

Minutes

Meeting name	Audit and Standards Committee
Date	Tuesday, 26 November 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) J. Adcock
I. Atherton M. Brown
A. Freer R. Sharp

Officers Director for Housing and Communities (Deputy Chief Executive)
Director for Corporate Services
Assistant Director for Governance and Democracy (Monitoring Officer)
Assistant Director, Customers and Communities
Chief Internal Auditor
Democratic Services Officer (CR)

Minute No.	Minute
19	<p>Apologies for Absence Apologies for absence were received from Councillor Evans.</p>
20	<p>Minutes The Minutes of the meeting held on 24 September 2024 were confirmed.</p>
21	<p>Declarations of Interest There were no declarations of interest.</p>
22	<p>Statement of Accounts 2020-23 Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to present the Statement of Accounts to the Committee, as required by and prepared in accordance with the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2024.</p> <p>During discussion the following points were noted:</p> <ul style="list-style-type: none"> • In response to a Member observation, the Director for Corporate Services confirmed that Members had the Council’s final Accounts before them this evening and the ‘draft’ watermark would be removed before publication. • A Member commented that although External Audit had issued a disclaimed opinion on the Accounts, they had noted no concerns. The Director for Corporate Services advised that although they were unable to finalise the 2020/21, External Audit had undertaken a considerable amount of work. She highlighted that the External Auditor (Hayley Clarke would provide further information on this in her Annual Governance Report and Audit Opinion (ISA 260) 2020/21 to 2022/23 (which was the next item on the agenda). <p>RESOLVED that the Committee APPROVED the Statement of Accounts for 2020-21, 2021-22 and 2022-23.</p>
	<p>Councillor Leigh Higgins, Chair of the Committee signed the Statement of Accounts for 2020-21, 2021-22 and 2022-23.</p>
23	<p>Annual Governance Statement 2020-2023 Clive Tobin, Monitoring Officer introduced the report, the purpose of which was to request that the Committee note the contents of the Annual Governance Statements (AGS) for the years 2020/21, 2021/22 and 22/23.</p> <p>During discussion the following points were noted:</p> <ul style="list-style-type: none"> • In response to a Member question, the Monitoring Officer confirmed that paragraph 13 of the report formed part of a standard report template and that environment and climate change implications had been considered and there were no such implications to draw Members attention to.

RESOLVED that that the Committee **APPROVED** the Annual Governance Statements (AGS) for each of the years 2020/21, 2021/22 and 2022/23.

24

External Audit Annual Governance Report and Audit Opinion (ISA 260) 20/21 to 2022/23

Hayley Clarke, External Auditor, Ernst Young, introduced the report, the purpose of which was to summarise its conclusion in relation to the audit of Melton Borough Council for 2020/21 to 2022/23.

During discussion the following points were noted:

- In response to a Member question on detailed testing for 2021/22 and 2022/23, the External Auditor advised that although some detailed testing had been undertaken in relation to 2020/21, External Audit were not in a position to finalise all procedures to enable an unmodified opinion. As such, it was not possible to undertake detailed testing for 2021/22 and 2022/23.
- The Council had last received an assurance opinion from External Audit for its 2019/20 Accounts. Those figures would carry forward to 2021. The disclaimed opinion issued by External Audit for 2021/22 and 2022/23 indicated that External Audit had not been able to gain assurance over those years, meaning there was no assurance on the closing and opening positions year to year.
- These issues were sector wide and being addressed by Government. It was the result of pre-pandemic issues within the audit sector, as previously identified by the Redmond Review. The pandemic had exacerbated these issues, creating a greater strain on resources. Post pandemic, recruitment issues, needing to rebuild the relevant skillset, technical matters and the scope of audit work had also significantly increased over the years, meaning that the audit process was longer and more complex.
- Members considered the possibility of future consequences resulting from these issues (i.e. financial sustainability of councils, reorganisation etc.)
- It was important to rebuild assurance on the Council's financial statements but this would be challenging.
- In reference to the statement 'The audit of the 2021/22 financial statements for Melton Borough Council was not completed for the reasons set out in our opinion on those financial statements dated xxxx' within the report, the External Auditor confirmed that the date would be added once the previous year's audit opinion had been signed.

RESOLVED that the Committee **NOTED** the External Audit Annual Governance Report and Audit Opinion (ISA 260) 2020/21 to 2022/23.

25

External Audit Update Report

Helen Lillington, External Auditor from Grant Thornton introduced the report, the purpose of which was to provide an update to Members.

During discussion the following points were noted:

- In response to a Member question on the revision of 'clearly trivial' uncorrected omissions/misstatements from £23,400k to £26k (Progress at November 2024 - 2023/24 Financial Statements Audit), the External Auditor

explained that ‘triviality’ resulted from the revision of materiality originally set on the Audit. Only uncorrected omissions/misstatements above the threshold would be reported. Items that range in value were selected for review, as part of External Audit’s sampling technique

- In response to a Member requesting clarification on the audit fee (£212k) disclosed in the draft financial statements needing to be amended to £140,751k (Progress at 13 November 2024 – Findings to Date), the External Auditor explained that they were required to reconcile the fee with the fee stated in the Audit Plan.

RESOLVED that the Committee **NOTED** the External Audit Update.

26

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.

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.

During discussion the following points were noted:

- In response to a Member question concerning the Levelling Up Fund (LUF) and the £2m originally set aside for the college theatre project that had subsequently been removed from the LUF Programme, the Chief Internal Auditor explained that the Council would need to follow certain processes in order to reallocate the funding (i.e. correct approval obtained). The Director for Corporate Services added Rutland County Council were the accountable body in relation to the LUF Partnership. Any significant variations to the Council’s Programme would need to be reported to them and possibly the Government.
- The Council had requested approval from Government on the reallocation of the funding and were awaiting its formal response.
- Concerning housing allocations/homelessness applications, a Member noted that 60% of the 15 sampled did not have the appropriate documentation and there was an absence of routine supervisory checking to ensure quality and validation of correct processes for homelessness applications. He questioned the moderate assurance opinion issued, suggesting that a limited assurance opinion may be more appropriate.
- In response to the above point, the Chief Internal Auditor reassured Members that in issuing its opinion, Internal Audit had considered the Council’s strategies and policies and were satisfied with these comprehensive documents. The concern was that the guidance was not being consistently evidenced in practice during sample testing. Action had been taken to improve in this area of the Service.
- In response to a Member observation on Appendices 1 (Progressing the Annual Internal Audit Plan) and 2 (Implementation of Audit Recommendations) the Chief Internal Auditor advised that although there were 20 overdue audit actions, these would not all be the same overdue actions as at the last meeting of this Committee on 26 November 2024. A Member of the Internal Audit Team attended the Council’s Senior

Leadership Team meeting regularly to review these actions and there was access to the full report of all open actions to enable managers to review the actions with officers. When reported at July's Committee meeting, there were 32 overdue actions (5 high priority, reduced to 3), so there had been a significant reduction.

- The Director for Corporate Services added that overdue audit actions were monitored and prioritised by Senior Leadership Team. The aim was for officers to work towards realistic and sustainable deadlines.
- In response to a Member request for detailed figures for kitchen and bathrooms inspections, the Chief Internal Auditor confirmed she would provide the information outside of this meeting and advised that a copy of the full audit report was available upon request.
- Another Member noted Internal Audit's finding (on the housing allocations and homelessness applications audit) that there was an absence of routine supervisory checking to ensure quality and validation of correct processes for homelessness applications. She questioned how this was being remedied. The Director for Housing and Communities confirmed that the safeguards had been reviewed to ensure there was staff resilience, knowledge and ability within the Team and to ensure operating procedures and guidance was in place.
- In response to a Member question on how the Council was mitigating the risk of homelessness, the Director for Housing and Communities advised that there had been an increase in homelessness demand, resulting in an impact on Council resources and the type of accommodation used to house those in need (bed and breakfast, housing stock etc). It was important to be transparent and evidence good governance and decision making, make best use of the Council's housing stock, look creatively at all options and provide the right support to applicants.
- To help manage tenant vulnerabilities (i.e. relating to substance misuse, domestic violence etc) when allocating properties, the Council used local letting plans, it considered applicants wider support needs, offered tenancy sustainment courses, mentoring, addressing antisocial behaviour etc.
- In response to a Member request for information on the Council's process in dealing with the threat of homelessness from private sector landlords, the Director for Housing and Communities advised that in accordance with the Homelessness Reduction Act and the Code of Guardian, the Council would:
 - i. Try to prevent homelessness by negotiating with landlords, ascertaining causes for notices of eviction being served (i.e. rent arrears, antisocial behaviour etc.)
 - ii. If prevention was unsuccessful, the Council would act under its duty to relieve homelessness.
 - iii. If the above was unsuccessful, the Council would take action under its full statutory homelessness duty, involving plans showing the Council's commitments to support, steps applicants would take etc. The Homelessness Reduction Act and the Code of Guardian was complex in its requirements.
- In response to a Member question on the Council's engagement with private sector landlords, the Director for Housing and Communities confirmed that the Council was committed to strengthening its relationship with private sector landlords and to exploring creative options to tackle homelessness. It was working to analyse the reasons for the increased demand and what strategies may be needed to help resolve issues.
- The Chief Internal Auditor highlighted that a follow up review of housing allocation homelessness applications could be prioritised on the Audit Plan Development (which was the next item on the agenda) if Members wished.

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.

27

Internal Audit Plan Development

Rachel Ashley-Caunt, Chief Internal Auditor introduced the report, the purpose of which was to provide the Committee with an overview of the proposed Audit Planning process for 2025/26 and consult the Committee on risk areas for consideration in the development of the Audit Plan.

During discussion the following points were noted:

- The Chief Internal Auditor encouraged Members to highlight any risk areas requiring assurance by 31 January 2025.
- In response to a Member question on the best mechanism for identifying and consolidating areas for assurance, the Chief Internal Auditor suggested holding a workshop in February 2025, to consider the potential risk areas identified by Senior Leadership Team, Internal Audit and Members, prior to submission of the Plan to March' Committee meeting.
- The Chair invited Members to email both himself and the Vice Chair their suggestions of risk areas.

RESOLVED that the Committee

- 1) **NOTED** the proposed approach to developing the Audit Plan for 2025/26;
- 2) **HIGHLIGHTED** any risk areas where the Committee required assurance during the year ahead to the Chief Internal Auditor by 31st January 2025.

28

Audit and Standards Committee Training Plan

Rachel Ashley-Caunt, Chief Internal Auditor to introduced the report, the purpose of which was to provide Members with a proposed training plan for the Audit and Standards Committee.

During discussion the following points were noted:

- Basic guidance to help Members to understand the often complex financial information provided in agenda packs etc would be useful.
- The Director for Corporate Services advised that it was usual practice for the Council to provide training on the Statement of Accounts prior to the Accounts being submitted to Committee. This training would be held in January 2025, before submission of the 2023/24 Accounts. Local Government Finance training was provided following borough elections and one to one support was also available. In addition, the Local Government Association's (LGA's) Finance course was offered to key members.
- The Chair encouraged Members to provide further suggestions to be added to the Training Plan.

RESOLVED that the Committee **APPROVED** the training plan for the Audit and Standards Committee.

29	<p>Review of Terms of Reference for Audit and Standards Committee Councillor Leigh Higgins, Chair of Audit and Standards Committee advised Members of some suggested amendments to the Committee’s Terms of Reference:</p> <ul style="list-style-type: none"> • Paragraphs 1.12 and 1.13 of the existing Terms of Reference be deleted and replaced with ‘To review and approve the Council's Code of Corporate Governance and approve the Annual Governance Statement’. • Paragraphs 1.14 and 1.15 of the existing terms of reference are deleted and replaced with ‘To consider the External Audit findings from their review of the Statement of Accounts and approve the Statement of Accounts’. • In accordance with CIPFA position statement on audit committees, members of the Cabinet would not be appointed to the Committee. <p>Clive Tobin, Monitoring Officer introduced the report, the purpose of which was to summarise the current terms of reference for this Committee and the content of and process by which those terms of reference may be changed.</p> <p>RESOLVED that the Committee CONSIDERED its current terms of reference together with the CIPFA Audit Committees Position Statement 2022 and MADE appropriate recommendations to Council in relation to any changes to its terms of reference.</p>
30	<p>Regulation of Investigatory Powers Act 2000 (RIPA) Update 2023-24 Clive Tobin, 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 2023 to March 2024 and reviewing and updating the RIPA Policy.</p> <p>During discussion the following points were noted:</p> <ul style="list-style-type: none"> • Appendix 1 – Chief Officer and Authorising Officers needed to be amended as the named Director for Growth and Regeneration was no longer in post. It was suggested that only job titles be listed in future. • A Member suggested that references to ‘maximum term of at least 6 months imprisonment’ at paragraphs 2.2, 6.2 and 8.1.3 of the report was incorrect. This had previously been raised at a meeting of this Committee on 28 November 2023, whereby it was agreed that the references be reviewed to ensure they reflected the correct authorisation and Members would be advised accordingly outside of the meeting <p>RESOLVED that the Committee</p> <ol style="list-style-type: none"> 1) NOTED the update for the period April 2023 to March 2024; 2) APPROVED the reviewed RIPA Policy noting the minor proposed changes.
31	<p>Urgent Business There was no urgent business.</p>

The meeting closed at: 8.08 pm