

Audit Committee
29 March 2023

WELWYN HATFIELD BOROUGH COUNCIL

Minutes of a meeting of the AUDIT Committee held on Wednesday 29 March 2023 at 7.30 pm in the Council Chamber, Council Offices, The Campus, Welwyn Garden City, Herts, AL8 6AE.

PRESENT: Councillors G. Michaelides (Chairman)
J. Boulton (Vice-Chairman)

F. Marsh, R. Platt, P. Smith, C. Stanbury

ALSO SIAS K. Fuller
PRESENT: SAFS N. Jennings

OFFICIALS Executive Director – Finance and Transformation (R. Baker)
PRESENT: Assistant Director - Finance (H. O’Keeffe)
Democratic Services Assistant (V. Mistry)

15. MINUTES

The minutes of the meeting held on 30 January 2023 were agreed as a correct record and noted by the chair.

16. WHBC SHARED INTERNAL AUDIT SERVICE (SIAS) PROGRESS REPORT

Report of the Shared Internal Audit Service (SIAS) which provides details on the progress made by SIAS in delivering the Council’s Annual Audit Plan for 2022/23 as at 13 March 2023.

The following points were raised and discussed:

- In paragraph 2.2, the table detailed all finalised reports since the last Audit Committee in January, five audits have been finalised.
- In paragraph 2.3, it details all reports currently issued in draft since the submission of the report to the Committee and have also issued an additional four draft reports.
- In paragraph 2.5, it was noted there are no new high priority recommendations raised as a result of the work completed and reported in the table as noted above. There are currently no outstanding high priority recommendations from previous reports.
- In paragraph 2.6, it confirms there are eight medium priority recommendations to follow up by the end of March, two have been implemented, an update has been provided regarding the status of each remaining outstanding audit recommendation which is included at Appendix D.

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- Paragraph 2.8 outlines proposed plan amendments. One plan amendment has been agreed with management within this reporting period. This relates to the cancellation of the COVID-19 recovery audit as this was no longer deemed suitable due to the council's current Covid recovery position with no further need for a Covid recovery plan. The remaining days have been added to the existing housing maintenance contract mobilisation process mapping audit. This supports a management request to extend the sample testing of repairs undertaken since the implementation of the new contract.
- In paragraph 2.10, an update on performance indicators as at 13 March 2023 was provided. As previously noted since the report was published, four additional draft reports have been issued, moving this performance indicator to 92%.
- Appendix A provides a detailed summary of all audits and their delivery status as at 13 March 2023, and Appendix B details all audits and their status across the year.
- Members asked about the performance indicators in paragraph 2.10 and their increase to 92% and asked whether this was planning days or planned projects? SIAS stated that it relates to the planned projects. When the report was published SIAS were currently at 77% so are pleased to report positive progress. In terms of planned days, SIAS would have to check the figures but are looking to meet the target of 92%.
- Members noted that the reports prepared by officers were sitting draft. Members asked when the reports will become available. SIAS stated that in terms of the audit reports, the standard turnaround time is two weeks for officers to respond to those and then they will chase. The expectation is that for the majority of those audits they will be finalised by the end of the year. For some, given the date of the draft report issue some will fall into April but will be completed in sufficient time to give the annual assurance opinion at the next committee meeting.

RESOLVED:
(unanimous)

- (1) Members noted the Internal Audit Progress Report for the period to 13 March 2023.
- (2) Members noted the implementation status of internal audit recommendations and the management update.

17. WHBC SHARED INTERNAL AUDIT SERVICE (SIAS) - INTERNAL AUDIT PLAN 2023/24

Report of the Shared Internal Audit Service (SIAS) which sets out a programme of internal audit work for the year ahead (2023-2024).

The Council's Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of

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risk management and governance arrangements, contained in the Chief Audit Executive's Annual Opinion Report.

The following points were raised and discussed:

- Members noted that the approach to producing the internal audit work programme is heavily underpinned by the Public Sector Internal Audit Standards with which SIAS comply.
- The table at 2.14 is a summary of the work programme which totals 285 days. SIAS highlighted a slight error as the incorrect year was noted on the table, the table refers to 2023/24. The summary shows audit coverage of high and medium priority audits, IT audits and provision for strategic support and was agreed with the management team earlier this month.
- The outline scope for each piece of work is set out in Appendix A. The scope can only really be framed in outline with detailed coverage being agreed by the respective audit sponsor in advance of the audit taking place.
- Appendix B details the Audit Plan start dates by quarter. As agreed with management, there may have to be some flexibility around these dates because of staff availability and other competing work priorities. Ultimately, SIAS expect to deliver the work programme by the end of March 2024.
- Members of the committee will continue to receive progress reports during the forthcoming year, this will cover the work carried out, the outcome of completed audits and details of any important recommendations made and agreed.
- Members queried the 26% days for high priority and 42% days for medium priority. Members asked the Executive Director if they were comfortable with the division between them. The Executive Director stated they were happy with the division.

RESOLVED:
(unanimous)

Members approved the proposed Welwyn Hatfield Borough Council Internal Audit Plan for 2023/24.

18. ANTI-FRAUD PLAN 2023/24

Report of the Hertfordshire Shared Anti-Fraud Service on the Anti-Fraud Plan 2023/24 for the council.

The Hertfordshire Shared Anti-Fraud Service (SAFS), is a partnership of councils primarily across Hertfordshire that was established in 2015 to provide an anti-fraud function which also includes anti-corruption, anti-bribery and anti-money laundering functions for councils. The partnership includes Broxbourne Borough Council, East Herts Council, North Herts Council, Stevenage Borough Council, Hertsmere Borough Council and is hosted by Hertfordshire County Council.

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The Shared Anti-Fraud Service provides a recognised centre of excellence for counter fraud in local and central government. SAFS work in partnership with a number of agencies and departments, including the Cabinet Office, Home Office, the Hertfordshire Constabulary, the Public Sector Counter-Fraud Authority for the Advisory Panel and others. Through membership of the Shared Anti-Fraud service, partners have access to specialist services and forums such as the national anti-fraud network.

SAFS provides a variety of functions for the Council from helping to develop policies and processes to prevent fraud, fraud awareness training for staff and members around fraud risks within the authority so that everyone knows what fraud looks like in their service area and how they can report this. The use of data and data analytics to help identify fraud quickly, and public and internal communications to help to deter fraud and finally the investigation and prosecution of fraud when all those other defences fail.

The following points were raised and discussed:

- It was noted that recent reports make it clear that fraud is the most frequently committed crime in the UK and local authorities are as much a risk to fraud as any other business or individual, possibly more so as a result of their duty to provide services to some of the most vulnerable local residents. The services the council provides are essential and the impact of fraud is to divert funds and resources away from those key services. Bodies such as the Department for levelling up housing and communities. The National Audit Office, CIPFA, Local Government Association, all require local authorities to have plans to mitigate, manage and reduce their fraud, risks and appropriate resources to investigate, prosecute and seek recovery where fraud occurs.
- It was noted the anti-fraud plan for 2023/24 uses a template developed across all partners over the last seven years and SAFS has a well-established arrangement in place to ensure that fraud is considered as part of the business as usual for service areas across the Council.
- It was noted SAFS continue to follow closely the pillars within the Fighting Fraud and Corruption Locally Strategy 2020, which was developed and delivered in partnership with the LGA, CIPFA and Solace. All staff working for the Shared Anti-Fraud Service are appropriately trained and professionally accredited and to undertake their work, whether that be frontline, awareness and training, civil criminal disciplinary investigations, data analytics, fraud risk assessments or fraud loss measurement.
- It was noted that the workplan highlights some areas of particular focus for 2023/24 as the new service is embedded into the council. Looking to prevent fraud through awareness training, internal and external communication to make the council an unattractive or hard target for both opportunist criminals as well as organised crime groups.
- Appendix B shows key performance indicators. This is to ensure that the partnership delivers value for money and a return on investment for the

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council, both in terms of financial savings and added value through membership of organisations such as the National Anti-Fraud Network, the CIPFA Counter Fraud Centre and the Hertfordshire Multi Agency forum hosted by the Police Constabulary.

- Appendix A shows the action plan for 2023/24. The plan provides a breakdown of all the activity planned for the council for 2023/24 which details the activities to be undertaken at the service areas affected, which officers will be involved with supporting activity and includes the role of senior officers and the Chair of the Audit Committee.
- Further reports will be provided to the committee throughout 2023/24. Updating members on the progress with delivering the plan and a full report will be provided in the summer of 2024 on all anti-fraud activity undertaken across the Council for the following year.
- Members asked for examples of fraud that had been prevented or been attempted across a range of activities. SAFS stated the typical types of fraud you would expect to see in an authority such as Welwyn Hatfield council will be around council tax or housing benefits and in those cases SAFS are not permitted as a local authority to investigate housing benefit fraud any more, and is dealt with by the Department for Work and Pensions. There is also fraud within housing tenancy, for example falsifying housing applications, money laundering as part of the right-to-buy scheme. Also interdiction of communications between council officers and suppliers by organised crime, where they will attempt to change the content of payment mechanism. There is also staff fraud where people steal data from their employer and attempt to change timesheets.
- Members stated there was a 24/7 fraud helpline. Members asked between midnight and 6am, how many fraud calls are received and was the helpline like a whistleblowing reporter for the public? SAFS stated they get a few. It is manned during office hours but out of office hours it is automated. The vast majority of referrals that come into the service come via online reporting tools and they were working with officers to make sure from early next week that this will be deployed on the council's web page so members of the public will be able to report fraud directly to the service and is the most common way received for reporting fraud.
- Members asked what stage of implementation the plan was at present and if it is at the proposal stage and ready to be implemented? SAFS stated the plan is to go live on Monday 3 April 2023. SAFS have been working closely with officers across the authority to make sure staff are aware of the new service.
- Members asked about the KPI for return on investment and how it is measured and whether it has been successful? SAFS stated it is very difficult to measure. SAFS agree with the management board every year how they will measure prevention because the board need to ensure that all of the partners within the SAFS service have been receiving that return on investment. Fraud is measured in two ways, what the cost would have been if that fraud had been successful and then measure what the actual losses were when a fraud happens, then look at how long that fraud might have lasted then can put an estimate at the end of that so that is a saving.

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- Members asked where fraud was successfully investigated, is there any data on what percentage of the amount is actually recovered? SAFS stated that usually less money is recovered. It also depends on the type of fraud and the type of fraudster. SAFS tend to prosecute people where they think they have the ability to recover the cost of a prosecution, because it is not just the money lost, it is the cost of prosecuting somebody which can be expensive. The requirements of the authority must meet the requirements of the evidential and public interest tests and have to ensure that the authority wants to risk that additional expenditure recovery which is really important. With the grant schemes SAFS have been able to freeze money in bank accounts, recover that money back for local authorities, so SAFS do seek to recover, but it is often problematic so quite often have to take a pragmatic view with them.
- Members asked how Anti-Fraud was covered in the past. Officers stated there have been a couple of different approaches in the past. There was an officer within the governance team that looked at corporate fraud but the post went away a few years ago. The council have posts within specific services such as Revenue and Benefits but this post will be moving into SAFS. With the new Anti-Fraud Plan, the council are hoping for a more holistic approach across the council and SAFS will be able to support teams across council and provide training to those teams.
- Members asked if the council were to publicise that they have a new Anti-Fraud Plan, would that stop fraud from happening or make it less likely for the council to be a target? SAFS stated that the authority, does not want fraud committed against Welwyn Hatfield Council and to make the council a hard target for fraud. The council will be quite robust in the messages that are communicated and want the support of residents.

RESOLVED:
(unanimous)

- (1) Members noted the Councils membership of the Shared Anti-Fraud Service.
- (2) Members reviewed and approved the Anti-Fraud Plan 2023/24.

Meeting ended at 7.57pm
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