

Audit and Governance Committee

Minutes

10 December 2020 at 6.00 pm

Present:

Councillor Ahmed (Chair), Councillors, Adrees (Vice-Chair), A. Hussain, J. Hussain and Underwood

32. Apologies for Absence (Ref: 1)

Apologies for absence from the meeting were received from Councillor Adrees (Vice-Chair) and Councillor Castleman.

33. Minutes (Ref: 2.1)

Resolved: That the minutes of the meeting of the Audit and Governance Committee held on 2 September 2020, be approved as a correct record and signed by the Chair, subject to correction of typing error at minute 22, adding the word 'and' after 'Chair', as both the Chair and Vice Chair were absent from the meeting.

34. Shared Anti-Fraud Service Report (Ref: 6)

Nick Jennings, the Head of Counter Fraud, Shared Anti-Fraud Service presented the report (Ref: 6), highlighting the work undertaken by the Shared Anti-Fraud Service (SAFS) to protect the Council against the threat of fraud and in delivering the Council's anti-fraud plan in the current year.

He said that the report covered the anti-fraud activities of Luton council officers and the SAFS to prevent fraud in line with the plan approved at an earlier meeting of the committee. Key points highlighted are set out in the below paragraphs.

Performance against the key performance indicators were as set out in Appendix B and were mainly on target.

Deployment and their ability for intervention and joint face-to-face working with colleagues had been affected and limited by the Covid pandemic lockdown.

In terms of success rate for cases investigated, the target to secure twelve social houses from sub-letting or other unlawful tenancy breaches and released for re-letting was suspended at present. The service was working with Legal and the court in relation to the backlog caused by the council delaying recovering properties through the court, due to Covid-19.

In relation to temporary accommodation reviews completed, as this was driven by face to face work to ensure people were receiving support if still in need, a risk-based approach focusing on high value accommodation was taken, which should achieve better savings for the council.

Details of activities were as set out in the report. New fraud risks due to the pandemic and activities were under review. Face to face work was not possible, as staff worked from home, but were delivering training sessions.

The service was working to ensure the right Covid business grants were going to the right people, with a small number of investigations leading to high level of recovery.

The service was working closely with the Cabinet Office to learn about the latest alerts and new threats of Covid and non-Covid related frauds in Bedfordshire, Hertfordshire and nationally and about the use of technology to manage the threats and risks.

The service was also working with Trading Standards on phishing and fraudsters seeking payment for so-called Covid vaccines, which was not on offer outside the NHS. All phishing activities were reported to the national fraud office.

Darren Bowler, a SAFS team member commented that their anti-fraud work would not have been possible without senior management support and partnership with the local authority, local law enforcement and other professional partners.

He added that, when cases could not be progressed, as they could not undertake interviews, SAFS delivered training, e.g. that morning to Housing colleagues on frauds and fraud awareness, which had good participation, so that officers were ready to proceed when they could. Cases were being closed as far as they could.

From members' questions and comments, key point made and recorded were as set out below.

In terms of the training provided, SAFS worked with Luton council and the Cabinet Office, with no charge to Luton.

The fraud hub would commence from April 2021 so that services could start using fresh and good quality data in 2021, without the lag coming from the national fraud initiative.

The E-learning package was shared with all partners, covering, e.g., fraud, money laundering and bribery. The training was generic, but also specific to the threat faced by the council.

A member expressed concerns about the format of the hyperlink presented in the report to access the fraud page on the council's website, which made it difficult to find information. In response, the issue was noted and it was agreed to amend the format of the hyperlink for the public to use.

In the same vein, the member requested that information on successful campaigns be publicised in the Press to act as a deterrent. The committee was informed that press releases would be made, but the service had no say what was actually picked up by the media for publication.

To a question on the meaning of 'high value homeless /temporary accommodation reviews' and how fraud was committed, the committee was informed that temporary accommodation was costly to the council and applications were looked at to ensure applicants were still in need, as sometimes they were not and fraudulently claimed.

The Chair thanked the officers for the report and moved that it be noted, which was agreed.

Resolved: (i) That the activity of the Shared Anti-Fraud Service and the progress made in delivering the 2020/21 Anti-Fraud Plan be noted;

(ii) That the thanks of the committee to Nick Jennings and Darren Bowler for their report and answers to questions on the work of the SAFS be noted.

35. Internal Audit Plan Update (Ref: 7)

The Audit Manager presented the report (Ref: 7), updating the committee on the work of the Internal Audit Service for the six month period, 1 April 2020 to 30 September 2020.

Key points highlighted by the Audit Manager were as set out in the below paragraphs.

The report provided an update of the work undertaken by the internal audit service during the period 1 April 2020 to 30 September 2020, to assist the committee fulfil its obligations and for the committee to be made aware of any issues that had arisen.

The work was risk based and prepared in consultation with management. The annual audit plan was developed, based on an anticipated full complement of staff within the Internal Audit team.

Since April 2020, the Internal Audit team had been carrying two vacancies. In September 2020, the committee was informed about the ongoing recruitment issues within the team and the impact of this on the completion of the annual audit plan. The 90% target was unlikely to be achieved.

Since the update in September 2020, the council had made a conditional offer of employment to fill the senior auditor's position.

The service planned to complete all key audit reviews by the end of the financial year.

Between 1 April 2020 and 30 September 2020, 40% of the plan had been completed, with 27 final audit reports completed.

Of the 'limited' assurance opinions issued for eight audits at year-end in 2019/20, four 'Limited' assurance opinions issued in Quarter 1 in 2020/21 related to the finalisation of the audit reports for work during 2019/20. All these would be followed up by the end of 2020/21 and recommendations made to CLMT to challenge and hold responsible managers to account, where progress were unsatisfactory. The outcome would be reported to the committee.

As part of the audit procedures, the service would follow up on recommendations about six months after sending the reports to check on progress achieved. There was a number of outstanding returns from schools, which the service would chase and update the committee.

The Audit Manager requested that the committee receive the report.

Following members' questions and comments, key points made and recorded were as set out in the below paragraphs.

It was clarified, that although the service was not going to meet the 90% performance target, focus would be to complete key audit reviews, cross cutting systems audits and follow up of limited assurance reviews.

Schools were not submitting returns, as they were focusing on other priorities due to the Covid pandemic and lockdown. The service would continue to follow up, chase and encourage schools to send their returns, before escalating to the Children Services. Three school's limited assurance reports would be followed up and were expected to be completed by the end of December 2020.

The committee agreed to receive the report.

Resolved: That the Internal Audit Plan update report (Ref: 7), covering the period 1 April 2020 to 30 September 2020, be received.

36. Corporate Risks Update (Ref: 8)

The Audit Manager presented the report (Ref: 8), updating the committee on the council's corporate risks.

In line with paragraph 8 of the report, the Audit Manager stated that there were 36 risks on the Corporate Risk Register, as at November 2020, as detailed at Appendix A

Since the risks were last reported to the committee in September 2020, the scores for three risks had been reviewed. The risk scores for medical epidemic affect staff had been increased due to impact of Covid-19. The HR Cell was meeting regularly to address workforce issues.

The risk scores for the emission reduction target of 2040 of net zero carbon had been reviewed and reduced from high to medium, due to the Climate Change Executive

Working Group and the Officer Group driving this agenda. This corporate priority was being embedded as a corporate priority in the Corporate Plan.

Following the Children's Services inadequate Ofsted rating in January 2020, the risk scores had been reviewed and reduced. This was due to the council having prioritised children's social care services, putting in additional investment to support the frontline and to increase senior management capacity and oversight and developing a robust improvement plan, with delivery overseen by a strong Children's Improvement Board.

The corporate risks and updates were as set out at paragraph 9 of the report. Risks with a score of seven or above (Red status) remained for the same sixteen corporate risks, as reported at the last meeting, with updates provided in the table at paragraph 9.

Following members' questions and comments, key points made and recorded were as set out in the below paragraphs.

The service reviewed risks on an on-going basis and every quarter and reported to senior management. Reminders were issued to risk owners.

The risk score on the net zero carbon target was reduced due to the control measures embedded as a priority in the corporate plan, with a working group driving the agenda. The frequency of the working group meetings was to be clarified.

The Chair thanked the officers for the hard work carried out in difficult times.

The committee agreed to note the report as reviewed.

Resolved: That the council's Corporate Risk Register be noted as 'reviewed' by the committee.

37. 2019/20 Audit Results Report (Ref: 9)

In the absence of the External Auditor, due an IT connectivity problem preventing access to the Skype meeting, the Service Director, Finance and Audit briefed the committee, as he had already had earlier discussions with him.

Key points made were as set out in the below paragraphs.

Work was continuing to finalise the 2018/19 audit report, but Covid-19 impact on the aviation industry had meant that the auditors were still discussion with LLAL.

LLAL was also continuing to have discussions with LLAOL, the airport operators, given the reduction in passenger numbers, due to the pandemic. The auditors needed to look at the 12 to 18 months beyond the year audited to ensure there would not be any issues raised to affect their assessment.

(Note: At this point Cllr Javeria Hussain declared a personal non-prejudicial interest as a LLAL Director and continued to take part in the meeting)

Given the uncertainties and risks posed by the pandemic, local authorities and companies had been given an extension on the deadline to finalise their accounts.

The closing balance for 2018/19 was needed to start work on the 2021/20 accounts, but discussions were ongoing, following the emergency budget in the summer 2020 to address the Covid-19 issues, which was the responsibility of the Executive.

The intention was to finalise the accounts for sign off in November 2020, which did not happen, due to the continuing implications of Covid-19.

Resolved: (i) That the verbal briefing of the Service Director, Finance and Audit on the audit results be noted

(ii) That the 2018/19 and 2019/20 Audit Results be reported at the 3 March 2021 meeting of the committee.

(Notes: (i) An issue on a report about a financial process improvement initiative previously requested by members was raised, which the committee was informed was on the agenda for 3 March 2021 meeting;

(ii) The meeting ended at 6.42 pm)