence prosecution proceedings.

The SAFS Manager explained that SAFS worked closely with the Council's parking enforcement team dealing with the misuse of disabled person 'Blue Badges' in the Council's pay and display car parks across the Borough, as well as fraudulent applications for badges and the theft of badges from vehicles and subsequent misuse across the UK. In September 2022, following local intelligence, a joint campaign to identify people misusing Blue Badges in the area of the Lister Hospital was undertaken. This had resulted in a number of inspections and badge seizures with at least one case being referred to Legal Services to consider criminal proceedings.

The SAFS Manager concluded by referring to the fact that SAFS was helping to ensure the Council's compliance with the National Fraud Initiative (NFI) by providing training and a user guide for staff involved in the upload of data that would take place in October 2022. The output from that exercise would be received by the Council by February and March 2023.

In response to a number of Members' questions, the SAFS Manager advised:

- he expected an increase in fraud reporting/cases due to the cost of living crisis. An internal communications campaign would be carried out to heighten staff awareness to the potential for increased fraud, and public awareness would be heightened as part of the work on National Fraud Awareness week;
- SAFS was one of the supported organisations on the National Fraud Initiative (NFI), although there was a limited amount that would be gained for SAFS from the NFI Fraud Awareness week;
- the national estimate that the cost to local government for each social housing property that was being sub-let of at least £42,000 per property included the costs of fraud investigation; bringing the unit back into lettable condition; and the income loss incurred whilst the property was empty;
- SAFS staff were employed by Hertfordshire County Council. Rigorous employment checks (including DBS) were carried out on new SAFS staff. The DBS checks for all SAFS staff were reviewed on an annual basis;
- the reporting of fraud came from a variety of sources, primarily either from staff

- or members of the public;
- in relation to 6 Council properties that had been sub-let or misused by the tenant and had been recovered, there was a strong likelihood that there were more such cases. It was pointed out that it was often difficult to detect/investigate them or obtain clarity on the level of fraud alleged. SBC had funded a post through the HRA to assist SAFS in the tackling of tenancy fraud; and
- he agreed that it was important that National Fraud Awareness week should be advertised in public places for the benefit of those with limited or no access to IT/social media.

It was **RESOLVED** that the work of the Council and the Shared Anti-Fraud Service in delivering the 2022/23 Anti-Fraud Plan be noted.

4 REVISED WHISTLEBLOWING POLICY 2022

The Shared Anti-Fraud Service (SAFS) Manager presented a report seeking the adoption of a proposed new Whistleblowing Policy for implementation across the Council.

The SAFS Manager advised that the Policy had not been reviewed for some time and the revised document aimed to create the assurance required to protect those who wished to raise genuine concerns at work. It was recommended that a whistleblowing group be established to review and assess all concerns raised to provide more transparency and consistency in the process.

The SAFS Manager commented that it was expected that the Policy would be “owned” by the Council’s Head of Human Resources, who would bring an annual report to the Committee on all disclosures made under the Policy.

In reply to a Member’s question, the SAFS Manager commented that the revisions to the policy were relatively minor and had been agreed by the SBC Human Resources Team. In view of the minor nature of the revisions, the Trade Unions had not been consulted on the changes.

In response to a number of issues raised by a Member regarding the content of the policy, the Strategic Director (CF) explained that the wording in the document was designed to encourage staff to use the process even if they were perhaps uncomfortable in so doing, as all reported cases would be taken seriously and investigated in a confidential manner. The reason that examples of whistleblowing were not included in the policy was to encourage as wide a breadth of reporting as possible. These points would need to be articulated in the communications to staff regarding the policy.

The Strategic Director (CF) agreed to circulate to Members of the Committee the number of SBC whistleblowing cases that had been investigated over the past 3 years.

It was **RESOLVED**:

1. That the new Whistleblowing Policy, as attached at Appendix A to the report,

be adopted, and a communication plan launched to provide assurance to staff who wish to raise genuine concerns at work.

2. That, due to changes in the senior management at the Council, a Whistleblowing Group be created to review and assess all concerns raised to provide more transparency and consistency in the process.
3. That the Council's Head of Human Resources owns the Policy and brings an annual report to the Committee on all disclosures made to the Council under the Policy.

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 2021/22 Annual Governance Statement reported to the Committee on 7 June 2022.

The Corporate Performance and Improvement Officer advised that progress on the 11 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 2023.

It was **RESOLVED** that the progress to date of actions to strengthen the Council's corporate governance arrangements, as identified in the Council's 2021/22 Annual Governance Statement reported to the Committee on 7 June 2022, be noted.

6 MID YEAR REVIEW OF TREASURY MANAGEMENT STRATEGY 2022/23

The Assistant Director (Finance) presented a report in respect of the 2022/23 Mid Year Treasury Management review, including the 2022/23 prudential and treasury indicators.

The Assistant Director (Finance) advised that there had been no breaches of operational limits in the first six months of 2022/23, and that 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 Assistant Director (Finance) reported that no new external borrowing had been taken to date during 2022/23. This was being closely monitored and if the conditions become suitable, then the Council would consider some external borrowing to reduce its internal borrowing position.

In respect of interest earned on investments, the Committee noted that, up to 30 September 2022, this was £384,000. Projected investment balances at 31 March 2023 were currently £63Million, and forecast interest receivable from investments was £935,000, against an original budget of £330,000.

It was **RESOLVED** that the 2022/23 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 - 7 SEPTEMBER 2022

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 7 September 2022 be approved as a correct record and signed by the Chair.

10 STRATEGIC RISK REGISTER

The Corporate Performance and Improvement Officer presented a report providing the Quarter 2 2022/23 (July to September 2022) update in respect of the Strategic Risk Register.

The Corporate Performance and Improvement Officer, assisted by the Strategic Director (CF), responded to some 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.

11 URGENT PART II BUSINESS

None.

CHAIR