

Minutes

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| Meeting name | Audit and Standards Committee |
| Date | Tuesday, 22 March 2022 |
| Start time | 6.30 pm |
| Venue | Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire LE13 1GH |

Present:

Chair Councillor D. Pritchett (Chair)

Councillors J. Illingworth (Vice-Chair) P. Chandler
E. Holmes P. Posnett MBE
T. Webster J. Douglas (Substitute)
C. Evans (Substitute)

Officers Chief Executive
Director for Corporate Services
Assistant Director for Governance & Democracy
Chief Internal Auditor
Democratic Services Officer (SE)
Democratic Services Officer (CR)

| Minute No. | Minute |
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| 115 | <p>Apologies for Absence</p> <p>Apologies for absence were received from Councillors Fisher, Hewson and Steadman.</p> |
| 116 | <p>Minutes</p> <p>The minutes of the meeting held on 18 January 2022 were confirmed.</p> <p>The exempt minutes of the meeting held on 18 January 2022 were confirmed subject the following amendment to the exemption clause:</p> <p>EXCLUSION OF THE PUBLIC</p> <p>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 3.</p> |
| 117 | <p>Declarations of Interest</p> <p>Councillor Posnett declared a personal interest in agenda item 7 – Risk Management Update March 2022, due to discussion on the Melton Mowbray Distributor Road. Councillor Posnett is also a Member of Leicestershire County Council.</p> |
| 118 | <p>Internal Audit Progress Report</p> <p>Rachel Ashley-Caunt, Chief Internal Auditor introduced the report updating 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 the Internal Audit Progress Report at Appendix A, which set out all assignments within the current year's Internal Audit Plan, the status of the assignments as at the time of reporting and the outcomes of the assignments which had been completed. Good progress against delivery of the Internal Audit Plan had been made, with good outcomes and the positive assurance opinions should provide reassurance to Members on key areas. Any uncompleted assignments were progressing well and those finalised following this meeting would be included in the Annual Report at the next Committee meeting.</p> <p>Ms. Ashley-Caunt advised that at the time of reporting, a further 4 audits had completed, as detailed at section 2.5 of the report.</p> <ul style="list-style-type: none"> Procurement Compliance – This was an annual audit, whereby a sample of contracts awarded during the last 12 months were reviewed to confirm if they had complied with the Council's Contract Procedure Rules and if the Contracts Register was up to date. In previous years, Internal Audit had made a number of recommendations, particularly on retaining a good audit trail to evidence the procurement process and the compliance with the key rules and conditions. This year, compliance with the Contract Procedure Rules was confirmed on all samples tested and only minor issues, relating to |

sealing contracts and publishing award notices were identified. This reflected the training and awareness completed as a result of previous actions from audits over the last few years. There were some areas of the Contracts Register which needed to be developed and updated but as this was a work in progress, no formal recommendations had been made. This would be reviewed again next year. No formal recommendations had been made on Procurement Compliance and a good level of assurance overall had been issued.

- Performance and Risk Management Framework. Having reviewed the new Framework to check it was robust and how it was being complied with in practice, Internal Audit were satisfied. It was clear, concise, covered all key areas and focused on the Council's Corporate Strategy. Internal Audit were also satisfied on the coverage of the risk registers (Corporate and Directorate). There were no areas of concern on Performance, which worked well, ensuring accountability and transparency on how services were being delivered. There were no formal recommendations and a good level of assurance was issued.
- Covid-19 Recovery – This audit had been undertaken with all councils within the shared internal audit service. Internal Audit considered how the Council had responded to the pandemic (governance and decision making) and how it recovered effectively (lessons learned, changes to ways of working, business continuity plans links to general corporate and service planning etc). There were no areas of concern, no formal recommendations and Internal Audit had issued a substantial assurance opinion (the highest of all councils in the shared service).
- Project Management – Having reviewed a sample of five projects to consider if the Council's Project Management Framework was robust, covered all key areas and how it was being applied in practice, Internal Audit was impressed with the Framework. The Framework in place for project management was aligned with PRINCE2 (internationally recognised methodology, which many councils aspire to). There was a good, effective and consistent audit trail of how the projects had been managed and compliance was assessed easily due to the level of documentation available. An area for improvement was to ensure external advisers used the same methodology, to ensure consistency across all projects including those using external support. Whilst risk management was being well embedded within the projects, there was not a clear link between the Council's risk registers and the project risk registers, although, it was evident escalated risks had been added to the Strategic Risk Register (there was evidence in practice but not on the Framework and the procedures). There were no areas of concern but Internal Audit had made recommendations to strengthen some of the controls. A substantial assurance opinion was issued on the design for the very robust Framework and a good assurance opinion was issued for compliance, based on the sample of projects reviewed.

Ms. Ashley-Caunt highlighted the Implementation of Audit Recommendations, as detailed at Appendix 3, confirming that 10 recommendations had been implemented since the last Committee meeting. Of the overdue actions, 3 were high priority, with 1 being over 3 months overdue (Effectiveness of Case Management Arrangements 2019-20). This was detailed at Appendix 4 and included current status and a revised completion date of date of 30 April.

During discussion the following points were noted:

- Members noted the progress made and thanked staff for their work.

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| | <ul style="list-style-type: none"> • In response to a concern raised over why all overdue actions were not detailed at Appendix 4, the Chief Internal Auditor clarified that Appendix 4 detailed only those high priority recommendations, which were overdue for implementation by 3 months or more. The 2 high priority recommendation due within the last 3 months but not implemented would be detailed in Appendix 4 if they reached over 3 months overdue. • The Chief Internal Auditor clarified that the Compliance Assurances table detailed the various assurance statements which Members could receive at the completion of audit assignments. The audits reported to Members at this meeting had all been of good or substantial assurance. • The Director for Corporate Services confirmed that the Intensive Housing Management Service had been in place for a considerable time (and may have been termed Supporting People previously). The service was for those who were vulnerable and required additional support such as a warden scheme etc. • The Chair clarified that Internal Audit had completed its filed work and would report findings but the Planning Service Review was still underway, although temporarily paused. <p>RESOLVED that the report and progress made by the Internal Audit team in the delivery of the Audit Plan be NOTED.</p> |
| 119 | <p>Internal Audit Plan 2022/23</p> <p>Rachel Ashley-Caunt, Chief Internal Auditor submitted a report providing Members with a copy of the draft Internal Audit Plan for 2022/23 and the Internal Audit Charter for review and formal approval, in line with the requirements of the Public Sector Internal Audit Standards.</p> <p>Ms. Ashley-Caunt advised that the report detailed the schedule of Internal Audit work to be delivered from 1 April 2022, which would inform the audit annual opinion. The Committee was aware of the process followed to develop the Internal Audit Plan (through consultation with Members of this Committee, Cabinet Members, Committee Chairs and Senior Management Team and review of key areas, risk registers and the Corporate Plan).</p> <p>Ms. Ashley-Caunt drew Members attention to the Audit Plan as detailed as Appendix A, highlighting the following audits:</p> <ul style="list-style-type: none"> • Landlord Health and Safety - included on the Plan to follow up on progress made since the last audit of this area and provide assurance over compliance with legal duties for conducting relevant safety inspections and servicing in tenanted properties. • Health and Leisure Project - included, engaging Internal Audit from the start of the project to provide real time audit assurances, including coverage on governance, risk management, grant usage and procurement and potentially to also provide assurances over the management of existing leisure assets. • Cyber Security – this was a key risk for any council. Internal Audit would work with Council's ICT Partnership to gain an understanding and assurance on preventative and protective controls of the Council's IT systems. <p>Ms. Ashley-Caunt highlighted the Internal Audit Charter and Strategy, as detailed at Appendix B. Submitted to the Committee annually, this document set out how</p> |

Internal Audit delivered its service, in line with the Public Sector Internal Audit Standards.

Ms. Ashley-Caunt confirmed that the recommendation at paragraph 2.2 would enable Internal Audit to be responsive to changes in the Council's risk and governance framework. Any changes under this delegation would be reported to the Committee at its next meeting.

Councillor Pritchett commented that following consultation with Senior Leadership Team and Members, much consideration had been given to the audit assignments included in the Plan.

During discussion the following points were noted:

- Members were pleased with the inclusion of Licensing on the Plan and looked forward to the audit outcome.
- Members were pleased that Cyber Security had been included on the Plan, noting that this was an area of particular expertise.
- In response to a query as to why the Housing Allocation System had not been included on the Plan, Members were reassured that an audit on homelessness and housing allocations was undertaken on a cyclical basis. Consideration was given to temporary accommodation and those on the housing list being allocated properties. In addition, Management of the Housing Revenue Account (HRA) was included on the Plan. This included consideration of the HRA business plan, how this was being delivered and associated risks. The Housing Allocation System could be reviewed under 'associated risks'.

RESOLVED that

- (1) the Internal Audit Plan for 2022/23 be **REVIEWED** and **APPROVED**;
- (2) Delegated authority be **APPROVED** for the Director for Corporate Services, in consultation with the Chair of the Audit and Standards Committee, to agree amendments to the Plan during the financial year, if required;
- (3) the Internal Audit Charter and Strategy be **APPROVED**.

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Whistleblowing Policy & Update Report

Kieran Stockley, Assistant Director for Governance and Democracy (Monitoring Officer) submitted a report seeking approval of a revised Whistleblowing Policy, which was required to comply with legislation and formed part of the Council internal governance controls.

Ms. Stockley advised that the Whistleblowing Policy was last reviewed and before this Committee in 2019 and it was good governance to ensure regular review. Robust processes were in place to deal with whistleblowing and a consistent approach was taken across the council. Following review, changes have been made to the Policy, as detailed at paragraph 5.5 of the report.

Ms Stockley confirmed that the draft Policy was considered by Joint Staff Working Group on 3 March and 2 comments made by the Group were addressed at

paragraph 5.9. Both comments were accommodated in the Policy and no further comments had been received.

During discussion the following points were noted:

- It was clarified that the highlighted sections within the Policy represented additions for Members' ease of reference.
- Members commented that this was an important Policy.
- It was confirmed that there had been no whistleblowing complaints made over the past year). 1 complaint had been made in 2014 and 1 a considerable time before that.

RESOLVED that

(1) the revisions to the Whistleblowing policy be **NOTED** and **ENDORSED**;

(2) it be **RECOMMENDED** to Council to approve the revised Whistleblowing Policy to be effective immediately.

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Risk Management Update March 2022

Dawn Garton, Director for Corporate Services submitted a report updating Members on the risk management arrangements and outlining the current significant risks which have been captured on the recent review of the Council's Strategic Risk Register by the Senior Leadership Team.

Mrs. Garton highlighted that the recent audit of Risk Management had provided good assurance over both the control environment and compliance with the Risk Management Framework. As well as providing an update on the Risk Register and the progress made since the last update on 28 September 2021, the report detailed the work planned for the coming months (i.e. a planned review and refresh of the current Policy and Strategy). The work would be undertaken by the Council's insurers and risk management advisors who would engage heavily with the Chair and Committee Members through a workshop and training session, with the aim of submitting the new Policy to Committee in September 2022.

During discussion the following points were noted:

- The Council had undertaken much work on leisure, which had extended the life of facilities.
- It was important that facilities met public need and were cost effective for the Council.
- Previous exploration on the feasibility of maintaining the 2 leisure centres in Melton found that this would be unaffordable.
- Through its Corporate Strategy, the Council had committed to a sustainable future for leisure facilities and the current review, using external funding and working closely with key stakeholders considered suitable options.
- The 2 current leisure sites did not meet all public needs (1 site had a pool and the other site had a large sports hall).
- Progress on the Housing Revenue Account (HRA) Business Plan had been significant and this had not been underestimated. The Council would transition from the Housing Improvement Plan to the HRA Business Plan

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| | <p>and the risk identified within the table at paragraph 5.3 would reduce significantly by the next Committee meeting.</p> <ul style="list-style-type: none"> • The Chief Executive reassured Members that the Council exercised a good degree of discretion and judgement around identifying the right level to reflect risk. There was a contractual obligation with Leicestershire County Council (LCC) and Holmes England to deliver the southern section of the Melton Mowbray Distributor Road (MMDR). This increased confidence and resulted in a lower risk rating for MMDR delivery. Work undertaken last year by the Council, in partnership with LCC colleagues was delivered successfully and the Council continued to work positively with LCC. There were plans to commence work clearance work within months and substantive work would be undertaken towards the end of this year. Any changes would be reflected in the risk rating. • Members were please about that a risk around non-compliant and inefficient housing options and homelessness prevention service had been added to the Strategic Risk Register in September and that over the past 6 months, positive and proactive action had been taken to enable improvement and change. • The Council's Housing Strategy linked with the Planning Service and mechanisms were in place to ensure that the properties needed were built, rather than those of developers' choosing. <p>The Chair commented that he understood the reasoning of the risk ratings for Leisure, the HRA Business Plan and the MMDR. He reminded Members of the Committee's role to oversee arrangements for risk management, ensuring that the correct arrangements were in place.</p> <p>RESOLVED that the content of the report and the updated Strategic Risk Register and associated Risk Management Action Plan be NOTED.</p> |
| 122 | <p>Urgent Business</p> <p>There was no urgent business.</p> |

The meeting closed at: 7.32 pm

Chair