

Audit Committee Minutes

Tuesday 14 December 2021

NOTE: This was held as an informal remote meeting

PRESENT

Committee members: Councillors Iain Cassidy (Chair), Jonathan Caleb-Landy, Alex Karmel, Matt Thorley, Rowan Ree and Alexandra Sanderson

Officers:

Kim Smith, Chief Executive
Emily Hill, Director of Finance
Rhian Davies, Director of Resources
Lisa Redfern, Strategic Director of Social Care
Jacqui McShannon, Director of Children's Services
David Hughes, Director of Audit, Fraud, Risk and Insurance
Moir Mackie, Head of Internal Audit
Andrew Hyatt, Head of Fraud
Mathew Dawson, Strategic Finance Manager
Paul Barton, Head of Corporate Safety
David Abbott, Head of Governance

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The minutes of the previous meeting were noted.

4. TREASURY MANAGEMENT STRATEGY: MID-YEAR REVIEW 2021/22

Mathew Dawson, Strategic Finance Manager, presented the report which provided an update on the implementation of the 2021/22 Treasury Management Strategy, approved by Council on 25 February 2021 and presented the Treasury Management Strategy 2021/22 mid-year review.

Councillor Alex Karmel said it would be useful for members if future reports provided the rate of inflation and forecasts for inflation over the next 6 months.

ACTION: Mathew Dawson

Councillor Alexandra Sanderson asked about the impact of the Omicron variant on inflation. Mathew Dawson said it was looking like the rate would hold, though the impact of interest rate rises would take some time to filter through. Councillor Sanderson asked if the position would improve by Spring. Mathew Dawson said the next outturn report would be at the end of the financial year, but officers reported periodically to senior officers. He noted that when the new prudential code was implemented reporting would be quarterly.

Councillor Rowan Ree, in reference to the 'limit of £30m to be invested with any UK Local Authority' in paragraph 11, asked if it related to buying debt or something else. Mathew Dawson said there was an internal market where if, for example, council A needed money for a month and council B had a surplus they could make an arrangement through a broker. He added that the Council was not using this very much now though and if it did, it would require a full due diligence report to go to the Director of Finance and would be closely monitored.

RESOLVED

The Committee noted the report.

5. CORPORATE ANTI-FRAUD SERVICE HALF-YEAR ACTIVITY REPORT – 1 APRIL 2021 TO 30 SEPTEMBER 2021

Andrew Hyatt, Head of Fraud, presented the report that gave an overview of the fraud-related activity undertaken by the Corporate Anti-Fraud Service from 1 April 2021 to 30 September 2021.

Councillor Jonathan Caleb-Landy asked for more information on the cases of fraud related to internal staff referenced in the table on page 22 of the agenda. Andrew Hyatt said the table showed three cases in 2019/20, 8 cases in 2020/21, but none this year. The service had received some referrals but there were no proven fraud cases of fraud in 2021/22 so far.

Councillor Caleb-Landy asked what the learning had been from the 32 cases of Covid grant fraud. Andrew Hyatt said the Covid grants to businesses were relatively easy for the local authority to check due to the robust information the Council had on registered businesses in the borough. There was still some fraud in the first year, some related to businesses that had moved out prior to the eligibility date. Officers were working to claw back that money.

The smaller Covid grants for Restart, pub payments etc. were more complicated because the Council did not have as much data on those individuals and businesses. Officers relied on a series of checks, including company house data and custom data tools provided by the Government. When compared to the millions of pounds the Council paid out, only a very small percentage were fraudulent.

Councillor Alex Karmel noted that during the pandemic the Council was limited by anti-eviction rulings. He asked if officers had any indication what that cost the Council and if there was any mechanism to recoup lost funds?

Andrew Hyatt said officers could look at it, but not many cases had been lodged with legal services. The fraud team had looked at their own processes and improved their desk-based investigation skills. He thought it was unlikely the Council would be able to claim any money back. Emily Hill, Director of Finance, added that the Council had been provided funds to cover lost income from the General Fund, but that didn't apply to the Housing Revenue Account. There was no ability to reclaim those costs.

RESOLVED

The Committee noted the report.

6. MID-YEAR REPORT ON HEALTH AND SAFETY AT WORK 2021-22

Paul Barton, Head of Corporate Safety, presented the report which provided the mid-year update on the Council's health and safety at work management.

Councillor Jonathan Caleb-Landy suggested adding a risk rating to better understand the context and level of risk. Paul Barton agreed and noted that there was a detailed register that could be shared with councillors.

ACTION: Paul Barton

Councillor Alexandra Sanderson asked if there were any changes in light of the Omicron variant. She also noted that it would be helpful to show trend data for recorded accidents and incidents. Paul Barton said he would add trend data to the end of year report.

ACTION: Paul Barton

Paul Barton said, regarding the Omicron variant, that the Council had already been taking a very cautious approach to infection risk management. Services scheduled to come back into the office in restricted numbers were instructed to stay at home and frontline services carried out more stringent monitoring of PPE when interacting with the public. In response to Omicron all services had reviewed their risk assessments in a week, at the direction of the Director for Covid-19.

Councillor Alex Karmel noted that, according to the Evening Standard, Hammersmith & Fulham has the third highest infection rate of any borough in London. He asked what impact this had on council services, and what measures were in place to counter it. Paul Barton said due to the cautious approach taken, the infection rate amongst staff was low. Lisa Redfern added that the borough's ranking had been lower for a while and had only recently risen due to Omicron.

RESOLVED

The Committee noted the health and safety at work performance of the Council at the halfway stage of this financial year 2021/2022.

7. RISK MANAGEMENT HIGHLIGHT REPORT

David Hughes, Director of Audit, Fraud, Risk and Insurance, presented the report which provided an update on risk management across the Council.

Councillor Alex Karmel asked for clarity on risks 3 and 25 which were marked as red across the board. He also noted the report was very clear and well laid out. David Hughes said risk 3 related to cyber-security and was a national (and global) issue. The Council had good systems in place to protect services, but it was an area that required constant vigilance. The risk rating reflected the likelihood and impact of the issue.

Councillor Karmel asked for assurance that the Council had robust defences in place. David Hughes said an update on cyber-security would be coming to the next meeting. It was an area that the Council took very seriously, and he was satisfied that robust systems and processes were in place.

David Hughes said risk 25 related to the Coronavirus pandemic and it was marked high risk because it remained an ongoing significant risk. The Council was taking action to protect residents and staff. The situation was being regularly reviewed.

RESOLVED

The Committee noted the report.

8. EXTERNAL AUDIT APPOINTMENT 2023-28

Emily Hill, Director of Finance, presented the report which detailed the background to the appointment process for a new external auditor and set out the options for making such an appointment.

The report recommended opting into the Public Sector Audit Appointments (PSAA) arrangements for the years 2023-28. This option had the benefits of the economies of scale that came with a sector wide procurement and avoided the need for an independent audit panel. The decision would ultimately be made by Full Council.

Councillor Jonathan Caleb-Landy asked how the Council could guarantee value for money as a smaller authority in the pooled arrangement. Emily Hill said the Council was relatively small but was around the average for fees due to the range of services provided as compared with other smaller district councils. PSAA was most likely to get market interest – there was a greater incentive for audit firms to compete in that market.

Councillor Rowan Ree supported the recommendation in the paper – saying it was the best approach when the audit market comprised a small number of large firms. The other members of the Committee agreed.

RESOLVED

The Committee noted the report.

9. INTERNAL AUDIT PROGRESS REPORT

Moira Mackie, Head of Internal Audit, presented the report which summarised the status of work included in the 2021/22 Internal Audit Plan as at the end of November 2021. Eight audits were finalised, two of which received a substantial assurance opinion with six receiving satisfactory assurance.

Councillor Rowan Ree asked if the new, more dynamic process had been beneficial and if there were any drawbacks. Moira Mackie said officers had found it to be very beneficial. When planning a whole year in advance, by the final quarter it would always diverge. The new approach required more meetings with departments, but the plan was far more dynamic and reflected services' real priorities.

RESOLVED

The Committee noted the report.

10. INTERNAL AUDIT CHARTER AND STRATEGY

Moira Mackie, Head of Internal Audit, presented the report which set out the Internal Audit Charter and Strategy, setting out the approach to the delivery of the Internal Audit service.

RESOLVED

The Committee noted the report.

11. DATE OF NEXT MEETING

The next meeting was scheduled for 15 March 2022.

Meeting started: 6.30 pm
Meeting ended: 7.55 pm

Chair

Contact officer David Abbott
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