

# Minutes

<b>Meeting name</b>	<b>Audit and Standards Committee</b>
<b>Date</b>	<b>Tuesday, 16 January 2024</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** Councillor L. Higgins (Chair)

**Councillors**

J. Mason (Vice-Chair)	J. Adcock
I. Atherton	M. Brown
S. Carter	M. Graham MBE
S. Lumley	S. Orson
T. Webster	

**Officers**

- Director for Corporate Services
- Assistant Director for Governance and Democracy (Monitoring Officer)
- Chief Internal Auditor
- Democratic Services Officer (CR)

Minute No.	Minute
26	<p><b>Apologies for Absence</b> There were no apologies for absence.</p>
27	<p><b>Minutes</b> The minutes of the meeting held on 28 November 2023 were approved.</p>
28	<p><b>Declarations of Interest</b> <u>Item 4 – Internal Audit Progress Report</u></p> <p>During discussion on the Council’s enforcement responsibilities in relation to private sector housing, Councillor Higgins advised that he was a private sector housing landlord.</p>
	<p><b>The Chair advised that the Committee would consider agenda item 4 - Internal Audit Progress Report last, due to exempt Appendix B and the possibility of needing to enter private session if Members wished to discuss the exempt appendix.</b></p>
29	<p><b>Counter Fraud Update</b> Rachel Ashley-Caunt, Chief Internal Auditor introduced the report, the purpose of which was to provide the Committee with an update on the Council’s counter fraud activity.</p> <p>Ms Ashley-Caunt provided a brief overview of the Council’s counter fraud work over the past 6 months:</p> <ul style="list-style-type: none"> <li>• Preventative work - This was proactive work, undertaken to strengthen the Council’s counter fraud controls. It included a review of policies, as approved by this Committee at the last meeting (on 28 November 2023), the completion of Fraud Awareness Training for staff, participation in Fraud Awareness Week in November 2023 (which was an opportunity to raise awareness of risks and training) and the All Staff Briefing (as part of Fraud Awareness Week).</li> <li>• Detective work - This involved identifying areas of potential fraud or corruption, looking for potential data matches, particularly through the National Fraud Initiative exercise (Internal Audit was currently working through those matches) and an additional pilot exercise last year, which was in relation to social housing fraud.</li> <li>• Compliance work – This looked at Assurance opinions and effective fraud controls. The Council maintained its Fraud Risk Register, which provided some sources of assurance around key risks and had audit work on council tax and business rates exemptions within the Audit Plan (agenda item 4 - Internal Progress Report), giving some assurance of compliance with those controls in practice.</li> </ul> <p>During discussion the following points were noted:</p>

- Members thanked the Chief Internal Auditor for her work.
- In response to a question from the Chair on identifying fraud within the administration of grants from the UK SPF, the Chief Internal Auditor confirmed that there was an allocation of days for UK SPF work within this year's Audit Plan. This would include a wider coverage on how the programme was managed, including some assurances around administering grants and the controls in place etc.
- The outcome of the UK SPF audit would be reported to the Committee later this year.
- The Chair commented that there were various counter fraud measures that grant applications were subject to prior to approval. He took the opportunity to thank the Assistant Director for Regeneration and UK SPF and his team for their work.
- In relation to other financial assistance schemes administered by the Council, which could be abused, the Chief Internal Auditor advised that the Supporting Vulnerable People audit, as detailed in the Internal Audit Progress Report (agenda item 4) referred to some assurances given around assistance programs for those requiring additional support. It was important to administer these schemes in a consistent manner and sufficiently evidence on how this had been undertaken.
- In relation to a Member question on the 'cleansing of tenancy data' referred to at paragraph 5(f) of the report, the Chief Internal Auditor advised that this had been a new and interesting exercise, which the Council had expressed an interest in participating in. It had involved matching tenancy records to other sources of data from other areas of the public sector and the Financial Regulation Authority to link people to properties. This exercise could potentially identify tenants subletting properties, tenancies the Council was unaware of, deceased tenants etc. Some of the matches identified were subject to ongoing investigation. The exercise had enabled identification of changes in tenancies, not recorded on the Council's system and this had resulted in having a much better source of information for future data matching exercises.
- The Chief Internal Auditor advised that the Council had been accepted to participate in stage 2 of this data matching exercise, which potentially involved matching against sources of data including Airbnb data, which was an opportunity to see whether any properties were being let out via such platforms.

**RESOLVED** that the Committee **NOTED** the progress made in counter fraud work.

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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. 3 audits had been finalised (Environmental Health, Supporting Vulnerable People and Leisure Contract Management).

- Environmental Health – The record keeping in this area was not sufficiently robust. Internal Audit was unable to conduct sample testing on compliance because they were unable to obtain a report of all complaints over the last 12 months, due to there being no central case management system in place. There was also a lack of certain documented procedures and delegations, preventing assurance that consistent processes were being applied and how those had been recorded for staff. A moderate assurance opinion over the control environment and compliance and a medium organisational risk had been issued.
- Supporting Vulnerable People – Internal Audit had noted some good areas of working (the integrated people offer, good record keeping, good collaboration both with voluntary organisations and with other public sector bodies). The recommendations made were around needing a service plan to coordinate and join different areas, the good work undertaken and publishing the local community trigger data, which was a requirement under the Antisocial Behaviour Crime and Policing act. A good assurance opinion over the control environment and moderate over the compliance had been issued.
- Leisure Contract Management – There was a lack of performance management mechanisms in place. Recommendations were over incorporating specific performance targets into the new contract from April 2024 onwards and formalisation around site inspections, as although these had been taking place Internal Audit did not obtain documentation of what was checked during the visits and what the outcomes were. A moderate assurance opinion over the control environment and compliance and a medium organisational risk had been issued.

Concerning the implementation of audit recommendations. 7 audit recommendations had been completed and closed since the last meeting of this Committee in November. 36 recommendations remained overdue. Of those overdue, four were high priority and over three months overdue:

- Effectiveness of Case Management Arrangements 2019/20
- Housing Repairs 2020/21
- Business Continuity Management 2022/23.
- Exempt Recommendation (appendix B)

These were detailed at appendix 3 of appendix A and appendix B.

Ms Ashley-Caunt concluded by highlighting the additional recommendation at paragraph 2.2 of the report to remove the audit of the Asset Development Plan, which would be deferred to 2024/25 and replace with assurance over procurement compliance.

Members thanked the Chief Internal Auditor for her work.

**Concerning logging environmental health complaints and enforcement cases not being robust**, a Member asked if this was a new problem, due to the many changes in management personnel or a continuation of an old problem from previous management.

The Chief Internal Auditor advised that changes in personnel often gave rise to

additional risk and this had been considered in the risk assessment of this area for inclusion on the Audit Plan this year. The testing performed by Internal Audit was on the current year only and did not reveal if the problems identified were new or a continuation.

**Concerning Analysis and reporting etc. in relation to vulnerable people,** a Member asked if there was a risk that if the Service became too regularised there would be a lack of tailored support for individuals (which the Council currently dealt with very well).

The Chief Internal Auditor advised that the approach to supporting individuals was a question best answered by the Director for Housing and Communities. Internal Audit had wanted to see how those records were maintained (how the support for individuals was captured) and were pleased with the level of records and with the audit trail in place. Understanding emerging needs and developing the service in view of changes, to provide an 'integrated people offer' was important. The development of a Service Plan would help to coordinate this progress.

The Chair advised that the Members' question would be referred to the Director for Housing and Communities for a response outside of the meeting.

Councillor Carter, as Chair of Licensing Committee, acknowledged a problem with management and staffing within the Service and advised that recruiting to job roles was being undertaken to resolve the problem.

**Concerning Appendix 2: Implementation of Audit Recommendations,** a Member commented that there was no evidence from the table that the recommendations were being dealt with or that planning was in place for service areas to implement the recommendations. Rather than the number of recommendations reducing they were increasing (currently at 19). He asked if this number of outstanding (for over 3 months), medium priority recommendations was concerning.

The Chief Internal Auditor advised that it was concerning to see increasing levels of overdue audit recommendations, particularly in the 'over three months' category. A total of 63% overdue recommendations was a high number and had been discussed with Senior Leadership Team. If the Committee wished, their concerns could be reiterated to Senior Leadership Team. The table at Appendix 3, showing high priority actions overdue for more than 3 months could be amended for future Committee meetings to include medium priority actions as well if the Committee wished.

The Member asked if it would be possible for officers to attend a meeting of this Committee to provide an update and action plan for the outstanding recommendations (over 3 months) if the situation did not improve.

The Chair suggested that if the position did not improve, he could meet with Cllr Mason (Vice Chair), the Chief Internal Auditor and Senior Leadership Team for an

update on implementation of the outstanding recommendations. This update could then be provided to the Committee outside of the meeting. He noted that it was important for officers to attend Committee (the next meeting would be held on 26 March 2024) to update and advise on the action plan to ensure it was being progressed.

**Concerning logging environmental health complaints and enforcement cases not being robust**, a Member welcomed Councillor Carter's comments, as Chair of Licensing Committee, stating that it was clear there was an appreciation of the need to improve in this area. He noted that across local government, Environmental Services was challenging, particularly in relation to recruitment and the retention of staff. However, the Council not having a case management system and not being able to obtain a report capturing all complaints and enforcement cases was concerning, as there was no evidence that all complaints were acted on. The Member asked why a medium assurance rating had been issued in relation to organisational impact when the Council's Environmental Health Service had such important enforcement and regulatory responsibilities (i.e. in relation to private sector housing). He added that it was important to have the correct level of priority to resolve this and this should be reflected in the risk assessment given.

The Chair agreed on the importance of tracking complaints and highlighted that following such processes correctly reflected on the Council, Officers and Members. He noted that Members had received Risk Management Training on 26 September 2023, where very good direction had been received from Officers to robustly challenge when necessary.

The Chief Internal Auditor advised that the medium organisational risk demonstrated that a risk had been identified. A high risk assurance opinion (which was rare) would be issued in respect of an expected imminent threat. There were positive arrangements in place for the Service with Harborough District Council (new management, support to strengthen processes etc), there was a full agreement on the actions that needed to be taken and the only high priority recommendation focussed on the record keeping. All others were of either medium or low priority. Although Internal Audit had not been able to select a random sample of complaints/enforcement cases for inspection, the sample of 15 complaints/enforcement cases, which they were able to inspect had provided an evidence base, demonstrating that the process had been followed in all but 2 cases. She added that private sector housing was an area high on Internal Audit's risk agenda and was listed for audit plan coverage for 2024/25, to look specifically and thoroughly at public sector housing enforcement.

The Director for Corporate Services advised that concerning enforcement for private sector housing, it was recognised that there needed to be an enhanced focus in this area and that the Council currently had limited capacity and expertise. Future budget proposals contained a proposal for a growth item in this area, so there was an opportunity for Members to vote for additional resources through those budget proposals.

The Monitoring Officer advised that the reference in the report to the lack of specific enforcement policies for health and safety, environmental protection and private sector housing was of some concern but the Council had a Corporate Enforcement Policy, which set out a process and provided general guiding principles.

The Member welcomed responses, particularly the budget proposal for strengthening this area of enforcement. He commented that there was still uncertainty on progress, deadlines for improvements and updates to the Committee, so that Members were aware that the recommendations had been implemented. He suggested there be a further report to the Committee, updating them on the progress made.

The Chief Internal Auditor advised that the recommendation relating to recordkeeping was due for implementation by April 2024. If it did not get implemented by this deadline, it would feature on the overdue audit action list. There could be a follow up on this if Members wished. However, a specific review of the Council's private sector housing enforcement was proposed for 2024/25, which would give Members assurance over this area, rather than undertaking a full follow up of the wider controls again.

**Concerning there being no case management system in use**, a Member commented that it was remarkable that the Council did not have a case management system in place to log, track and extract information. This was fundamental to the operation of the Council and it was good that the audit had highlighted this issue so that it could be rectified.

**Concerning the assurance opinions issued by Internal Audit**, a Member commented that these showed a 'snapshot' based on the current audit but did not provide any indication as to whether there was improvement/deterioration/no change, since the area was last audited.

The Chief Internal Auditor advised that based on the scope of potential audit coverage and risk based audit planning, Internal Audit did not revisit the same area each year or every other year. Some of the areas within environmental health had not been audited in the last five years. If an audit had been performed in the last few years, it would be stated in the report summary with the relevant assurance opinion at the time.

**RESOLVED** that the Committee

- 1) **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;
- 2) **APPROVED** the amendment to the Internal Audit Plan for 2023/24 – to remove the audit of the Asset Development Plan and replace with assurance over procurement compliance.

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**Urgent Business**

There was no urgent business.

The meeting closed at: 7:18pm