

**MINUTES OF THE
AUDIT AND RISK COMMITTEE**
held on 14 December 2022 at 7pm

Present:

Councillor N.M. Walsh (Chair)

Councillors, D.J.R. Clark, W.A. Daden, N.A. Dudley, G.B.R. Knight E.J. Sampson and
A.B. Sosin

Also present: Councillors C. Davidson and M. Goldman

1. Attendance and Apologies for Absence

Apologies for absence were received from Councillors Raven and Sismey.

2. Minutes

The minutes of the meeting on 21 September 2022 were confirmed as a correct record.

3. Declarations of Interests

All Members were reminded to disclose any interests in items of business on the meeting's agenda and that they should do so at this point on the agenda or as soon as they became aware of the interest. They were also obliged to notify the Monitoring Officer of the interest within 28 days of the meeting, if they had not been previously notified. None were made.

4. Public Questions

There were no questions or statements from members of the public.

5. Announcements

No announcements were made.

6. Internal Audit Interim Report 2022/23

The Committee received a report regarding internal audit activity this year to date, which included counter fraud activity following the recent discovery of two external frauds that were committed against the Council by outside bodies. Due to their sensitive nature, there were limited details that could be provided. One of the external frauds related to a phishing attack, which the Council reported to the bank and the police via Action Fraud. This also created an opportunity to internally review the process to ensure that the risk is reduced significantly going forward. It was also noted by the Committee that the other fraud activity is being investigated externally, and therefore could not be discussed in detail to avoid prejudicing the investigation but it was hoped that more details would be given in the future. The Council is also internally reviewing the process affected. It was noted that the Council's Counter Fraud Strategy has been refreshed in order to mitigate the risk of fraud.

It was also noted in the rest of the paper that various audits are on track to be completed, including reports due in December 2022 with an exception relating to leisure centres which should be completed in the New Year.

In response to questions from Members, because of the sensitive nature of the fraud activities, the Council could only provide limited details, but will update Committee as and when possible. With a question regarding if there are any high risks coming out of the reports due in December 2022, it was noted that no high risks were expected.

RESOLVED that the report be noted.

(7.02 pm to 7.09 pm)

7. Internal Audit Strategy 2023-24

The Committee received the Internal Audit Strategy for 2023-24, which supports the internal audit practices that have already been embedded in the Council for the last few years, but officers were keen to promote continuous improvement. It was noted that the team were heading towards a more agile planning process because as things are subject to change more quickly and risks start to emerge, moving to an agile plan means that it allows the team to be more flexible and respond appropriately. It was noted that, previously audit plans have been a full 12-month plan but this would be moved to a 6 monthly basis to ensure that the risks are reviewed bi-annually. It was also noted that Internal Audit are due to receive an external quality assessment in 2023 and any progress would be reported back to the Committee.

RESOLVED that the report be noted.

(7.09pm to 7.12pm)

8. Risk Management Report

The Committee received a report summarising the current position for the Principal Risks of the Council that also reviewed the risk management activity in the financial year to date. The principal risks discussed were the Income and Financial Position, Theatre Refurbishment and Rebranding, and Enterprise Resource Planning.

It was noted in the discussions after the report that the information in the report was based on the information available in the public domain at the time of writing and that the Principal Risk risks involving Income and Financial Position would be re-examined in full when further details of the Council's financial settlement from central government were known. there were further details.

RESOLVED that the report be noted.

(7.12pm to 7.22pm)

9. Counter Fraud & Corruption Strategy 2023 and Action Plan

The Committee received a report detailing the 2023 Counter Fraud and Corruption Strategy which included key principles such as acknowledging the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud and corruption. It was noted that current national/global issues and the pandemic had increased the risk of fraud. The Counter Fraud and Corruption Strategy 2023 has been developed in line with best practice, such as CIPFA's Managing the Risk of Fraud and Fighting Fraud and Corruption Locally checklist. Supplementing the strategy is the action plan which sets out how the strategy would be delivered. Work to March was discussed, including review of the whistleblowing policy and training analysis, as everyone at the Council has a responsibility to manage the risk of fraud and should know what to look out for to prevent it. A further update would be provided to Management Team and ARC in March 2023.

RESOLVED that,

1. the report be noted;
2. the team to be thanked for their detailed work on Counter Fraud Strategy.

(7.22pm to 7.26pm)

10. External Audit Update (verbal)

The Committee received an update regarding the external audit. The external auditors had been notified regarding the frauds that occurred and it was noted that there had been delays to the sign off of the 2021 statement of accounts as a result of auditors seeking additional assurances. The Committee had been notified that the Council are trying to engage with our external auditors to discuss how we could improve the audit process, but the delays to audit sign offs was a national problem with many audits missing the sign off deadline. It was also noted that the Council met with PSAA, the

body responsible for appointing our external auditor, to raise the issue of delays formally and met with our auditor's liaison for local government audit who confirmed that BDO intend to send out letters to their clients setting out broad level of their approach to catching up with audits. Letter is expected to be sent in the next month and will be shared with the committee members outside the normal audit meeting timetable.

RESOLVED that the update be noted.

(7.26pm to 7.30pm)

11. Procurement Update

The Committee received an update regarding the formal procurement and sourcing activities undertaken by the Procurement Team and the forthcoming plans.

The Procurement Team detailed notable achievements in their report. The team noted the successful contract with Uttlesford District Council which covered the running of request-for-quotation (RFQ) and tender processes, providing advice on the use of frameworks and general support and strategic advice on contract rules and public sector procurement regulations. This had provided learning and marking shared deficiencies as services bought are similar and helped the Council duplicate support for both. The team had also provided training and support for SMEs regarding procurement mainly to assist small businesses to recover post-pandemic. Previously, online training had been provided however a 1 to 1 with a consultant were now being provided by a partner organisation. The Social Value Policy was also discussed and it was reported that buyers were now choosing social value scoring and making sure it was aligned with our objectives. It is noted that the Council had been piloting the use of Crown Commercial Service's PMP (Print Marketplace) which is an online printing portal that operated by allowing users to seek quotes for printing jobs across a range of suppliers. The team had also renewed large frameworks which had taken a while. The frameworks allow the team to perform mini competitions with pre-approved and selected suppliers to ensure competitive pricing from trusted suppliers. The team had also notified a contract for HVO fuel, consolidation of the use of the Contract Module, and cost reductions.

The planned activities from November 2022 included a change to the public sector procurement regulations which included proposals to move to a single, more flexible procurement process model, that would simplify the route to market decision. It had been noted that this would not fundamentally make a change in budgeting and moved to a 'most advantageous tender' principle. There was also continued embedding of the social value policy which included evolving the data gathering and reporting process. The team had also notified the Members of training which would be focused on contract management and the team would be designing a new contract management framework for service users. This was to support and train staff in using contracts.

RESOLVED that the update be noted.

(7.30pm to 7.47pm)

12. ARC Work Programme

The Committee received a report updating them on the rolling programme of work.

RESOLVED that the report be noted.

(7.47pm to 7.48pm)

13. Urgent Business

There was no urgent business for the meeting.

The meeting closed at 7.48pm

Chair