

# **NORTH HERTFORDSHIRE DISTRICT COUNCIL**

## **FINANCE, AUDIT AND RISK COMMITTEE**

**MEETING HELD IN THE COUNCIL CHAMBER, COUNCIL OFFICES, GERNON ROAD,  
LETCHWORTH GARDEN CITY ON MONDAY, 16TH SEPTEMBER, 2019 AT 7.30 PM**

### **MINUTES**

**Present:** *Councillors Kate Aspinwall (Chair), Councillor Sam North (Vice-Chairman), Morgan Derbyshire and Michael Weeks*

**In Attendance:** *The Shared Internal Audit Services Manager, Ian Couper (Service Director - Resources), Reuben Ayavoo (Policy and Community Engagement Manager), Amelia McNally (Committee, Member and Scrutiny Officer) and Matthew Hepburn (Committee, Member and Scrutiny Officer)*

#### **29 APOLOGIES FOR ABSENCE**

*Audio Recording – 14 Seconds*

Apologies for absence were received from Councillors Steve Deakin-Davies, Morgan Derbyshire, Kay Tart and Steve Jarvis.

Having given due notice Councillor George Davies advised that he would be substituting for Councillor Morgan Derbyshire.

#### **30 MINUTES - 29 JULY 2019**

*Audio Recording – 1 Minute 3 Seconds*

**RESOLVED:** That the Minutes of the Meeting of the Committee held on 29 July 2019 be approved as a true record of the proceedings and be signed by the Chairman.

#### **31 NOTIFICATION OF OTHER BUSINESS**

*Audio Recording – 1 Minute 22 Seconds*

There was no other business notified.

#### **32 CHAIRMAN'S ANNOUNCEMENTS**

*Audio Recording – 1 Minute 24 Seconds*

- (1) The Chairman welcomed those present at the meeting, especially those who had attended to give a presentation;
- (2) The Chairman advised that, in accordance with Council Policy, the meeting would be audio recorded; and
- (3) The Chairman drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.

#### **33 PUBLIC PARTICIPATION**

*Audio Recording – 2 Minutes 21 Seconds*

There was no public participation.

### **34 SHARED INTERNAL AUDIT SERVICE ANNUAL REPORT 2018/19**

*Audio Recording – 2 Minutes 24 Seconds*

The Shared Internal Audit Services (SIAS) Manager presented the Shared Internal Audit Service Annual Report for 2018/19. He drew the Members attention to the key headline within the report pack which highlighted that the Service had achieved its overall target delivering 95% of its audit reviews.

The SIAS Manager further updated and advised Members of the following:

- The ways in which SIAS had developed;
- The result of customer satisfaction for 2018/19;
- The performance outcomes;
- Future developments for 2019/20 and;
- SIAS' financial performance.

#### **RESOLVED:**

That the Shared Internal Audit Service Annual Report 2018/19 be considered and noted.

#### **REASON FOR DECISION:**

To allow the Committee to review, comment and challenge the current status of the Internal Audit Plan.

### **35 SHARED INTERNAL AUDIT SERVICES PROGRESS REPORT**

*Audio Recording - 4 Minutes 24 Seconds*

The Shared Internal Audit Services (SIAS) Manager presented the report entitled Shared Internal Audit Services Progress Report. He requested that Members note the following recommendations:

- The Internal Audit Progress Report for the period to 30 August 2019;
- The proposed amendments to the 2019/20 Annual Audit Plan; and
- The implementation status of high priority recommendations.

The SIAS Manager informed Members that there were two high priority recommendations, one of which was in the Joint Waste Contract which related to the prioritisation and implementation of the performance management regime. The second high priority recommendation was in relation to the Time Recording System Audit and the management oversight of the use and completion of time records.

He assured Members that an update on the progress of Time Recording would be provided at the next Finance, Audit and Risk Committee in December 2019.

The SIAS Manager confirmed that there were no planned changes to the 2019/20 Annual Audit Plan.

The SIAS Manager further updated as follows:

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- The Workforce Planning and Developing Project was currently behind schedule, however, he assured Members that work had finished on that project and the auditors were writing the file ready to be quality reviewed.
- The GDPR Audit had been completed.

The following Members asked questions and took part in discussion:

- Councillor Michael Weeks
- Councillor Sam North
- Councillor Kate Aspinwall

The SIAS Manager responded to comments and questions as they arose.

**RESOLVED:**

- (1) That the Shared Internal Audit Services Progress Report for the period to 30 August 2019 be noted;
- (2) That the proposed amendments to the 2019/20 Annual Audit Plan be noted; and
- (3) That the implementation status of High Priority recommendations be noted.

**REASON FOR DECISION:**

To allow the Committee to consider the Shared Internal Audit Service Progress Report 2019/20.

**36 ANNUAL GOVERNANCE STATEMENT 2018/19: UPDATED ACTION PLAN FOR 2019/20**

*Audio Recording – 15 Minutes, 9 Seconds*

The Policy and Community Engagement Manager presented the report entitled Annual Governance Statement 2018/19: Updated Action Plan for 2019/20. The following appendix accompanied the report:

- Appendix A – Action Plan Update

The following Members asked questions and sought clarification regarding the report:

- Councillor Michael Weeks
- Councillor Sam North
- Councillor Kate Aspinwall

Councillor Sam North expressed his appreciation and offered his thanks to the Officers who had led the training and implementation of New Member Protocol stating it had been successful and had given him and other Members an insight into North Hertfordshire District Council.

The Policy and Community Engagement Manager responded to questions and comments as they arose.

**RESOLVED:**

That the progress made against the individual actions as outlined in the Action Plan for 2019/20 at Appendix A be noted.

**REASON FOR DECISION:**

The Annual Governance Statement must be considered by Members of the Committee and approved under Regulation 6(4)(a) of the Accounts and Audit Regulations ('AAR') 2015/234, before the Statement of Accounts.

### 37 FRAUD POLICY REVIEW

*Audio Recording – 22 Minutes 35 Seconds*

The Service Director – Resources presented the report entitled Fraud Prevention Policy.

The following appendices accompanied the report:

Appendix A – Fraud Prevention Policy

The policy itself has two toolkits and two appendices:

- Appendix A – Disclosure Report to the Money Laundering Reporting Officer
- Appendix B – Role of the Money Laundering Reporting Officer (MLRO)

The Service Director – Resources explained to the Committee that the Fraud Prevention Policy, attached at appendix A, replaced the existing policies and guidance that covered fraud, corruption, money laundering and bribery and also served to cover additional requirements in relation to tax evasion. The Service Director – Resources stated that the fundamental content of the new policy had not been changed, but sought to simplify.

The Service Director – Resources informed the Committee that unrequired references to legislation had been removed, it would be the responsibility of the policy author to ensure that the policy was updated if legalisation changed.

The following Members took part in the discussion and asked questions:

- Councillor Sam North
- Councillor Michael Weeks
- Councillor Kate Aspinwall

In response to questions raised by Members, the Service Director – Resources provided the following information:

- The £3,000 was the limit set on cash payments made to the Council;
- Fraud and bribery E-learning was mandatory for staff;
- There was currently no reason for the Council to accept foreign currency payments, however, if the Council were to ever accept foreign current transactions, the policy would be amended accordingly.

Councillor Kate Aspinwall stated that the Policy used plain English and was easy to understand, she expressed her compliments and gratitude to the Policy Author.

It was recommended by Councillor Sam North that the first sentence in paragraph 5 within point 2, entitled Reporting on Page 63 of the report, that the words, 'that are reported' be removed from the sentence 'the Council will investigate all suspicions that are reported'.

#### **RESOLVED:**

- (1) That the words 'that are reported' be removed from the first sentence of paragraph 5 within point 2, entitled Reporting on Page 63 of the Fraud Prevention Policy and would now read "The Council will investigate all suspicions, and where deemed appropriate the matter raised may be....."; and

(2) That The Fraud Prevention Policy be approved.

**REASON FOR DECISION:**

The new policy provides all of the information in relation to fraud and similar offences.

**38 RISK AND OPPORTUNITIES MANAGEMENT UPDATE SEPTEMBER 2019**

*Audio Recording – 32 Minutes 44 Seconds*

The Service Director - Resources presented the report entitled Risk and Opportunities Management Update and advised that two risks had been reviewed:

- Brexit risk
- Managing the Council's finances

The Service Director- Resources informed Members that both risks had retained their risk score of 9 and the updates were attached to the report.

The Service Director – Resources highlighted paragraph 8.2.1 on page 81 of the report. He informed the Committee that the Climate Change risk had been updated and the risk score had been increased from 1 to 5. He further advised that owing to the wide range of risks associated with Climate Change, that this should be reviewed again in response to the forthcoming climate change policy, which would allow for better consideration as to what the risk score should be and whether it was a Corporate or Service risk.

The following member raised questions:

- Councillor Kate Aspinwall

In response, the Service Director- Resources reassured the Members that in relation to the Climate Change risk, the Council was not creating a policy to respond to a specific risk.

Councillor Sam North stated that he felt, since the joint administration, the Council were taking the Climate Change Emergency seriously which was very reassuring.

**RESOLVED:**

That the review/changes to the Corporate risks for the quarter, namely:

Brexit risk to retain its current risk score of 9.

Managing the Councils Finances to retain its current risk score of 9, be noted.

**39 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS**

*Audio Recording – 39 Minutes 40 Seconds*

The Chair requested that, should any Members have any suggestions for agenda items for future meetings, they advise herself, officers or the Committee Clerk.

The Chair informed Members that the next meeting of the Finance, Risk and Audit Committee would be held on 5 December 2019, where it was hoped that fraud training would take place prior to the meeting.

Councillor Michael Weeks formally requested that his sentiment of disappointment in the lack of attendance by Members at that evening's meeting and requested that the Members present reported back to their party leaders, be recorded in the minutes.

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The meeting closed at 8.10 pm

Chairman