

# Minutes

<b>Meeting name</b>	<b>Audit and Standards Committee</b>
<b>Date</b>	<b>Tuesday, 23 July 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. Adcock I. Atherton  
M. Brown A. Thwaites (Substitute)

**Officers** Director for Corporate Services  
Assistant Director for Governance and Democracy (Monitoring Officer)  
Chief Internal Auditor  
Democratic Services Officer (CR)  
  
External Auditor Grant Thornton LLP

Minute No.	Minute
41	<p><b>Apologies for Absence</b></p> <p>Apologies for absence were received from Councillors Clay, Freer, Mason and Sharpe.</p> <p>Councillor Thwaites substituted for Councillor Sharpe.</p> <p>Councillors Carter and Orson were not present.</p>
42	<p><b>Minutes</b></p> <p>The Minutes of the meeting held on 26 March 2024 were confirmed.</p>
43	<p><b>Declarations of Interest</b></p> <p>Agenda item 10 – Internal Audit Progress Report, Exempt Appendix B - High Priority Actions Overdue for More Than 3 Months</p> <p>Councillor Atherton declared advised that his employer was an IT solutions provider. There was no direct connection to the Council or the Council’s IT Services provider.</p> <p>Councillor Adcock advised that he had a contract with Grant Thornton UK LLP and confirmed that it was not in relation to matters contained in the exempt appendix.</p>
44	<p><b>External Audit Progress Report and Sector updates</b></p> <p>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 following publication of the Council’s 2023/24 accounts, External Audit would begin fieldwork in October 2024. The preceding years’ audits were yet to be ‘closed’ and these remained the responsibility of the predecessor auditor. Audit opinions for 2023/24 could not be signed without opinions being signed for prior years. To date no ‘significant weaknesses’ had been identified in relation to Value for Money. Further work would be undertaken and a detailed report would be submitted to a future meeting of the Committee.</p> <p>The Chair thanked Ms. Lillington for her report, commenting that there could have been a better transition when changing the Council’s external audit provision. He drew Members attention to the <i>State of the Locals Extract: Who Do the Public Think Are Responsible</i> graph (at page 18 of the report), highlighting the importance of localism, community groups, the Police, NHS etc. working to tackle issues, rather than reliance on central and local government.</p> <p>During discussion the following points were noted:</p>

- The legend was missing from the graph, asking that it be included in future reports to provide the context needed to fully understand the information. He clarified that the darker area represented a 'great deal of responsibility' and the lighter area represented a 'fair amount of responsibility'.
- The Chair highlighted *Housing and Homelessness – Continuing Crisis and a New Reform* (at page 20 of the report), stating that the Council were acting to ensure that people were protected from homelessness but more could be done i.e. more affordable housing, avoiding pressure on the General Fund/burden on general taxation. Homelessness was one of the biggest pressures for councils, particularly in view of funding uncertainty.
- Devolution to local councils was good but to successfully address and solve problems, appropriate funding was needed from central government.
- Concerning Productivity Plans – New Guidelines Revealed and a Note of Caution, the Plan had been approved by Cabinet on 9 July and submitted by the deadline. The Plan would be published to the Council's website and a link added to the next Member's Bulletin.
- Concerning the outstanding audits for 2020/21 to /22/23, the aim was to fully complete the audit for 2020/21, obtaining a full audit opinion. For 2021/22 and 2022/23, the aim was to have value for money opinions only. The Council awaited a timeline from its outgoing Auditors, Ernst and Young regarding completion.
- The Director for Corporate Services reassured Members that all draft accounts had been produced by the end of May deadline and published to the Council's website, along with the draft Annual Governance Statement. Failure to complete the audits was not a reflection on the Finance Team, who had continued to meet those challenging deadlines.
- The External Auditor confirmed that failure to complete audits was very much a national issue. Legislation and guidance was needed to be able to progress matters. External Audit could audit the Council's accounts for 2023/24 and expectation was that prior years would have 'a disclaimed opinion' (a prescribed form of wording by Audit Standards), meaning that the Auditor had failed to complete work despite draft accounts and working papers being available to them.
- The Director for Corporate Services commented on the wording for a disclaimed opinion, stating that generally the Council was given the right of reply at draft stage to confirm accuracy, while maintaining Auditor independence to reach agreement on what is fair and reasonable
- Apart from the uncertainty and ongoing pressure to staff was the potential reputational damage. The Council was occasionally asked by private companies who were not familiar in dealing with local councils for copies of its accounts but this was rare.
- External Audit advised that there was uncertainty over any additional costs. Auditors were aiming to not undertake significant work around the opening balances and issue a moderate opinion in 2023/24 to keep costs in line with the scale fee.
- In response to a Member question concerning collection fees for garden waste remaining with the public or passing to the Council, Councillor Browne, Chair of Scrutiny Committee advised that the Council's waste collection contract would be considered as part of the Scrutiny Work Programme and he would provide feedback to Members.
- The Chair thanked the External Auditor for the report, commenting that he would have welcomed seeing some more local statistics as the information in the report appeared very generic.

**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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### **Chair of Audit and Standards Committee Annual Report**

Leigh Higgins, Chair of Audit and Standards Committee introduced the report, the purpose of which was to fulfil responsibility for the Audit Committee to report to the Council on its activities in this area. In doing so, he highlighted that Audit and Standards Committee was able to test the Council and its leadership and hold these to account.

During discussion the following points were noted:

- Appendix B was not titled correctly as, 'Basis of Scoring and Action Plan'.
- A discussion was held, noting that traditionally Standards had been linked with Audit and questioning should the Committee continue this way. The Assistant Director for Governance and Democracy advised that both the Audit and the Standards functions were non-executive and therefore could be discharged by the Council as it sees fit. There was no prescribed way of doing this.
- All Audit and Standards Committee Members would benefit from Standards training. Training was being sourced as soon as possible, with consideration for general training to make Members aware of the requirements of the Code of Conduct and Standards regime and also additional training for those Members who may be involved in adjudicating on allegations (specific guidance needed i.e. conducting proceedings, how the process is carried out etc.)
- The Council dealt with Standards matters well and were transparent and fair.
- The Chair thanked Members and confirmed that the views expressed would be reflected to Council.

**RESOLVED** that the Committee **NOTED** the Annual Report of the Chair.

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### **Information Governance Update**

Clive Tobin, Assistant Director for Governance and Democracy introduced the report, the purpose of which was to update the Committee on the Council's information governance position. In doing so, he highlighted that although much of the legislation in this area had been in place for quite some time, there continued some amendments following the Brexit legislation and the transition of the EU data regime into domestic law. He advised Members that as Assistant Director for Governance and Democracy, he was now the Council's Senior Information Risk Owner (more strategic role) and the Legal Services Manager was now Data Protection Officer.

The Chair advised that he was aware of 2 Freedom of Information requests in which requesters were informed that they would not receive full responses within 1 month. The Council had extended the deadlines to respond by a further 2 months but had not advised the requesters as to the reason for this.

During discussion the following points were noted:

- Members thanked Mr Tobin for his report, commenting that it was important to understand how the Council protected the information it held and the rights of the public. This was something the Council did well.
- Mr Tobin highlighted that there were specific grounds in which time taken to provide Freedom of Information responses can be extended.

**RESOLVED** that the Committee **NOTED** all necessary actions undertaken in relation to information management since the last report.

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**Annual Internal Audit Report and Opinion 2023/24**

Rachel Ashley-Caunt, Chief Internal Auditor introduced the report, the purpose of which was to provide the Committee with the Internal Audit Annual Report and Opinion for 2023/24. This should inform the Council’s Annual Governance Statement and provide the Committee with assurance over the governance, risk and control framework. In doing so, she highlighted that Internal Audit had issued a ‘moderate assurance opinion’, based on having a number of assignments that had a medium organisational impact assurance opinion and the implementation rate of audit recommendations being 60% at June 2023/24.

During discussion the following points were noted:

- Members thanked Ms Ashley-Caunt for her work.
- Concerning Table 3 – Summary of finalised audit opinions 2023/24 (Appendix A). Members were pleased with audit opinions for Section 106 agreements, Levelling up Fund, landlord health and safety
- Ms Ashley-Caunt clarified that the audit on Section 106 agreements was in respect of strengthening monitoring arrangements to ensure that appropriate action was taken at trigger points, ensuring clear oversight of the recovery of monies etc. A further report would be submitted to the next Committee meeting on 24 September 2024.
- Concerning Table 4 – Implementation of agreed management actions due in 2023/24 (Appendix A). Ms Ashley-Caunt confirmed that high priority actions exposed a high risk until completed and as such were expected to have a shorter deadline. These actions should be priority but may develop into more complex actions. Deadlines were set by Officers and should be reasonable in view of the action and what was deliverable.
- Members commented that from the audit information provided, it was difficult to understand whether the Council was improving. Ms Ashley-Caunt advised that comparatives from previous years were included where possible i.e. at Table 1 Summary of audit opinions 2023/24, a summary from 2022/23 had been included for comparison. It sometimes proved difficult to provide a direct compare and contrast, as different audits were undertaken each year.

**RESOLVED** that the Committee **NOTED** the Internal Audit Annual Report and Opinion for 2023/24.

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**Draft Annual Governance Statement 2023/24**

Clive Tobin, Assistant Director for Governance and Democracy introduced the report, the purpose of which was to present a draft Annual Governance Statement. This was published with the draft Statement of Accounts and was subject to review

by External Audit. A final version would be produced for formal sign off following the final audited accounts being presented for approval alongside the auditor's report. In doing so, he advised that the Statement had been updated to reflect the Council's amended Corporate Priorities and Vision for 2024/2036.

During discussion the following points were noted:

- In reference to Areas for Improvement 2024/25 (resources and governance associated with large scale projects), the Chair commented that it was disappointing that a Council partner was unable to deliver on a planned project and he highlighted that the Council had not removed funding from this partner.
- In reference to Areas for Improvement 2024/25 (appeal of Planning Committee's decision taken against Officers' advice), Members commented that it appeared that the paragraph had been consolidated and as such was misleading. Planning Committee was entitled to agree decisions it believed were correct, even if this was contrary to Officer recommendations. Mr. Tobin would work with Councillor Thwaites (Chair of Planning Committee) to agree more accurate wording.
- In response to a Member question, Councillor Thwaites confirmed that the Council held statistics in relation Planning appeals (how many were made and the results) to inform risk. He would update this Committee outside of the meeting.

**RESOLVED** that the Committee **NOTED** the Council's draft Annual Governance Statement (AGS) for 2023/24.

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**Global Internal Audit Standards**

Rachel Ashley-Caunt, Chief Internal Auditor introduced the report, the purpose of which was to present the Committee with the main changes and implications arising from the Global Internal Audit Standards. Those standards would come into effect from January 2025. Limited information was currently available on the changes and implications and Ms. Ashley-Caunt suggested that she meet with Members informally to discuss and answer questions later in the year, once more guidance had been provided.

The Chair confirmed that he agreed with Ms. Ashley-Caunt's suggestion to hold an informal meeting at a future date to discuss the changes in more detail.

During discussion the following points were noted:

- Members thanked Ms. Ashley-Caunt for her report.
- There was a typing error under 'Main Considerations' (paragraph 5.2 of the report). Reference to paragraph 4.3 should be amended to read 5.3.

**RESOLVED** that the Committee **NOTED** the main changes and implications arising from the Global Internal Audit Standards.

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**Internal Audit Progress Report**

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.

The Chair highlighted that Appendix B was exempt and that any discussion or questions related to the exempt appendix would need to take place in private session.

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 the UK SPF Team 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

Members thanked Ms. Ashley-Caunt and other officers present at the meeting for their work.

**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.

51	<b>Urgent Business</b> There was no urgent business.
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The meeting closed at: 8.51 pm

Chair