

Audit Committee Minutes

Tuesday 21 June 2022

PRESENT

Committee members: Councillors Patrick Walsh (Chair), Paul Alexander, Florian Chevoppe-Verdier and Ashok Patel (attended remotely)

Other Councillors

Councillor Rowan Ree, Cabinet Member for Finance and Reform
Councillor Alexandra Sanderson, Cabinet Member for Children and Education

Officers

David Hughes (Director of Audit, Fraud, Risk and Insurance)
Moir Mackie (Head of Internal Audit)
Andrew Hyatt (Head of Fraud)
Veronica Barella (Chief Digital Officer)
Ben Savage (Head of Information and DPO)
Sharon Lea (Interim Chief Executive)
Emily Hill (Director of Finance)
Adesuwa Omorie (Assistant Director, Legal Services)
David Abbott (Head of Governance)

1. APPOINTMENT OF VICE CHAIR

RESOLVED

1. Councillor Adrian Pascu-Tulbure was appointed as Vice Chair for the 2022/23 Municipal Year.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Adrian Pascu-Tulbure.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF THE PREVIOUS MEETING

The Committee approved the minutes of the previous meeting held on 15 March 2022 as an accurate record.

5. CORPORATE ANTI-FRAUD SERVICE ANNUAL REPORT - 1 APRIL 2021 TO 31 MARCH 2022

Andrew Hyatt (Head of Fraud) presented the report detailing work undertaken by the Corporate Anti-Fraud Service for the period 1 April 2021 to 31 March 2022.

Councillor Florian Chevoppe-Verdier noted he couldn't find the Council's whistleblowing policy on the H&F website. He then asked how long it took on average to recover the 22 properties mentioned in 4.20 of the report and if the Council received a share of the fraud identified through the National Fraud Initiative (NFI). David Hughes (Director of Audit, Fraud, Risk and Insurance) explained that the whistleblowing policy was primarily aimed at staff and contractors and was available to them on the Council's intranet, though he would look into adding to the public site too.

ACTION: David Hughes

In response to his second point, Andrew Hyatt said the Council didn't receive a share of NFI fraud. The Council received money back through proceeds of crime orders or unlawful profit orders. But he noted that H&F were looking to join a smaller London hub to match data across the area monthly instead of every 2 years through the NFI. That data could then be used in frontline services to provide an additional layer of protection.

Councillor Chevoppe-Verdier noted there were cases where people were sub-letting flats from tenants who no longer lived in the borough – and asked if they knew it was illegal. Andrew Hyatt said some people were tricked into believing they were dealing with a genuine landlord while others were complicit.

Councillor Paul Alexander asked how many vacancies there were in the fraud team, and many officers were due to retire in the following few years. Andy Hyatt said there were no vacancies, but the team was looking at bringing in apprentices to pass on knowledge to the next generation of fraud officers. The team was also developing a business case to build more capacity.

Councillor Alex Sanderson (Cabinet Member for Children and Education) noted that 269 blue badge parking permits had been cancelled in the past 12 months and asked if that was a high figure compared with previous years. Andrew Hyatt said those figures were produced for the NFI and represented a 2-year period, and it was during the pandemic, so the number of deaths were likely to be higher than usual.

The Chair asked why the 'fraud proved' figure in the table at 1.7 jumped from 94 to 131. Andre Hyatt said work in 2020/21 was largely desk based due to the Covid pandemic which affected the figures. During that period the team was focused on business grant verification. In 2021/22 the team moved back to pre-pandemic areas

of work. The court backlog also slowed the team down because cases were delayed. The eviction ban also had an impact on the ability to detect tenancy fraud.

The Chair asked if officers expected the figures to return to previous levels over the next few years. Andrew Hyatt said he did.

The Chair noted there had been no new referrals via the Council's whistleblowing policy since April 2021. He asked how many there had been in the years prior. Andrew Hyatt said it had been small numbers – around 2 to 3 a year. He said he would highlight the policy to staff.

ACTION: Andrew Hyatt

Councillor Rowan Ree (Cabinet Member for Finance and Reform) asked if the Council was covered by the public interest disclosure act. Andrew Hyatt said it was, staff coming forward would be protected and their confidentiality would be maintained. It was important to give staff the confidence to come forward.

RESOLVED

1. The Committee noted and commented on the report.

6. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2021/22

Moira Mackie (Head of Internal Audit) presented the report that summarised the work of Internal Audit in 2021/22. She highlighted that 91% of audits received a positive opinion, an improvement on the previous year, and only three areas received limited assurance. She also noted that the percentage of recommendations implemented was also very positive.

Councillor Florian Chevoppe-Verdier, in reference to Appendix 1, said it would be useful to know the scale of the levels of assurance given (i.e., what the minimum and maximum levels were).

Moira Mackie said the worst level was 'no assurance' which meant nothing was working as expected, 'limited assurance' meant there were several issues to put right, 'satisfactory' meant there was a mix of recommendations but nothing critical, and 'substantial' was the best with no issues and only minor improvements to be made. 'Advisory' denoted when a manager proactively came to the Audit team to ask for their help to review and improve the service.

Councillor Chevoppe-Verdier, in reference to Appendix 2, asked if any of the changes to the internal audit plan had been motivated by resourcing issues. Moira Mackie said the changes were mostly due to timing issues. Both the audit and service resource had to line up. None of the changes were in areas of concern.

Councillor Chevoppe-Verdier asked why sickness absence had been removed from the plan, but remote working remained. Moira Mackie said there was a concern at the time that sickness absence data was not being captured properly. However, after looking into it with HR officers were reassured that it was being captured correctly.

Sharon Lea (Interim Chief Executive) assured members there had been a high level of monitoring around performance management and annual leave over the lockdown period. The Strategic Leadership Team received reporting on staffing levels and service availability every week during the pandemic.

The Chair asked if officers had concerns looking ahead given expected increases in inflation. David Hughes said any concerns about the impact of inflation on staffing costs or capital projects would be captured in risk registers. He said he would consider how to report on inflation at future meetings.

ACTION: David Hughes

The Chair asked how long it would take to upload any remaining contracts to the capitalESourcing system. Moira Mackie said work was ongoing. They would be looking at this area again over the coming quarter as part of a wider change to arrangements for managing contracts. Emily Hill added that officers had begun to strengthen arrangements with a new Assistant Director for Procurement and Commercial. A review of contracts was taking place and due to conclude shortly.

The Chair raised concerns that there was no system allowing officers to upload receipts for claims. David Hughes said that was due to a software limitation, but officers were asked to keep receipts locally and IBC carried out spot checks with managers. The Chair asked if it could be added in future. David Hughes said there had been conversations with the software provider.

Councillor Chevoppe-Verdier asked if managers challenged staff to ensure they were keeping receipts locally. David Hughes said they should and the sample check from IBC reinforced that practice.

The Chair asked if guidance on best practices was available to managers. David Hughes said guidance had been issued but it was up to managers to establish their own controls. Emily Hill (Director of Finance) added that staff had access to procurement cards where all purchases were coded, and receipts or invoices were uploaded to a central system. Expenses were only for small value items. Oversight should be proportionate given level of spend.

Councillor Paul Alexander asked if there was a set period of time that officers had to retain receipts. He also suggested they could store a PDF electronically. Moira Mackie said electronic storage was a complex issue as each receipt had to be linked to a claim. Councillor Alexander asked officers to consider electronic storage and other ways of making the process and guidance more robust. Councillor Chevoppe-Verdier agreed and suggested a report to the Committee with potential solutions and their costs. Councillor Rowan Ree agreed with the principal of improving transparency and efficiency. He said he would discuss the issue with officers.

ACTION: David Hughes / Councillor Ree

RESOLVED

1. The Committee noted and commented on the report.

7. RISK MANAGEMENT HIGHLIGHT REPORT

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

Councillor Ashok Patel asked if all services had business continuity and data protection arrangements in place. Sharon Lea (Interim Chief Executive) said all services were required to have updated business continuity plans. The plans had enabled the Council to continue operating all services during the pandemic and the limits of national restrictions.

Ben Savage added that all staff received training on data protection. Digital Services had also started to introduce a new information asset register to provide oversight of all data, how it's managed, the associated risks, and records of processing activity which was a requirement of the General Data Protection Regulations (GDPR).

The Chair asked what the timeline was for the Civic Campus Health and Safety Executive report. David Hughes said the site would be available in July. Workers were assessing damage and what remediation work would be necessary.

The Chair, in reference to Risk 21 on home working, asked if there had been an examination of people's home working spaces and whether they were fit for purpose. David Hughes said all staff working from home were required to carry out assessments of their home working setup. The Council provided additional support where required and they could raise requests for additional equipment.

Councillor Paul Alexander asked how many DSE assessments had been completed and how many were outstanding. David Hughes said he would follow up with the Head of Health and Safety.

ACTION: David Hughes

RESOLVED

1. The Committee noted and commented on the report.

8. DIGITAL SERVICES - SIX MONTHLY UPDATE

Exclusion of the public and press

The Committee resolved, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

Veronica Barella (Chief Digital Officer) introduced the report which provided an update on Hammersmith & Fulham's cyber-security readiness. Officers and members discussed the report in private session.

RESOLVED

1. The Committee agreed that appendix 1 of the report was not for publication on the basis that it contained information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. The Committee noted and commented on the report.

9. DATES OF FUTURE MEETINGS

The Committee noted the following dates of future meetings:

- 13 September 2022
- 13 November 2022
- 13 March 2023

10. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

See Item 8.

Meeting started: 7.00 pm
Meeting ended: 8.53 pm

Chair

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