

Audit Committee
21 SEPTEMBER 2022

Present: Councillors: Stuart Ritchie (Chairman), John Blackall (Vice-Chairman), Martin Boffey and Paul Clarke

Apologies: Councillors: Matthew Allen, Richard Landeryou and Gordon Lindsay

AAG/16 **MINUTES**

The minutes of the meeting held on 29 June 2022 were approved as a correct record and signed by the Chairman.

AAG/17 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/18 **ANNOUNCEMENTS**

The Chairman announced that at the meeting of Audit Committee held in December 2021 the decision was made to find an external Auditor outside of the Public Sector Audit Appointments (PSAA). One firm had applied and then withdrew their interest. This means that Horsham will seek a way back into the 'appointing person' national auditor appointment arrangements established by the PSAA for five financial years from 1 April 2023.

AAG/19 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Interim Director of Resources presented the Risk Management Quarterly Update to the Committee. The report included an update on the Corporate Risk Register for consideration and provided an update on progress with the quarterly departmental risk register reviews.

It was reported that there was an emerging risk regarding retention and recruitment of staff that may appear in future reports.

Members asked for clarification on the risk CRR03, the obligations the Council would have under the Civil Contingencies Act, and what mechanisms were in place to ensure these obligations were upheld.

The Civil Contingencies Act places a legal obligation upon the Council, with partners, to assess the risk of, plan, and exercise for emergencies, as well as undertaking emergency and business continuity management. The Council is also responsible for warning and informing the public in relation to emergencies, and for advising local businesses.

It was reported that there were four risks considered to be high and eight medium risks. The high risk areas were:

CRR37 - Delay to the local plan preparation due to the requirement of the plan to demonstrate water neutrality, or as a result of significant / unexpected changes to government guidance.

CRR01b - Funding from Government is less generous than assumed in the Medium- Term Financial Strategy (MTFS) from 2023

CRR18 - (i) A malicious attacker exploits a known or unknown security weakness to penetrate the Council's ICT systems.

(ii) IT not working due to environmental problems: fire, flood, power cut.

CRR19 - Rapidly rising costs from inflation together with ongoing lower levels of income from fees in some areas, and other cost pressures such as increased homelessness; and increased housing benefit claims.

All 19 Departmental risk registers had been reviewed and updated.

The Committee noted the contents of the report and appendix.

AAG/20 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

The Chief Internal Auditor provided a progress report of internal audits carried out during Q1 of 2022/23

Three formal audits were finalised during the quarter (one relating to the 2021/22 audit plan, and two relating to the current financial year). Two of the audits received an opinion of 'reasonable assurance', and the other, an opinion of "substantial assurance".

Formal follow up reviews would continue to be carried out for all audits where 'minimal assurance' opinions had been given and for higher risk areas receiving 'partial assurance'.

The Committee noted the contents of the report.

AAG/21 **COUNTER FRAUD STRATEGY AND FRAMEWORK**

The Interim Director of Resources and the Chief Internal Auditor reported that the revised Counter Fraud Strategy was aligned to 'Fighting Fraud & Corruption Locally' (FFCL), the Local Government Counter Fraud and Corruption Strategy for the 2020s, which provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities.

The FFCL strategy 2020 has been expanded to include two additional areas of activity that underpin tenets of those pillars; 'govern' and 'protect'.

'Protect' was a new overarching responsibility to protect the public from fraud. 'Govern' was added as a new foundation of the Strategy, which set out that those who are charged with governance, support the activity by ensuring that there are robust arrangements in place and that executive support exists to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

The amendments made to the Horsham DC Strategy included the following:

- Aligning the pillars of the strategy to FFCL (addition of Govern and Protect).
- An updated table summarising the activities required to achieve the strategic objective included within the Strategy document under the heading 'Action Plan'.
- An introductory statement reinforcing leadership support for counter fraud measures (in line with FFCL).

RESOLVED

That the committee endorse the revised Counter Fraud Strategy and Framework.

AAG/22 **URGENT BUSINESS**

There was no urgent business.

The meeting closed at 6.23 pm having commenced at 5.30 pm

CHAIRMAN