

Minutes

Meeting name	Audit and Standards Committee
Date	Tuesday, 5 July 2022
Start time	6.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire LE13 1GH

Present:

Chair Councillor D. Pritchett (Chair)

Councillors C. Fisher (Vice-Chair) P. Chandler
J. Douglas P. Posnett MBE
J. Wilkinson R. Smith (Substitute)

Officers Director for Corporate Services
Chief Internal Auditor
Interim Assistant Director for Planning
Senior Democratic Services & Scrutiny Officer

Minute No.	Minute
1	<p>Apologies for Absence</p> <p>An apology for absence was received from Councillor Atherton and Councillor Smith was appointed as her substitute.</p> <p>Councillors Evans, Webster and Wood were not in attendance.</p>
2	<p>Minutes</p> <p>The minutes of the meeting held on 22 March 2022 were confirmed as a true record.</p>
3	<p>Declarations of Interest</p> <p>Councillor Posnett held a standing personal interest in any matters relating to the Leicestershire County Council due to her role as a County Councillor.</p>
4	<p>Internal Audit Counter Fraud Update Report</p> <p>The Chief Internal Auditor introduced the report which provided a six monthly update on counter fraud activity and the fraud log for 2021/22 and advised that pro-active counter fraud activity at the Council had included the following:</p> <p>Prevention :</p> <p>a) Providing advice and sharing intelligence in relation to business support grant frauds and alerts;</p> <p>Detection :</p> <p>b) Monitoring of the Council's 'Report Fraud' mailbox;</p> <p>c) Support from the Internal Audit and Counter Fraud service in conducting post payment assurance checks on grants paid to local businesses during the Covid-19 pandemic and some pre-payment checks for later rounds of funding. This had included conducting checks via the Cabinet Office's National Fraud Initiative tools and advising on alerts and intelligence gathered from work at other shared service clients</p> <p>d) Developing an NFI Strategy for adoption from 2022/23. This would ensure the Council sought to maximise the benefit of participation in this exercise and co-ordinate completion of the key stages for the mandatory data matching;</p> <p>Compliance :</p> <p>e) Review of the Council's Fraud Risk Register and reference to this in planning Internal Audit coverage for 2022/23.</p> <p>It was noted that there was no loss of rental income on the property listed at Appendix A, as following investigation the property was found to not be abandoned and therefore there was no conclusion of fraud on that case.</p> <p>RESOLVED</p>

The Committee **NOTED** the Internal Audit counter fraud activity and fraud log for 2021/22.

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Internal Audit Annual Report and Opinion

The Chief Internal Auditor introduced the report which set out the Internal Audit Annual Report and Opinion for 2021/22 in line with the Public Sector Internal Audit Standards and which would inform the Council's Annual Governance Statement.

Ms Ashley-Caunt advised that Appendix A provided the Annual Report which included the detailed Internal Audit opinion on the Council's control framework for 2021/22 and the basis for this opinion. The overall assurance opinion for 2021/22 was satisfactory and was consistent with the last few years at Melton and with those comparable authorities within her Council group. The report recognised that there were areas of weakness and improvement which had been addressed throughout the year and there were action plans in place. Generally there were good controls in place and there were no fundamental weaknesses which undermined the satisfactory opinion at this time.

The opinion reflected the significance of issues highlighted in internal audit reviews and the actions taken by management following audit recommendations.

Delivery against the audit plan had been reported to the Audit and Standards Committee during 2021/22 and a summary of the 5 reviews that had been finalised since the last committee meeting were provided within the Annual Report. The report also provided an overview of the implementation of agreed actions arising from audit assignments in 2021/22, investigation activity and conformance with the Public Sector Internal Audit Standards.

Ms Ashley-Caunt outlined the findings and levels of assurance from each of the reviews finalised since the last meeting as follows:

- Financial System Key Controls
- Starters and Leavers
- Planning Service Review
- Planning Enforcement
- Temporary Accommodation

Members raised points on each area as follows:

Financial Systems and Sundry Debtors

It was noted that progress had been held up due to the pandemic and the Revenues Team was working with the Chair of Scrutiny on the analysis of debt, Council and Business Tax as well as Housing rents and this would be considered at a future Scrutiny meeting.

A Member felt that the Council did not chase debt enough and debt was increasing all the time. However it was also considered a balanced approach was needed as

those in debt were most likely to be the lowest paid and also needed the Council's support, especially as people were struggling in these difficult economic times.

It was noted that assurances of debt management was needed as well as how this was perceived by the public; there was a balance to be reached on how the Council approached debt.

The Director for Corporate Services explained that the overall level of debt was not increasing and new debt was being recovered but older debt was remaining somewhat static. Council tax and business rates collection levels were quite high performing in comparison to other Council areas but there were difficulties in collecting rents and sundry debts. It should be taken into account that some of those people would be on benefits and needed support. The Council had to consider which of the long-standing older debt was economical to pursue.

Starters and Leavers

Members were concerned that equipment was not handed back by leavers. The Director for Corporate Services advised that there was a new procedure in place which involved more updated record-keeping and enabled quick escalation if equipment was not returned. It was the manager's responsibility to ensure equipment and the door card were returned and exit interviews were facilitated by HR. However should equipment not immediately be handed in, access to the Council's systems could be blocked as could entry passes.

Planning Service Review and Planning Enforcement

Paul Feehily, the Interim Assistant Director for Planning was in attendance to respond on queries relating to the planning review and planning enforcement.

There were concerns regarding the history of the enforcement role and the split between planning and licensing enforcement. It was felt that both needed resourcing but licensing was not getting enough time allocated and assurance was requested for this to be addressed.

Mr Feehily responded that in partial response to Internal Audit's review of planning enforcement, the Council had agreed to the establishment of a new dedicated, full-time, permanent Planning Enforcement Officer role. The post was out to recruitment at the time of the meeting and candidates would be expected to demonstrate appropriate planning knowledge, experience and qualifications. The previous part-time shared role with environmental, licensing and planning had been the outcome of an earlier structural review and had not proved wholly successful in meeting the demands of enforcement. The new arrangement would go some way to address these acknowledged deficiencies.

Members felt that developers were aware of the lack of enforcement ability at the Council and at times felt this was exploited as these companies knew there was little chance of matters being followed up.

It was felt that the planning service brought revenue to the Council and therefore

the service should remain adequately funded to retain officers and expertise and not be subject to dilution and mergers with other services.

Temporary Accommodation

It was raised that there were instances where people were housed in homes that were locationally not suited to them or their lifestyle, often in villages, and this in turn made an unsatisfactory situation for both the resident and existing neighbours.

RESOLVED

That the Committee **NOTED** the Internal Audit Annual Report and Opinion.

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Draft Annual Governance Statement

The Deputy Monitoring Officer introduced the draft Annual Governance Statement to the Committee and requested that the Committee note the contents of the draft Annual Governance Statement (AGS) for 2021/22 which was a key component of the Council's governance arrangements. It was required to meet the statutory requirement for the Council to approve an AGS alongside its published Statement of Accounts (SoA) for 2021/22. Due to the temporary change in the regulations covering the reporting deadlines for the final AGS and audited statement of accounts a draft version of the AGS was presented which would be published alongside the draft statement of accounts which would be subject to a review by external audit. A final version would then be produced for formal sign off.

It was queried as to whether it was appropriate for the sign off to be agreed for a future date, being 31 March 2023 and whether the planning section could be more comprehensive given the recent review.

RESOLVED

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

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Internal Audit Progress Report

The Chief Internal Auditor introduced the report which updated Members on the progress made in delivering the 2022/23 Internal Audit Plan and key findings arising from audit assignments completed. 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 subject to a full report at a future meeting. Ms. Ashley-Caunt advised that at the time of reporting, a further 4 audits had been completed as well as Licensing and the HRA audit was underway.

With regard to the overdue audit recommendations 4 had been implemented since

the last meeting and 4 were overdue as detailed at Appendix A. 3 high priority recommendations were more than 3 months overdue and these were set out in more detail and related to case management and housing repairs.

It was raised about staffing and workload requirements in Licensing, and it was advised that the concerned Member contact a senior officer for more information.

There was a concern at the response on the recommendation for housing repairs in relation to control over cost variations and the Member was following this up outside of the meeting.

RESOLVED

That the report and progress made by the Internal Audit team in the delivery of the Audit Plan was **NOTED** by the Committee.

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Urgent Business

It was noted that work was ongoing to develop a risk assessment for Bribery Act compliance and a report would be presented to a future meeting.

The meeting closed at: 7.33 pm