

Minutes

Meeting name	Audit and Standards Committee
Date	Tuesday, 24 September 2024
Start time	6.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire LE13 1GH

Present:

Chair Councillor L. Higgins (Chair)

Councillors J. Mason (Vice-Chair) M. Brown
A. Freer R. Sharp
D. Chubb (Substitute) A. Thwaites (Substitute)

Officers Assistant Director for Resources (Deputy s151 Officer)
Assistant Director for Governance and Democracy (Monitoring Officer)
Democratic Services Officer (CR)
Chief Internal Auditor

Minute No.	Minute
12	<p>Apologies for Absence Apologies for absence were received from Councillors Adcock, Atherton, Carter and Evans.</p> <p>Councillor Chubb substituted for Councillor Atherton and Councillor Thwaites substituted for Councillor Carter.</p> <p>Councillor Orson was not present.</p>
13	<p>Minutes The Minutes of the meeting held on 23 July 2024 were confirmed.</p>
14	<p>Declarations of Interest There were no declarations of interest.</p>
	<p>In accordance with Chapter 3, Paragraph 11.1 of the Constitution, the Chair proceeded with the Internal Audit Progress Report as the next item of business.</p>
15	<p>Internal Audit Progress Report The Chair highlighted that Appendix B was exempt and that should Members wish to comment on/discuss the contents of the exempt Appendix, the Committee would need to decide whether it should resolve to exclude the public while discussion takes place.</p> <p>Rachel Ashley-Caunt, Chief Internal Auditor introduced the report, the purpose of which was to provide the Committee with an update on delivery of the 2024/25 Internal Audit plan.</p> <p>The Chair commented that he had sat on the Business Grant Panel for the UK Shared Prosperity Fund (UKSPF) and Rural England Fund for the East Midlands Chamber of Trade and was pleased and reassured that this area of work had been audited by the Internal Audit Team. He took the opportunity to invite businesses to apply for grant funding and highlighted the availability of guidance for applications from the Leicestershire Business Advice Service</p> <p>The Chair thanked Ms. Ashley-Caunt for her report, commenting that he was pleased with the progress made on the implementation of overdue audit actions (reducing from 32 to 19).</p> <p>In response to a question from the Chair, Ms. Ashley-Caunt highlighted that the implementation deadlines were set by offices. These deadlines were monitored by Internal Audit and Senior Leadership Team, with the aim of implementing all overdue actions.</p>

RESOLVED that the Committee **NOTED** the progress made by Internal Audit in delivery of the Internal Audit Plan for 2024/25 and the outcomes of the finalised audit reviews.

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External Audit Update Report

Helen Lillington, External Auditor, introduced the report, the purpose of which was to provide the Committee with an update on the progress of delivery of External Audit responsibilities and a general sector update. In doing so, she highlighted that External Audit had received a high volume of working papers in support of the draft statement of accounts from officers and all indications based on this were very positive. External Audit would begin fieldwork next month (in October 2024). The backstop was now in place, as detailed at appendix 1 of the report. The predecessor auditor was responsible for 3 audits prior to 2023/24 and had until 13 December 2024 to issue opinions on these. External Audit's focus would be on providing as much assurance as possible on the current year of 2023/24 by the end of February 2025 to issue an opinion. Moving forward, statutory dates needed to be set for the completion of future audits.

Ms. Lillington advised that External Audit anticipated that there would be no assurance over the opening balance position for the 2023/24 accounts. Their focus was on gaining as much assurance as possible on the in-year position but it was likely that the Council would receive a disclaimed opinion for the 2023/24 accounts. There were some difficulties on regaining assurance for certain balances, particularly on the reserves, which were highly dependent previous audit years and property, plant and equipment balances were equally as challenging to regain assurance in a short period of time.

The Assistant Director for Resources commented that it was disappointing to anticipate disclaimed opinions on the accounts, as the Finance Team work hard to meet required deadlines. The predecessor auditor would submit a report on this work to Committee in November. He reiterated that the Finance Team would work with External Audit in October on the 2023/24 audit.

During discussion the following points were noted:

- In response to a Member question, the Assistant Director for Resources advised that the uncompleted audits, lack of assurance opinion etc. did not necessarily present a potential risk to the delivery of planned programmes and expenditure. Outturn reports and the accompanying narrative statements detailed performance against allocated budgets and were much more informative in that respect.
- In response to a Member question, the External Auditor advised that the impact of the uncompleted accounts for 2020/21, 2021/22 and 2022/23 and no assurance over the opening balance for 2023/24 would impact the Council's accounts in future years. There would be many balances (i.e. cash balances, debtors and creditors etc.) where assurances from 2023/24 would follow through into 2024/25 but not all (i.e. accounting reserves and property, plant and equipment etc, due to valuing assets within a rolling programme rather than each year). An option would be to accelerate

valuation programmes to accumulate assurance quicker.

- In response to a Member question, the External Auditor confirmed that the same rules of valuation applied to the Housing Revenue Account, although it would be valued in a slightly different way. She reiterated that External Audit were focussed on obtaining as much assurance as possible for 2023/24, recognising that there was very little that could be done on the vast majority of the opening balances but with the aim of returning to a position of full assurance as soon as possible.
- The Chair highlighted that the Housing Revenue Account was a separate, ring fenced account, which was met by the tenants of the Housing Revenue Account.
- The Chair thanked the External Auditor for her work.

RESOLVED that the Committee **NOTED** the progress made by External Audit in delivery of the External Audit Plan for 2024/25 and the sector updates.

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Risk Management Annual Report 2024

The Assistant Director for Resources introduced the report, the purpose of which was to update Members on the Council's risk management arrangements and to outline the current significant risks that had been captured on the recent review of the Strategic Risk Register by the Senior Leadership Team. In doing so, he highlighted Appendix A of the report, which showed 14 risks (3 high ongoing risks and 11 medium risks). He reassured Members that the 3 high risks (failure to secure financial sustainability of the authority, failure to deliver the Melton Mowbray Distributor Road (MMDR) in full and the implementation of the food waste collection arrangements) continued to be actively managed by Senior Leadership Team.

The Assistant Director for Resources highlighted that:

- The stability of the future provision of IT services had reduced from high risk to medium risk, recognising the implementation of additional resources but that there remained a lot of work to be done.
- The Council had been assessed in relation to the regulatory change in housing, preparedness and compliance, achieving a 'C2' grade, which confirms that there were no serious failings or areas of regulatory concern identified. A number of areas of strong assurance were also identified and the risk had been reduced accordingly. It was proposed to transition this strategic risk to a directorate risk, 'ensuring strong tenant outcomes across all the areas of the Housing Regularly Framework Service Delivery'.
- Community tension and civil unrest had been added to the Housing and Communities Directorate risk register to provide assurance that the Council was alert to this, were monitoring it and could respond to any increased risk.
- Health and Safety Risk Training – Institution of Occupational Safety and Health (IOSH) Managing Safely and IOSH Safety for Executives and Directors training courses had been delivered to relevant officers during late spring/early summer. As part of a growth bid approve in the 2024/25 budget the Council procured a new performance and risk management system, which it was in the process of setting up ready to roll out later this financial year.

During discussion the following points were noted:

- The Chair thanked the Assistant Director for Resources for his work,

	<p>commenting that he was pleased that community tension and civil unrest was being monitored via the Risk Register.</p> <ul style="list-style-type: none"> • The Chair noted the Council's C2 grade in relation to its housing, preparedness and compliance assessment, highlighting that the housing service was a major priority for the Council. • In response to a Member question, the Assistant Director for Resources advised that the target risk ratings, identified in Appendix A of the report were aspirational, while recognising that there would always be an element of risk. • In response to a Member question, the Assistant Director for Resources confirmed that it was primarily the responsibility of officers at all levels to identify risks, based on the information they have (i.e. performance data, Internal Audit reports, directorate risk registers etc). The Committee can raise issues of concern with officers to gain assurance that the Council had oversight of these issues and to help ensure that all risks were being monitored accordingly. <p>RESOLVED that the Committee NOTED the content of the report and the updated Strategic Risk Register and associated risk management action plan.</p>
18	<p>Urgent Business There was no urgent business.</p>

The meeting closed at: 7.21 pm

Chair