

# Minutes

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| <b>Meeting name</b> | <b>Audit and Standards Committee</b>                              |
| <b>Date</b>         | <b>Tuesday, 28 July 2020</b>                                      |
| <b>Start time</b>   | <b>6.30 pm</b>  |
| <b>Venue</b>        | <b>This meeting will be held by remote access - details below</b> |

## Present:

**Chair** Councillor J. Douglas (Chair)

**Councillors** J. Wilkinson (Vice-Chair) P. Chandler  
R. Child C. Fisher  
M. Glancy A. Hewson  
D. Pritchett R. Smedley

**Observers** Councillor P. Cumbers

**Officers** Director for Governance and Regulatory Services and Monitoring Officer  
Corporate Services Manager  
Head of Internal Audit  
Democratic Services Manager  
Democratic Services Officer (HA)

**Attendees** Sunny Gill, Manager, Ernst and Young LLT, External Auditors  
Gordon Grimes, Independent Person

| Minute No. | Minute   |
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| 36         | <p><b>Apologies for Absence</b><br/>There were no apologies received for this meeting.</p>   |
| 37         | <p><b>Minutes</b><br/>The Minutes of the meeting held on 19 November 2019 were confirmed and authorised to be signed by the Chair. Cllrs Chandler, Fisher and Glancy abstained as they were not committee members on this date.</p>  |
| 38         | <p><b>Declarations of Interest</b><br/>There were no declarations of interests received for this meeting.</p>  |
| 39         | <p><b>External Audit of Housing Benefit Subsidy 2018/19</b><br/>The Corporate Services Manager introduced the report, the purpose of which was to update Members with a summary of the 2018/19 Housing Benefit Audit.</p> <p>During the discussion the following points were noted:</p> <ul style="list-style-type: none"> <li>• The External Auditor advised that once an audit is found to have no errors in line with DWP guidance they can be closed. Housing Benefit Subsidy would continue to be monitored by External Audit and extended testing would be carried out again, in accordance with the certification guidance, should errors be identified in the future.</li> </ul> <p><b>RESOLVED that:</b></p> <p>1) The Committee <b>NOTED</b> the findings of the 2018/19 Housing Benefits Audit.</p>   |
| 40         | <p><b>Update on External Audit Plan 2019/20</b><br/>Mr Sunny Gill, from Ernst and Young External Auditors provided a report, the purpose of which was to advise Members of the proposed changes to the External Audit Plan for 2019/20 as a result of Covid-19.</p> <p>During the discussion the following points were noted:</p> <ul style="list-style-type: none"> <li>• There will be an increase in the audit fee due to the additional work required as a result of Covid-19 but as yet it is not known what this will be. External Audit will discuss this with management as the additional works progress.</li> <li>• The Corporate Services Manager advised that the Council is providing returns to Government around the additional expenditure incurred and income lost due to the impact of Covid-19.. This is help with Government support around additional grant funding to help mitigate the financial impact. Discussions are currently taking place across Services to ensure that all Covid-19 related expenditure is being correctly coded to cost codes to ensure that information provided for any future audit is accurate.</li> </ul> |

**RESOLVED that:**

- 1) The Committee **APPROVED** the changes to the audit plan for 2019/20.
- 2) The Committee **NOTED** the likely delay in the issue of the audit opinion and the subsequent delay to the statement of accounts as a result of the timescale for the receiving the necessary assurance in respect of the pension fund.

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**Internal Audit Annual Report 2019/20**

The Head of Internal Audit provided a report on the annual Internal Audit Report and opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework in accordance with the requirements of the Public Sector Internal Audit Standards.

The Head of Internal Audit highlighted the summary of audit work detailed in table 3 of the Annual Report (Appendix 1). All of the reports had been reported to the Committee with the exception of the following items:

- Financial Systems Key Controls – this audit had received limited assurance due to the bank reconciliation not being up to date at the time of the audit. An update was provided to confirm that bank reconciliations to the end of the financial year were now up to date and audit had seen evidence of this.
- Complaints and Compliments Management – this audit has received a good assurance rating.
- Homelessness Reduction Act Compliance – this audit had received satisfactory assurance. There were no significant issues identified but some focus was required on the process for checking identity of applicants.
- **Contractor Health and Safety – this audit has received a limited assurance for design, but an action plan was in place and work had commenced to implement improvements.**

The Head of Internal Audit also clarified that the information on the overdue recommendations shown at Table 5 of Appendix 1 could now be updated as the two over due recommendations in relation to Fixed Assets had now been completed.

During the discussion the following points were noted:

- Members raised concerns that the bank reconciliations had not been balanced since December 2018.
- The Corporate Services Manager advised this was as a result of a shortage of resources with posts remaining vacant and also a change in personal previously, though it was known by management, they had to use their judgement in order to prioritise the use of resources alongside other key activities. He assured Members that this had now been rectified and the reconciliations were now up to date in readiness for the year end audit. Key financial controls were monitored on an annual basis and the integrity of the system remained a high priority.

- A Member raised concern about the Contractor Health and Safety audit suggesting that it will need to start again from the beginning regarding safety to the workers, other individuals and the public and to have clear guidance for the contract managers. There needed to be a new policy to include the risk, and the financial liability of the Council. A record of all contract licences and leases should be kept and updated, training should be provided. There should also be a termination clause included in all contracts.
- The Head of Internal Audit advised that an action plan was in place for this, and timeframes had been set for a policy to be developed. This would be subject to follow up and an update available to Committee later in the year.
- A Member asked if there were regular meetings now in place with the Chief Executive and senior management in respect of oversight of Section 106 agreements and associated payments The Director for Governance and Regulatory Services would provide an update to the Chairman.
- In response to a request for an update on the Landlord Health and Safety Audit the Director for Governance and Regulatory Services read out a statement from the Director for Housing and Communities as follows:

*Audit Committee will note a number of outstanding actions in relation to both the review of Case Management (support services) and Landlord Health and Safety Compliance. Actions in relation to both areas have been significantly disrupted since March in terms of the Council's response to Covid19, most obviously in the setting up of the Community Hub (largely resourced by the Case Management team) and the imposition of social distancing/lockdown (which has severely limited both contractor resource, materials supplies, and the ability to access tenant homes).*

*Significant progress continues to be made in relation to Landlord Health and Safety and comprehensive updates are provided to the Housing Improvement Board (last meeting on 26.06.20), including:*

- *Gas Safety – 99.71% compliance – there are 4 expired certificates, all due to tenant health problems preventing access and all with landlord actions up-to-date*
- *Electrical Safety – there are 191 properties without a valid test certificate. All are programmed in for appointments and work.*

*In terms of Case Management, a wider review of the new Housing and Communities Directorate is underway, and Internal Audit recommendations will be incorporated into this review, which should be completed by the end of the financial year. Individual actions will however continue to be closed throughout this period.*

- Further information was requested by Cllr Glancy in regard to the Case Management Intensive Housing Management audit and the HRA cap that had been achieved after £29k was recharged to the general fund.
- The Head of Internal Audit and the Corporate Services Manager would investigate this recharge and report back to members.

- A Member raised various concerns in respect of the Framework assurance and risk. In the March 2020 meeting there was reference to a number of consultancy work in progress jobs and requested if the works had been done and memorandums issued.
- The Head of Internal Audit advised that the consultancy reviews did not feed back into the Internal Audit report as they do not inform the assurance opinion; they are additional value added works. Most of the reports will result in a memorandum with recommendations depending on the nature of the work.
- A progress report on all the work undertaken would be brought back to committee later in the year to include the Licensing Enforcement and the Website which had been deferred due to the outbreak of Covid-19.
- The Chair asked Members to forward any queries about this report to herself or the Vice Chair for further discussion.

The Committee **NOTED** the Internal Audit Annual Report and Assurance Opinion for 2019/20.

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**Confirmation of Decisions taken under Delegation from Cancelled March Meeting**

The Monitoring Officer provided a report to inform the Committee on the Decisions made in relation to the reports which were scheduled for the 24 March 2020 meeting And seek approval for the Internal Audit Charter.

During the discussion the following points were noted:

- The Head of Internal Audit advised that the Risk Register will be brought to committee in September followed by a paper in November on areas of risk where assurance is needed over the next 12 months as part of consultation of the 2021-22 audit plan.

**RESOLVED that:**

- 1) The Committee **NOTED** the actions taken in respect of the decisions scheduled for the cancelled meeting on 24 March 2020.
- 2) The Committee **APPROVED** the Internal Audit Charter.

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**Draft Annual Governance Statement**

The Monitoring Officer provided a report to seek approval of the draft Annual Governance Statement (AGS) for 2019/20.

During the discussion the following points were made:

- A member requested that the management process for risk awareness assessment in relation to the new governance structure operating since May 2019 be included. This should be linked to the developing role of the internal audit committee understanding of risk and risk planning.

- The Monitoring Officer requested that any suggestions for amendment or addition to the report be sent to herself, the Chair and Vice Chair for further consideration.
- The Corporate Services Manager advised that the Legal and Procurement Team were currently migrating the Contract Register onto a new portal used for E-tendering. They were looking at building in a process to allow finance, legal and procurement to work together to maintain good work. This should be in place by the end of 2020.

The Committee **NOTED** the contract of the draft Annual Governance Statement as set out at Appendix A.

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**Local Government Association Model Code of Conduct**

The Monitoring Officer provided a report to inform the Committee of the Local Government Association's (LGA) consultation on the model Member Code of Conduct.

The Monitoring Officer had provided members with a summary of some key points which could be included in the response to the consultation, a summary of which is provided below:

- Further clarity is required on when the Code applies and the standards that apply in different instances.
- The section "Model Member code of Conduct" does not appear to add value as the requirements would be included within the Principles of Public Life and the Specific Obligation of General Conduct.
- This section on Specific Obligation makes it clear that the specific obligations only apply when members are acting or giving the impression of acting in their official roles. This is inconsistent with the "Application of the Code" section.
- Further clarity is required about the application of "civility" and the Council would suggest a qualification for "tit for tat" or politically motivated complaints to be included to ensure that the complaints system is not abused.
- The Council fully supports the inclusion of the right to expect courtesy from the public and deems it a welcome addition to the Code.
- The Code should include a specific requirement that members should abide by all equality enactments and not breach or cause the Authority to be in breach of such enactments.
- There is no requirement to take positive action to support equality and anti discrimination which the Council would also welcome the addition of this requirement
- The Council supports the drafting of this section on impartiality of Officers as it is already included within its current Code of Conduct.
- It is the Council's view that the section on confidentiality and access to information does not go far enough. The Council would strongly request that the requirement not to disclose information acquired which they not only believe to be of a confidential nature but that they 'ought reasonably to be aware' should be included.
- There should be a requirement that a Councillor should not prevent another person from gaining access to information to which that person is entitled by law.

- The words included within the Council’s current Code of Conduct ‘which could reasonably be regarded’ as bringing the ‘councillor’s office or’ the Authority into disrepute would be a welcome addition.
- The inclusion of an obligation not to use an Authority’s resource for political gain and a requirement that when using Council resources, they must act in accordance with the Council’s reasonable requirements and policies would be welcome.
- It is the Council’s view that the threshold for Gifts and Hospitality should be increased in line with the Councils (and many others) policies to £50 but the duty to register should apply to ALL gifts and hospitality but may be accepted where the value is less than £50.
- There is no inclusion of the requirement to consider the public perception of members accepting gifts and hospitality and this would be a welcome addition.
- The section on breaches of the Code of Conduct does not appear necessary as it does not add anything substantive. Possible sanctions are included within the “Example LGA Guidance and Recommendations- Internal Resolution Procedure” – these should be moved into this section
- In terms of registering interests, further guidance of what is meant by ‘family’, ‘friend’ and ‘close associate’ would provide greater clarity.
- There should be a presumption that the Code is applied in a way that does not obstruct a member’s service on more than one local authority (dual hatted members)
- The Council’s current Code of Conduct currently prevents a member from taking part in a debate or voting, where the interest is such that a member of the public with knowledge of the relevant facts would reasonably be regarded as so significant it is likely to prejudice their judgement of the public interest. The Council would strongly suggest that this qualification is included.

During discussion the following points were noted for inclusion in the response:

- A requirement to have regard to an authority’s policies around publicity and other corporate operational policies (included within current Code of Conduct).
- A requirement to have regard to any relevant advice and guidance provided by officers or advisors to the Authority when taking decisions
- A specific section on which parts of the Code apply when to ensure a consistent approach throughout the Code. References to when the Code will apply are found in many different sections around the document and are confusing. Clarity is required to avoid significant differences in interpretation.
- A duty to comply with investigations/sanctions as recommended by the Committee for Standards in Public Life (best practice recommendation 2).
- A specific section on equalities
- A specific section on social media due to the increase of complaints in this area.

The Monitoring Officer and the Council’s Independent Person, both requested Members take the time to read the report and feedback any suggestions to the Monitoring Officer who will be submitting a response by 17 August 2020.

The Monitoring Officer also requested that recommendation 2.2 be amended to provide a delegation for her to finalise and submit the Council’s response to the consultation.

**RESOLVED that:**

- 1) The Committee **NOTED** the current consultation in regards to the LGA's model Code of Conduct and will provide any comments to the Monitoring Officer to feed back into a response to the consultation.
- 2) The Committee **APPROVED** that delegated authority be given to the Monitoring Officer to submit a response on behalf of the Council and recommend the outcome of the consultation and that the final version of the model member Code of Conduct be submitted to a future meeting of the Committee.

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**Allegations of Breach of the Code of Conduct - Report of Independent Investigator**

The Monitoring Officer provided a report to advise Members of the findings the independent investigator in relation to complaints received by the Monitoring Officer against Councillor Simon Lumley.

The Chairman invited the Council's Independent Person to comment on the report. Mr Grimes confirmed that he was in agreement with the findings in the report. It was clear that offence had been caused by the words used, but there was a distinction between the words used and the intention and as such a subjective approach was required. Councillor Lumley had provided an apology and explained that he had misunderstood the use of the words.

During the discussion the following points were noted:

- Councillor Wilkinson confirmed that he noted the report but could not accept the outcome, nor the claim that Councillor Lumley was not aware of the meaning of the words used in his Twitter message. Councillor Wilkinson highlighted that the Melton Borough Council Code of Conduct states that a Councillor must not act in a way which brings the office into disrepute. He also highlighted that Melton Borough Council was a diverse organisation and he questioned the message that was being sent to those members of staff and the general public if the report were simply noted.
- Councillor Wilkinson proposed that the Committee should agree to convene a standards sub-committee hearing to determine whether there had been a breach of the Code of Conduct in reaction to Councillor Lumley's actions.
- Councillor Douglas expressed that she was also concerned about the public perception with regards to this matter and seconded the motion.

Upon being put to the vote the motion was **CARRIED** and became the substantive motion in debate.

- The Monitoring Officer clarified that Members should convene a Standards Sub Committee hearing only if they believed there to be a potential breach of the Code of Conduct. If an hearing was convened, members would determine if a breach had occurred based upon the information contained within the investigation report. The Monitoring Officer also clarified that



members should vote for the motion if they believed there to be a potential breach of the Code, and they should vote against the motion if they believed that there was not a potential breach of the Code.

Upon being put to the vote the motion to convene a standards sub-committee **FELL**.

(The votes recorded were 3 For, 5 Against, 1 Abstain)

The Committee **NOTED** the report, findings and recommendations of the Independent Investigator.

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The Chairman confirmed that the meeting would remain in public session during consideration of the next item of business. Members should refrain from referencing the exempt information contained in the exempt appendices of Item 11. Should members wish to discuss the details in the exempt appendices they should indicate to the Chairman and the Committee would resolve to move the meeting into private session.

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**Annual Fraud Log 2019/20 and Counter Fraud Update**

The Head of Internal Audit provided a report to update Members on the counter fraud activity at the Council and provide a log of reports of attempted or alleged fraud against the Council during the financial year 2019/20.

During the discussion the following points were noted:

- Clarification was requested as to whether action taken in respect of the fraud detailed in the exempt appendix had been highlighted to members of staff to increase awareness.
- The Head of Internal Audit advised that she is currently in discussion with senior management to agree any further actions.
- A Member recommended that a self assessment exercise be carried out by the Committee against the latest guidance from CIPFA.
- The Head of Internal Audit advised that in agreement with the Section 151 Officer a self assessment report would be brought to the meeting in November 2020 as part of the fraud and corruption update.

The Committee **NOTED** the report.

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**Urgent Business**

There was no urgent business.

The meeting closed at: 9.11 pm

Chair