

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Audit & Governance Committee **Date:** Monday, 27 June 2022

Place: Council Chamber - Civic Offices **Time:** 7.00 - 8.10 pm

Members Present: Councillors: P Bolton (Chairman), T Matthews, B Vaz and M Owen

Co-opted Member Present: Mr A Jarvis

Members Present (Virtually): Councillor S Heap

Other Councillors: Councillor J Philip

Other Councillors (Virtual): Councillor A Lion

Officers Present: L Kirman (Democratic Services Officer), S Marsh (Chief Internal Auditor), M Crowe (Corporate Fraud Team Manager), S Linsley (Senior Auditor), A Small (Section 151 Officer), C Hartgrove (Interim Chief Financial Officer) and S Mitchell (PR Website Editor)

Officers Present (Virtually): R Perrin (Democratic and Electoral Services Officer)

1. WEBCASTING INTRODUCTION

The Chairman made a short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

2. ELECTION OF CHAIRMAN AND VICE-CHAIRMAN

The Democratic Services Officer advised the Committee that it needed to elect a Chairman and Vice-chairman for 2022/23. Nominations were invited from the Committee for the role of Chairman for the forthcoming municipal year. Following the election of the Chairman, Cllr P Bolton, invited nominations for the role of Vice-Chairman for the forthcoming municipal year.

Resolved

- (1) Cllr P Bolton be elected Chairman of the Audit and Governance Committee for 2022/23; and
- (2) Mr A Jarvis be elected Vice-Chairman of Audit and Governance Committee for 2022/23.

3. DECLARATIONS OF INTEREST

There were no declarations of interest made pursuant to the Council's Members' Code of Conduct.

4. MINUTES**Resolved**

That the minutes of the meeting held on 17 March 2022 be taken as read and signed by the Chairman as a correct record.

5. MATTERS ARISING

The Strategic Director Corporate and Section 151 Officer, A Small, advised the committee that the Council had reached agreement with the external auditors, Deloitte, that the 2020/21 and 2021/22 accounts would be audited back to back. The Committee would be updated at the September 2022 meeting.

6. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME

The Committee noted its Work Programme for 2022/23.

7. CORPORATE FRAUD STRATEGY FOR 2022/23

The Corporate Fraud Team Manager, Martin Crowe, set out the focus and approach of the Corporate Fraud Team for the year 2022/23. Proactive work would be based on intelligence-based projects, the first project in relation to procurement had started. Investigations and reactive work would respond to 100% of referrals including reports of suspected fraud from members of the public, staff etc. Work would continue on the National Fraud Initiative exercise and joint working would be explored.

The Committee sought clarity on work with Harlow and were advised this would be charged on a fixed fee for right to buy investigations.

Resolved

The Committee approved the Corporate Fraud Team's Strategy for 2022/23.

8. ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2021/22.

The Chief Internal Auditor, S Marsh, detailed the importance of this annual report which fed into the Annual Governance Statement and provided her opinion on the adequacy of internal controls for 2021/22. The report provided a summary of the work completed, the assurance required and detailed how the opinion had been reached. She stated her overall opinion was that the Council had adequate and effective governance, risk management arrangements and control processes, this was the highest opinion that could be given. She also advised the Committee that there had been no limited assurance reports in 2021/22, that the tracker process had worked well and there were no significant issues to report, there had been no special investigations and the external Quality Assessment confirmed that the service conformed to the Public Sector Internal Audit Standards.

The Committee asked what happened if recommendations in the tracker were not completed. S Marsh explained that timescales associated with recommendations were challenged and agreed and any overdue items were brought to the attention of

the Committee. If there were sound reasons to refresh the implementation date, the original date was maintained in the tracker. This allowed service areas to be called to account. She advised the Committee there were no concerns in relation to the recommendation tracker at this time.

Resolved

The Committee:

1. Noted the Annual Report of the Chief Internal Auditor for 2021/22 and the assurance level given, and
2. Agreed that for the 12 months ended 31 March 2022, the Council had operated adequate and effective governance, risk management arrangements and control processes.

9. DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

The Chief Internal Auditor, S Marsh advised the Committee that there was a mandatory requirement to publish an Annual Governance Statement (AGS), this provided detail of how governance arrangements had worked 2021/22 and would accompany the Statement of Accounts. The AGS set out the governance framework, and the effectiveness of the framework had remained fit for purpose. The progress and action for the significant issues identified in 2021/22 were detailed. Covid was mentioned in the report, but this had not impacted on the governance arrangements. The governance issues for 2022/23 were identified as: economic issues; statement of accounts; financial management code review, and the common themes from the service areas were business continuity and financial regulations.

The Committee asked if remote working had affected the audit programme and operational process between departments, they were advised that there had been no impact on the audit programme, there had been different ways of working, officers were accessible, data and other evidence could be used to provide a good level of assurance, and there had been a concerted effort to ensure cross department working.

Resolved

The Committee reviewed, commented, and recommended the draft Annual Governance Statement for 2021/22.

10. CORPORATE FRAUD TEAM ANNUAL SUMMARY 2021/22.

The Corporate Fraud Team Manager, Martin Crowe, outlined the Corporate Fraud Team Annual Summary and advised the Committee that Covid had impacted on the working practices of the team, specifically in relation to visiting properties which had now resumed. The investigation activity was summarised: 37% of cases were closed as fraud had been detected and proved; 100% of right to buy applications had been vetted and 18 of these applications had been stopped or withdrawn; 7 investigations into tenancy succession had been carried out and 3 of these had been fraudulent; there had been success in identifying 2 illegal subletting cases; prepayment checks were carried out on Covid grants; and a new fraud information management system had been implemented and tested.

The Committee asked if incentives were available to the public for reporting fraud, they were advised that the 'cheat in your street scheme' was ongoing, incentive schemes had been previously considered but had not been taken forward.

Resolved

The Committee noted the Corporate Fraud Team Annual Summary for 2021/22

11. AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2021/22.

The Chief Internal Auditor, S Marsh detailed that the Annual Report of the Audit and Governance Committee outlined the Committee's work and achievements over the year ending 31 March 2022. The Annual Report helped to demonstrate to residents and the Council's other stakeholders the vital role carried out by the Audit and Governance Committee and the contribution that it makes to the Council's overall governance arrangements.

Resolved

The Committee agreed to recommend and refer the Annual Report for the Audit and Governance Committee for 2021/22 to Council.

12. INTERNAL AUDIT PROGRESS REPORT.

The Senior Auditor, S Lindsey, detailed the progress made against the audit plan and advised the Committee that four final audit reports had been issued since the last meeting:- Council Housebuilding had received substantial assurance, Leisure Management Contracts, Treasury Management and IT Major Incident Management had all received moderate assurance. The recommendation tracker showed a steady decline in overdue recommendations and zero high priority recommendations.

The Committee noted the moderate assurance for treasury management and requested that a future treasury management report highlight the issues and how these had been resolved.

Resolved:

The Committee noted the summary of the work of Internal Audit and the Corporate Fraud Team for the period March to June 2022.

13. RISK MANAGEMENT REPORT

The Section 151 Officer, A Small advised the Committee the officer risk management group had reviewed the risk register and the risk around the increase in demand for financial and housing assistance had increased due to the emerging fuel poverty crisis and rise in living costs. The financial resilience of the Council was being closely monitored due to the general inflationary risks and mitigation actions were being developed.

The Committee raised concerns on the risk of interest rate increases, specifically in relation to high borrowing and the third-party partner, Qualis, The Section 151 Officer explained there was risk and economic pressure in relation to building inflation, and The Council's debt, in the main, was on a low-rate fixed interest cost for 15/20 years. Future borrowing for the Capital Programme would be a risk and a robust business case would be required.

The Committee received confirmation that all Qualis loans had a margin for the Council and that service disruption would be viewed as an emerging risk if economic risk transcribed into an impact on service delivery.

Resolved:

The Committee reviewed and endorsed the risk register.

14. ANY OTHER BUSINESS

No other business was raised for consideration by the Committee.

15. EXCLUSION OF PUBLIC AND PRESS

The Committee noted that there was no business which necessitated the exclusion of the public and press from the meeting.

CHAIRMAN