

# Minutes

<b>Meeting name</b>	<b>Audit and Standards Committee</b>
<b>Date</b>	<b>Tuesday, 28 November 2023</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

### Councillors

J. Mason (Vice-Chair)	J. Adcock
I. Atherton	M. Brown
M. Graham MBE	S. Orson
T. Webster	A. Thwaites (Substitute)

### Officers

Director for Corporate Services  
Interim Assistant Director for Governance & Democracy  
Chief Internal Auditor  
Democratic Services Officer (CB)  
Democratic Services Officer (CR)

External Auditor (HC)  
External Auditor (SM)

Minute No.	Minute
15	<p><b>Apologies for Absence</b></p> <p>Apologies for absence were received from Councillors Steven Carter, Leigh Higgins and Simon Lumley.</p> <p>Councillor Allen Thwaites substituted for Councillor Lumley.</p>
16	<p><b>Minutes</b></p> <p>The Minutes of the meeting held on 26 September 2023 were approved.</p>
17	<p><b>Declarations of Interest</b></p> <p><u>Item 5 – Internal Audit Progress Report – Exempt Appendix B: High Priority Actions Overdue for More than Three Months</u></p> <p>Councillor Ian Atherton highlighted the nature of his employment and confirmed that he had no direct involvement with the issue detailed in exempt appendix B.</p>
18	<p><b>2020/21 External Audit Status Report</b></p> <p>Hayley Clark, External Auditor introduced the report, the purpose of which was to summarise work performed and conclusions reached to date for the Council's financial statements for 2020/21.</p> <p>Ms. Clark confirmed that audit procedures were well progressed. External Audit continued to work through quality review procedures as well as general procedures on the review of the updated financial statements, with the aim of submitting a further report to Committee with its formal and final audit results in the New Year.</p> <p>Ms Clark provided a brief analysis of the risks (fraud, significant, other) detailed in Section 2 of the report:</p> <p><u>Fraud Risk</u></p> <ul style="list-style-type: none"> <li>• Misstatements Due to Fraud and Error. External Audit considered this risk on all their audits and there were no matters to report to Committee.</li> <li>• Risk of Fraud in Revenue Recognition. External Audit considered this risk on all their audits and there were no matters to report to Committee.</li> <li>• Risk of Fraud in Revenue and Expenditure. There were no matters to report to Committee.</li> </ul> <p><u>Significant Risk</u></p> <ul style="list-style-type: none"> <li>• Valuation of Property, Plant and Equipment (Land and Buildings and Investment Properties). This was elevated to a 'significant risk' due to a change in the Council's valuation specialist. There were no matters to report to Committee.</li> </ul> <p><u>Other Risk</u></p> <ul style="list-style-type: none"> <li>• Pension Valuation – Local Government Pension Scheme (LGPS). This represented a heightened focus but not a significant risk. As this audit was still in progress External Audit was required to consider any impact on the Council's financial statements. This audit would be completed as soon as possible.</li> </ul>

- Going concern - there were some changes to the auditing standards that required External Audit to undertake more work on this.

Suyash Maharaj, External Auditor provided an overview of the Audit Differences, detailed at Section 4 of the report:

- Five misstatements had been identified, two by senior management (change in pension figures/disclosures and tax income guarantee accrual reversal) and three by External Audit (capital adjustment account disclosure, officers' remuneration disclosures and provision disclosure). These had been corrected and reflected in the current version of the financial statements.
- Two misstatements had been identified by External Audit. Disclosure relating to pensions benefits paid for 2020/21 had not yet been corrected by senior management. Disclosure relating to the New Burdens Grant had been corrected by senior management. However, External Audit had retained this misstatement on the uncorrected schedule, in order to review the final financial statements and verify the correction.
- There were two uncorrected misstatements from the prior period financial statements, which had a turnaround impact on 2020/21. The net impact of the misstatements was £1,826.

During discussion the following points were noted:

- External Audit confirmed that the term 'misstatements' in their report referred to identifying an error or an adjustment made to the figures, as they appeared in the Council's financial statements and there was no concern about a broader risk of error across the financial statements.
- External Audit explained that the disclaimer in their report, advising that it was *'intended solely for the information and use of the Audit and Standards Committee, other members of the Council and senior management. It was not intended to be and should not be used by anyone other than these specified parties'*, was included in all their reports to ensure that External Audit would not be accountable if those outside the people specified relied on the information within the report.
- External Audit advised that the outstanding actions detailed at Appendix B – Outstanding Matters were being progressed and would be completed as soon as possible. They were aware of the need to prioritise audit procedures and had a focus on completing outstanding audits by redirecting resources and capacity. It was anticipated that a further report would be submitted to the Committee in January or March 2024.
- External Audit confirmed they were working towards a deadline of the 31 March 2024 to sign off the Council's accounts.
- The Committee thanked External Audit for the update they had provided.

**RESOLVED** that the Committee **NOTED** the work performed and conclusions reached by External Audit for the Council's financial statements for 2020/21 to date.

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**Internal Audit Progress Report**

Rachel Ashley-Caunt, Chief Internal Auditor introduced the report, the purpose of which was to update Members on progress made by Internal Audit on plan delivery

and outcome of assignments.

The Chair highlighted that appendix B was exempt and that any discussion on this appendix would need to take place in private session.

Ms Ashley-Caunt drew Members attention to appendix 1 of appendix A (Internal Audit Plan), which detailed a list of audits due to be delivered this year and their current status. 2 audits had been finalised (Housing Voids Management and Landlord Health and Safety). A number of other audits were progressing to the latest stage of the process and would be reported to the Committee at its next meeting on 16 January 2024:

- Housing Voids Management – Internal Audit were satisfied that the Council had controls and a well embedded framework in place. There were a number of areas highlighted for potential improvements to policies and the processes being applied (around the use of data to manage and report performance, the pre-termination process etc). A moderate assurance opinion over the control environment, a good assurance opinion over compliance and a low organisational risk had been issued.
- Landlord Health and Safety – This was reviewed regularly and covered key areas such as gas safety inspections, electrical installations, asbestos reports, passenger lift servicing, smoke detection and carbon monoxide. Some properties were not currently compliant but were known and subject to ongoing work. A good assurance opinion over control and compliance had been issued.

Concerning the implementation of audit recommendations. 26 audit recommendations had been completed and closed and 34 recommendations remained overdue. Of those overdue, four were high priority and over three months overdue:

- Effectiveness of Case Management Arrangements 2019-20
- Housing Repairs 202.21
- Business Continuity Management 2022/23.
- Exempt Recommendation (appendix B)

These were detailed at appendix 3 of appendix a and appendix B. Further progress would be reported to Member at the next Committee meeting.

Appendix 4 detailed the customer satisfaction results for Internal Audit's delivery of Audits, showing all as either good or outstanding to date.

Ms Ashley-Caunt concluded by assuring the Committee that good progress was being made on delivery of the Audit Plan for completion by the end of March.

During discussion the following points were noted:

- Members thanked the Ms Ashley-Caunt for her work.
- Dawn Garton, Director for Corporate Services advised that there were no concerns over the contract for the Leicestershire Resilience Forum (for Business continuity support), other than the delay in being able to action the recommendation to fully complete the Plans. Proposals and agreements for the support role were relatively new but arrangements were progressing.
- Members noted the improvement in the average void re-let times from 149 days to 54 days.
- Mrs Garton advised that a Performance report would be submitted to

Cabinet on 13 December, which would provide information on housing voids management targets etc.

- Ms Ashley Caunt confirmed that some of the Housing Voids Management policies reviewed by Internal Audit were in draft. Internal Audit would like these policies to be approved and there be operating procedures aligning with those policies in place. Members suggested revisiting this to ensure the policies and operating procedures were formally in place and Ms Ashley-Caunt highlighted that the Committee could prioritise this as an area to revisit when considering the Audit Plan 2024/25 (item 8 on the agenda).

**RESOLVED** that the Committee **NOTED** the progress made by Internal Audit in delivery of the Internal Audit Plan for 2023/24 and the outcomes of the finalised audit reviews.

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### **Counter Fraud Policy**

Rachel Ashley-Caunt, Chief Internal Auditor introduced the report, the purpose of which was to provide the Committee with a new Counter Fraud and Corruption Policy for review and approval.

Ms Ashley-Caunt highlighted that the new Policy was based on the latest national guidance, CIPFA guidance and Fighting Fraud and Corruption Locally guidance. It detailed:

- Embedding a culture of zero tolerance within the Council, how to best use resources to detect and prevent fraud and how to respond if concerns are raised.
- Formalising good practices already in place, documenting these and making ensuring clear communication of the counter fraud strategic approach.
- Section 1.3 (Fraud Risks) had been added to alert to the types of risks the Council may encounter, which informed the Council's risk management approach.
- The Council was part of the National Fraud Initiative, which was run by the Cabinet Office and undertook additional proactive work (social housing fraud, data matching etc).

Ms Ashley-Caunt confirmed that the Council had participated in Fraud Awareness Week during November and had held an ethical governance session with all staff. Should the Policy be approved, all staff would receive Fraud Awareness training.

During discussion the following points were noted:

- Ms Ashley-Caunt confirmed that she and her Counter Fraud Team covered a number of local authorities. She had much experience of fraud investigations across various organisations and this was 1 of her areas of interest. This knowledge and experience was shared with the Council's Senior Management Team and staff during training sessions'.
- Internal Audit were registered to receive 'fraud alerts' and these alerts were shared with the Council when relevant.
- There was discussion on whether the objective and outcome at section 1.2 of the Policy was appropriate. Members commented that 'and maintain that level' was not necessary, as no target had been set for the reduction of fraud and corruption. Ms Ashley-Caunt commented that the aim was to reduce fraud and corruption as much as possible and to ensure the level achieved

did not increase.

- It was proposed to amend the objective and outcome 'reduce fraud and corruption losses within the Council to an absolute minimum and maintain that level' to read 'reduce fraud and corruption losses within the Council to an absolute minimum'.
- Members requested that documents containing indexes such as this Policy also have page numbers added for ease of reference.
- There was discussion on the mediums in place for staff and the public to report fraud. The advantages and disadvantages of central and named email accounts were considered.
- Central email accounts were independent of the Council. They were used at all local authorities covered by Internal Audit and were found to be working well, with a number of referrals received (particularly on council tax and business rates).
- Members were assured that Customer Services staff knew how to deal with in person or telephone referrals (i.e. by emailing the central email address).
- Staff were able to raise concerns with managers if they wished to do so. Managers would then email the central email address.
- It was noted that the Whistleblowing Policy named officers who staff could raise concerns with.

Members voted unanimously to amend the objective and outcome stated at section 1.2 of the Policy, to read 'reduce fraud and corruption losses within the Council to an absolute minimum'.

**RESOLVED** that the Committee **APPROVE** the Counter Fraud and Corruption Policy, as amended.

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**Anti Money Laundering Policy**

Rachel Ashley-Caunt, Chief Internal Auditor introduced the report, the purpose of which was to provide the Committee with a new Anti-Money Laundering Policy and Guidance for review and approval.

Ms Ashley-Caunt advised that the new Policy was very much based on legislation and aligned with regulation (i.e. reducing the use of cash). It was both technical and complex in nature and as such, the aim was to draft a usable document. To assist this, a guidance note and disclosure templates had been included. Ms Ashley-Caunt highlighted that reporting arrangements were in place for any concerns raised.

During discussion the following points were noted:

- Ms Ashley-Caunt clarified that the date of birth requirement referenced in appendix 2 of appendix A (Money Laundering Reporting Officer disclosure form) was based on the referral form which Internal Audit were required to complete for the National Crime Agency. The Agency used this information to inform any intelligence gathering.
- The heading at paragraph 7.1 of appendix A should be amended to read 'Money Laundering Reporting Officer' and the acronym 'MLRO' should follow.

**RESOLVED** that the Committee **APPROVE** the Anti Money Laundering Policy and

	Guidance.
22	<p><b>Internal Audit Plan Development for 2024/25</b></p> <p>Rachel Ashley-Caunt, Chief Internal Auditor introduced the report, the purpose of which was to provide an overview of the proposed Audit Planning process for 2023/24 and consult Members on risk areas for consideration in the development of the Audit Plan.</p> <p>Ms Ashley-Caunt confirmed that the Internal Audit Plan 2024/25 would be submitted to this Committee for approval in March next year. In development of the Plan, Internal Audit would review the Council’s Risk Registers, consult with Senior Management Team on risk areas within their services and consult with Members of this Committee, inviting suggestions for possible audits to undertake (suggestions to be received by 31 January 2024). Suggestion would be risk assessed along with all other areas identified for audit to determine where best value can be added.</p> <p>During discussion the following points were noted:</p> <ul style="list-style-type: none"> <li>• Members thanked Ms Ashley-Caunt for her report.</li> <li>• Members proposed a follow up audit on housing voids. Ms Ashley-Caunt confirmed that she would include this in the audit planning process and discussion with Senior Management Team, commenting that the 2023/24 audit of housing voids was specific to this area. It may be that a wider review, focussing on housing voids as well as other areas for assurance would add best value.</li> <li>• Ms Ashley-Caunt advised Members to submit their suggestions via email direct to her, to the Director for Corporate Services or to Councillors Higgins or Mason (Chair and Vice Chair of this Committee).</li> </ul> <p><b>RESOLVED</b> that the Committee</p> <ol style="list-style-type: none"> <li>1) <b>NOTED</b> the proposed approach to developing the Audit Plan for 2024/25;</li> <li>2) <b>HIGHLIGHTED</b> any risk areas where the Committee required assurance during the year ahead to the Chief Internal Auditor by 31 January 2024.</li> </ol>
23	<p><b>Regulation of Investigatory Powers Act (RIPA) Update 2022-23</b></p> <p>Alison McKane, Monitoring Officer introduced the report, the purpose of which was to update Members in relation to the Council’s use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) from April 2022 to March 2023 and seek approval of the updated RIPA Policy</p> <p>Mrs McKane advised that the use of covert surveillance was highly regulated and the Council was required to review its RIPA Policy annually. Minor amendments to the Policy were detailed at paragraph 5.13 of the report. RIPA training had been arranged for 9 January 2024, for authorising officers and other relevant officers.</p> <p>Mrs McKane drew Members’ attention to appendix B (the Council’s response letter to the Investigatory Powers Commissioner’s Office), which set out responses to the IPCO’s request for information.</p>

During discussion the following points were noted:

- Members thanked Mrs McKane for her report.
- References to 'maximum term of at least 6 months imprisonment' at paragraphs 2.2, 6.2 and 8.1.3 of the report would be reviewed to ensure it reflected the correct authorisation. Members would be advised accordingly outside of this meeting.

**RESOLVED** that the Committee

- 1) **NOTED** the update for the period April 2022 to March 2023;
- 2) **APPROVED** the reviewed RIPA Policy, **NOTING** minor proposed changes as detailed in paragraph 5.13 of the report.

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**Member Development Group/CRWG - Update Including Review of Constitution - General Update**

Alison McKane, Monitoring Officer introduced the report, the purpose of which was to update the Committee on the work undertaken by the Constitution Review Working Group (CRWG) from May 2023 to date and to request Members provide any feedback on the Member Development Program for 2024.

Mrs McKane drew Members attention to the Group's Work Plan at paragraph 5.1 of the report, which detailed the work undertaken and to the Member Induction Programme at paragraph 5.2 of the report, which detailed the training sessions and the number of Members in attendance. Members were encouraged to provide comments/suggestions for future training/development opportunities for members.

During discussion the following points were noted:

- Members thanked Mrs McKane for her report.
- Members noted the training offered by the Council, which was of particular use to new Members.
- Member Induction Training sessions were well attended. They were undertaken in person and recorded for those unable to attend in person.
- There were mandatory training sessions for some committees (i.e Licensing and Planning). Members and substitute Members must have completed the training before sitting on these committees.

**RESOLVED** that the Committee

- 1) **NOTED** the work undertaken by the Constitution Review Working Group;
- 2) **NOTED** the information provided in relation to the Member Induction Programme and provide feedback on the Member Development Programme 2024.

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**Urgent Business**

There was no urgent business.

The meeting closed at: 7:51