

# Minutes

<b>Meeting name</b>	<b>Audit and Standards Committee</b>
<b>Date</b>	<b>Tuesday, 18 January 2022</b>
<b>Start time</b>	<b>6.30 pm</b>
<b>Venue</b>	<b>Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire LE13 1GH</b>

## Present:

**Chair** Councillor D. Pritchett (Chair)

**Councillors** J. Illingworth (Vice-Chair) P. Chandler  
C. Fisher A. Hewson  
E. Holmes P. Posnett MBE  
M. Steadman T. Webster

**Officers** Director for Corporate Services  
Director for Housing and Communities (Deputy Chief Executive)  
Assistant Director for Governance & Democracy  
Revenues and Benefits Manager  
Chief Internal Auditor  
Democratic Services Officer (SE)  
Democratic Services Officer (CR)

Minute No.	Minute
107	<p><b>Apologies for Absence</b> There were no apologies for absence. Councillor Bains was not present at the meeting.</p>
108	<p><b>Minutes</b> The minutes of the meeting held on 30 November were confirmed.</p>
109	<p><b>Declarations of Interest</b> There were no declarations of interest.</p>
110	<p><b>Internal Audit Progress Report</b> Rachel Ashley-Caunt, Head of Internal Audit introduced the report, the purpose of which was to update Members on the progress made in delivering the 2021/22 Internal Audit Plan and key findings arising from audit assignments completed.</p> <p>Ms. Ashley-Caunt highlighted key sections of the report, advising that a full copy of the report was at Appendix A:</p> <ul style="list-style-type: none"> <li>• All Internal Audit assignments (including current status/outcomes) for the financial year were set out at Appendix 1. There had been 1 further audit (on Asset Management Leases) finalised since the last Committee meeting (on 30 November 2021) and the key findings were summarised at section 2.5 of the report. The Council's portfolio of properties generated over £300k income per annum (excluding the Cattle Market, which had been considered separately in previous years) and the audit had reviewed arrangements relating to managing the portfolio, ensuring leases were in place and that tenant relationships were managed effectively. There were known inconsistencies in some of the procedures and an Action Plan had been implemented to deliver against the areas required. This was a 'work in progress' at the time of the audit. There were a number of leases which needed to be updated and plans were in place to address this. Internal Audit had made recommendations to strengthen some of the controls such as holding a central record for tenancies and to improve the Council's Key Performance Indicators to ensure effective income recovery monitoring. Internal Audit had issued a satisfactory assurance opinion and minor organisational risk based on the work being undertaken.</li> <li>• There was 1 amendment to the Internal Audit Plan in relation to the Housing Revenue Account (HRA) Business Plan (detailed at section 2.7 of the report), which had been discussed at a previous meeting of the Committee. This audit would be deferred to 2022/23 and that Internal Audit review the Council's recharges for mobile phone fees, which had been highlighted as an area of financial pressure/risk.</li> <li>• An update on the implementation of audit recommendations was detailed at Appendix 3. There were 25 overdue actions, 4 of which were high priority and detailed at Appendix 4.</li> </ul> <p>During discussion, the following points were noted:</p>

- Members noted that it was usual practice to undertake rent review processes alongside lease renewals. Ms. Ashley-Caunt confirmed that this work was now being undertaken as part of recovery of income, in line with the latest (out of date) agreements, even though these were no longer valid. Income had been recovered but perhaps not at the full market rate applicable had rent reviews been undertaken.
- Landlord's Health and Safety 2019/20 had been an overdue high priority action for some time. Asbestos management was an important strand of the Council's responsibilities as a landlord. There had been a review of approximately 400 historic asbestos surveys, which confirmed that they complied with requirements. The Council had undertaken 30 new surveys and had identified a need for a further 100 surveys. Improvements to the Council's Housing Asset Management systems would facilitate efficient electronic records and future oversight.
- Following this meeting, the Director for Housing and Communities would confirm with the Chair how many Council properties contained asbestos.

**RESOLVED** that the Committee

- 1) **NOTED** the report and progress made by the Internal Audit team in the delivery of the Audit Plan;
- 2) **APPROVED** the proposed amendment to the Audit Plan – to postpone the audit of the HRA Business Plan until 2022/23 and reallocate the audit days to deliver pro-active contingency work and support.

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**2019/20 Housing Benefit Subsidy Claim**

Michelle Howard, Director for Housing and Communities introduced the report, the purpose of which was to provide Members with a summary of the 2019/20 Housing Benefit Audit.

Mrs. Howard highlighted that this external audit enabled the Council to check the robustness of the processes in place to ensure that eligible households were supported to receive appropriate payments towards their rental costs and that any risks of error were minimised. Any errors identified during sample testing in the subsidy claim made to the Department for Work and Pensions (DWP) resulted in a more thorough investigation. The report detailed the findings of the assessment and its financial impacts. The overall impact was negligible and there was no retrospective change to be made to the claim.

Nick Sach, Revenues and Benefits Manager advised that the total amount for the Council's subsidy claim to the DWP for certification was £5,393,360. The amount identified as being overpaid was £9,011 and the amount identified as being underpaid was £9,105, resulting in an increased payment of £94 for September 2021. The audit process involved sample testing of top level expenditure cells and if errors were identified as part of this initial testing, further 40 plus testing was then undertaken to review further cases.

The Chair commented that the findings represented positive progress made since 2019.

Dawn Garton, Director for Corporate Services advised that there had been a steady improvement. The errors were small and reducing year on year. There needed to be at least 2 error free years before Auditors ended the extended testing.

During discussion the following points were noted:

- Mr. Sach clarified that as part of sample testing, External Audit identified an error that resulted in the Council overpaying by £9,011 and as part of the same testing it was also identified that the Council underpaid by £9,105. These errors were offset with the exception of £94 (resulting in the increased payment for September 2021).

**RESOLVED** that the Committee **NOTED** the findings of the 2019/20 Housing Benefits Audit and action being taken in response to the audit findings.

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### **Counter Fraud Update Report**

Rachel Ashley-Caunt, Head of Internal Audit introduced the report, the purpose of which was to provide Members with a 6 monthly update on counter fraud activity.

Ms. Ashley-Caunt confirmed:

- The Council's counter fraud risk was monitored through its Risk Register.
- There was planned work on local taxation fraud, which would give some assurance around compliance areas.
- Internal Audit would support the Monitoring Officer in reviewing, updating and promoting the Whistleblowing Policy.
- Internal Audit provided support and assistance for pre and post payment checks for Covid-19 business grants (prepayment checks were in progress for the latest tranche of grants).
- The Council had updated its website and created a new webpage to provide a clear mechanism for the public to report frauds.

The Chair advised that he was reviewing detailed risk information, which he had received from Ms. Ashley-Caunt. The Council would publicise and provide information on fraud during the next financial year.

**RESOLVED** that the Committee **NOTED** the latest counter fraud activity.

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### **Provision of Internal Audit Services**

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to advise Members on the Internal Audit Service Specification.

Mrs. Garton apologised that Members had not been issued the exempt paper (Appendix A – Service Specification) with their hard copy agenda packs. Electronic copies of the exempt paper had been provided, copies had been emailed to Members earlier in the day and hard copies were before Members at the meeting.

Mrs. Garton advised that a report on the continued delegation of the Internal Audit service was considered by the Committee at its last meeting (on 30 November

2021) and Members requested sight of the underlying Service Specification (as detailed at Appendix A). The document set out managing and monitoring the delivery of the service and sits underneath a delegation agreement, which would be shared with the Chair before being signed.

The Chair highlighted that review of the Service Specification formed part of the Committee fulfilling its responsibility for managing the Internal Audit service. He would ensure that the necessary control was in place and would provide Members with assurance on this.

**EXCLUSION OF THE PUBLIC**

**RESOLVED** that the Public be excluded during the consideration of the following item of business in accordance with Part 1 of Schedule 12A of the Local Government Act 1972 (Access to Information : Exempt Information) under paragraph 1.

There was a brief discussion on Appendix A and this is set out in the exempt minutes.

**RESOLVED** that the Committee **APPROVED** the Service Specification for the provision of Internal Audit services.

114	<b>Urgent Business</b> There was no urgent business.
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The meeting closed at: 7.20 pm

Chair