

**CORPORATE AFFAIRS AND AUDIT COMMITTEE**

A meeting of the Corporate Affairs and Audit Committee was held on 24 September 2020.

**PRESENT:** Councillors Rathmell, (Chair), Higgins, J Hobson, Hubbard, Mawston and Wright

**PRESENT BY INVITATION:** Councillor C Hobson, Executive Member for Finance

**ALSO IN ATTENDANCE:** M Rutter, S Reid, External Auditors, Ernst Young  
J Dodsworth, P Jeffrey, R Smith, Internal Auditors, Veritau

**OFFICERS:** S Bonner, B Carr, N Finnegan, S Lightwing, A Perriman, S Reynolds, J Weston

**APOLOGIES FOR ABSENCE** were submitted on behalf of Councillor Rooney.

**DECLARATIONS OF INTERESTS**

There were no declarations of interest at this point in the meeting.

**1 MINUTES - CORPORATE AFFAIRS AND AUDIT COMMITTEE - 30 JULY 2020**

The minutes of the meeting of the Corporate Affairs and Audit Committee held on 30 July 2020 were taken as read and approved as a correct record, subject to the following minor amendment:

Page 4, paragraph 4, line 6, first word: change from 'of' to 'on'.

**2 ANNUAL COUNTER FRAUD REVIEW**

A report of the Head of Internal Audit was presented to update Members on the impact of fraud nationally and in particular on local authorities. In addition, the Council's counter fraud arrangements had been reviewed and a new Counter Fraud Strategy and Anti-Fraud, Bribery and Corruption Policy prepared. The report also provided an updated Counter Fraud Risk Assessment.

Fraud was an issue for Councils across the UK. The most recent estimate was that it cost up to £7.4 billion every year. When fraud occurred in Local Authorities, it effectively meant that public money was being stolen and used by criminals.

The ongoing Covid-19 pandemic had provided opportunities for fraudsters operating locally, nationally, and internationally. Local authorities had been responsible for issuing grants to eligible businesses. By the end of August 2020, over £11 billion had been paid out to small and medium sized business across the UK. Fraudsters had attempted to divert grants from legitimate businesses and ineligible businesses had attempted to mislead councils about their circumstances in order to receive grants. Applications for grant payments had now ceased. All councils responsible for administering grants were now undertaking post assurance work to ensure that all grants were correctly paid. If fraud or error was detected a recovery process would commence that could include the prosecution of offenders.

CIPFA's annual Fraud and Corruption tracker was released last year. The report detailed levels of fraud detected by local authorities in 2018/19. Key findings of the report included the following:

- Adult social care fraud was perceived as one of the three largest areas of concern for local authorities in 2018/19. Whilst the number of cases of fraud in this area declined from the previous financial year, the amount of loss recorded more than doubled. The average value associated with an adult social care fraud investigation nationally was £29k, although CIPFA report that this was in part due to some very large frauds detected.
- Procurement fraud was another area seen as being a high risk for local authorities.

Fraud could take place at any point in the supply chain of goods and services making it difficult to detect. CIPFA reports that 12% of cases detected involved insider fraud and 5% involved serious and organised fraud.

- The largest area of loss for local authorities was in council tax related discounts, for example, single person discounts and council tax support. The amount of fraud detected had risen by over £5m since 2016/17 to £30.6m.

Adult social care fraud, procurement fraud and council tax fraud were all areas of focus for the counter fraud team in 2020/21. Post assurance checks on Covid-19 grants would form part of the 2020/21 National Fraud Initiative exercise.

A review of the Council's counter fraud framework had been completed. The Counter Fraud Strategy and Anti-Fraud, Bribery and Corruption Policy were both due to be refreshed in September 2020. Appendix 1 to the submitted report was a national counter fraud strategy: Fighting Fraud and Corruption Locally, and this document was used as a reference point for the new strategy for Middlesbrough.

A copy of the new Counter Fraud and Corruption Strategy was attached at Appendix 2 to the submitted report. The Strategy measured the Council against the national strategy and there were four key themes: govern, acknowledge, prevent and pursue. Whilst the Council met many of the guidelines there was still some work to be done. The Strategy contained an Action Plan which would be refreshed annually.

Appendix 3 to the submitted report was a revised Anti-Fraud Bribery and Corruption Policy which created a framework to investigate fraud, to take action against those who committed fraud and to recover any losses.

The Fraud Risk Assessment for the Council was updated annually and a copy of the latest assessment was set out in Appendix 4 to the submitted report.

Responding to a query, the Auditor confirmed that the Anti-Fraud Bribery and Corruption Policy would come into effect once approved by the Executive.

**AGREED** as follows that the:

1. Report was received and noted.
2. New Counter Fraud Strategy and associated Action Plan, Anti-Fraud, Bribery and Corruption Policy and updated Fraud Risk Assessment, were noted.

### 3 **INTERNAL AUDIT PROGRESS REPORT**

A report of the Head of Internal Audit was presented to provide Members with an update on audit reports issued and other work completed since the last update report to the Committee.

Appendix 1 to the submitted report summarised the progress made against 2020/21 audits. Work was underway on a number of audits, with the majority in the planning stage. Where a specification for the audit had been agreed and fieldwork commenced, this was noted as 'specification issued'.

The audits listed in the report were those that were underway or had been agreed with management to take place during the year. Further audits would be added as the year progressed.

All audits were currently being carried out remotely and virtual meetings held. In addition to the team that transferred to Veritau from the previous internal audit provider, a number of auditors from the wider Veritau group were also involved in carrying out the audits. This would provide a wider range of knowledge and experience to the internal audit work for 2020/21.

There were also some outstanding audits from 2019/20 that were currently being completed. Two of these audits had been finalised since the last report to the Committee and were summarised at Appendix 2, along with details of the outstanding audits.

The Auditor was confident that the planned audit work could be completed on schedule although there was some uncertainty because of new ways of working due to the current coronavirus pandemic.

**AGREED** that the information provided was received and noted.

#### 4 **COVID-19 SUPPORT TO STAFF PRESENTATION**

The Head of Human Resources (HR) provided a presentation in relation to Covid-19 support to staff and policy changes.

When the Government announced the UK lockdown on 23 March 2020, the initial role for HR was to reassure employees that plans would be put in place to support them. Over one thousand letters were issued to keyworkers to enable them to travel to work and send their children to school where necessary. A commitment was made to all casual workers who worked on a regular basis to mirror the Government's furlough scheme. Casual workers were re-deployed to assist with other jobs including leaflet delivery, temperature checks in the town centre and managing PPE supplies. Payments ceased in August 2020 as staff were able to return to their regular jobs.

From a wellbeing point of view, there were the physical symptoms of Covid-19 as well as the mental health impacts. Chairs and other office equipment were made available to staff working from home. Public health developed a series of Stretchwell videos encouraging staff to take short breaks from work and do some exercise.

Mental health support provided directly by the Council to staff included the Employee Assistance Programme, Mental Health First Aiders and Health Champions/Advocates. Staff were also signposted to other support including: NHS and PHE Every Mind Matters, MIND Coronavirus and your wellbeing, Mental Health Foundation and Recovery College. Contact details were available on the staff intranet and regular reminders were sent out.

HR had issued three newsletters with short articles to try to catch people's attention and reiterate messages regarding the support available from the Council. A staff survey asking how employees felt about working from home was undertaken and the majority of people were managing with working at home. Those staff who felt that working at home was not working so well for them had been encouraged to come back into the office for a day or so per week so that they received the support they needed.

Guidance had been issued to all managers via the People Matters Newsletters. Advice had been issued on how to support staff who were working remotely and how to recognise the challenges. The importance of keeping in touch both formally and informally had been stressed. Staff had also been encouraged to make sure they took their annual leave entitlement as they would normally.

The next steps included planning for the eventual reoccupation of the offices. The current Government advice was to keep working at home where possible. An e-learning module was being developed that all staff would complete before returning to the office. The module would cover all of the Covid-secure things that have been put in place, for example, how staff should enter and exit the building, use the kitchen, toilets and desk areas. A video walk-through of the buildings would be included.

Virtual meetings would continue for the time being unless there was a particular welfare issue. An example was given of a disciplinary meeting that could potentially result in dismissal of an employee. Government funding had been made available for addressing health and wellbeing issues in relation to Covid-19.

In relation to policies, the following had been amended following Government guidance:

- Managing Health, Attendance and Wellbeing Policy - any Covid-19 related illness would not count towards sickness absence triggers.

- Reviews, Consultation and Redundancy - Covid-19 sickness absence removed from absence selection criteria.

Other measures put in place for employees included a £200 allowance to buy equipment needed for working at home and car mileage could be claimed from home rather than from the office for the time being.

Reassurance was sought regarding assistance provided to employees who lived with relatives who became ill with Covid-19. It was confirmed that the Council already had policies in place that provided for up to 5 days' discretionary leave or up to 12 weeks' paid leave in the case of terminal illness.

The issue of employees being contactable out of normal office working hours was also raised. It was acknowledged that whilst staff were able to work flexible hours there was no obligation to respond to emails or telephone calls outside of their normal working day. HR were currently developing a formal Working From Home Policy that would provide clarity to managers and all employees.

Members thanked the Head of HR and her team for the work carried out to support employees during the Covid-19 pandemic.

**AGREED** that:

1. the information provided was received and noted.
2. the Head of HR would provide copies of the three employee newsletters referred to in the presentation.

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**ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED**

The Chair referred to a recent press article in relation to Boho X, a Freedom of Information request, and comments reported that were attributed to the MP for Middlesbrough and the Mayor. The Chair suggested that the Committee should write to the MP and invite him to provide clarification with regard to the comments reported and the evidence on which those comments were based.

**AGREED** that the Chair would write to Andy McDonald, MP, on behalf of the Corporate Affairs and Audit Committee, inviting him to provide clarification on his comments, within seven working days.