



Leicester
City Council

Minutes of the Meeting of the
GOVERNANCE AND AUDIT COMMITTEE

Held: WEDNESDAY, 22 NOVEMBER 2023 at 5:30 pm

P R E S E N T:

Councillor Kaur Saini (Chair)

Councillor Adata
Councillor Bonham
Councillor Dave

Councillor Whittle
Councillor Ted Cassidy
Councillor Kitterick

* * * * *

Mr Bipun Bhakri – Independent Member

1. APOLOGIES FOR ABSENCE

The Chair welcomed those present and led on introductions.

Apologies for absence were received from Councillor Surti. It was noted that Councillor Bonham was to substitute Councillor Surti for the evening.

2. DECLARATIONS OF INTEREST

Members were asked to declare any interests they may have in the business to be discussed.

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

Neil Jones, Head of Internal Audit Service, suggested the following amendments to Item 17, Internal Audit Plan 2023/24 and Progress Update:

- 'internal auditor form' be replaced with 'Head of Internal Audit Service from'.
- 'plan' and 'plans' be replaced with 'high importance (HI) recommendation(s)' consecutively.
- 'summary of recourse had been slowed down to' be replaced with 'resources input had been impacted by'.
- 'member of staff' be replaced with 'the Audit Manager'.
- The addition of 'extended' prior to the words 'jury duty'.

RESOLVED:

That the minutes of the previous meeting held September 2023 be confirmed as a correct record with consideration to the above amendments.

4. STRATEGIC AND OPERATION RISK REGISTERS UPDATE

The Director of Delivery, Communications and Political Governance submitted a report which provided an update on the Strategic and Operations Risk Registers.

Sonal Devani, Risk Management Manager presented the report and the following points were raised:

- It was noted that Appendix 1A noted changes to the Strategic Risk Register, which included a reduction in risks 1.1, 1.2, 3.5, as well as an increase in risks 2.2, 3.1 and 4.2. It was further noted that one risk, Responding to Major Incidents, had been removed.
- It was noted that Appendix 3 detailed the Operational Risk Register Risks and emphasis was placed on the fact that items removed from the register did not correspond to complete removal of the risk and instead referred to the risk level associated to the risk.

Members of the Committee discussed the report and the following points were raised:

- It was noted that the strategic risk removed was being managed at a divisional level and was noted to be at its target score.
- Following a query regarding the impact of lack of staff and issues with recruitment, it was noted that lack of resources, such as staff in in-demand sectors, such as Social Work and Legal Professions was a large-scale issue that spanned many Councils.
- It was noted that the report comes to the Committee twice a year.
- It was noted that the risk of submitting a section 114 notice would lay under risk 2.3 – Financial Sustainability. The Chair noted concerns and requested that a report regarding financial sustainability be brought to the next meeting.
- Following concern about the impact of the Autumn Financial Statement on the Strategic Risk Register, it was noted that a financial settlement would not be received until closer to Christmas and therefore any impact could not currently be indicated.

The Chair and the Committee thanked officers for the report.

AGREED:

1. That the report be noted.
2. That a report on financial sustainability be brought to the next meeting.
3. That comments made by Members of the Committee be

considered by the Director of Delivery, Communications and Political Governance.

5. FINANCE UPDATE AND 2022/23 EXTERNAL AUDIT PROGRESS

The Director of Finance submitted a report which provided an update on the progress of the statement of accounts and external audit findings for 2022/23.

Grant Patterson and Nicola Coombe, External Auditors for Grant Thornton presented the report and the following points were raised:

- It was noted that the report contained audit findings to date and that the final version of the report would come back to the Committee in the near future.
- It was noted that new findings were reported daily and that future reports would reflect any updates received.
- Attention was drawn to page six of the report, which listed ongoing audits being worked on.
- An incident was brought to the Committee's awareness of an instance of overridden control, where a senior officer had posted to the journal by proxy, which was detailed on page ten of the report. Testing was therefore enhanced to gain awareness of the scope of the issue and the results of those tests were to be expected shortly.
- Page 11 and 12 detailed multiple errors found in the risk: 'Presumed Risk of fraud in Revenue Recognition'. It was noted that no further errors were discovered other than the errors initially found however the findings report had not been compiled by the time the report had been submitted to the Committee.

Members of the Committee discussed the report and the following points were raised:

- Members of the Committee alerted officers to visibility struggles of the text in the table on page 23, due to the colour coding. It was noted that the table would be altered in the final report to improve legibility.
- Members enquired about the reasons for the ongoing work in the report. It was noted that multiple errors had been found leading up to and during the construction of the report as well as outstanding pieces of evidence still expected. Members expressed concern regarding the risks the delays in information posed to the report. It was noted that there were multiple factors involved behind the delays, which were further amplified by limited resources and the small scale of team conducting the audits. Members were reassured that the issues were in hand and the team would endeavour to bring the final report back to the Committee in January 2024.
- Members of the Committee requested further information on the objection to accounts to Selective Licensing presented in the report. It was noted that members of the public have the right to question and raise an objection to the auditor, A single resident had challenged the selective licensing fees value for money in October 2023, which was

being processed It was noted that when the objection had been concluded, Grant Thornton would bring back a summary of findings to the Committee, if required.

- Members of the Committee requested further information on the misapplication of beacons presented in the report. It was noted to be regarding the misclassification of council dwellings, in which a 2-bedroomed abode had been misclassified as a 6-bedroom property. It was further noted that a major cause of the issue had been due to changes in personnel. All properties were required to be re-evaluated and would be reported back to the Committee upon completion.
- Members of the Committee raised concern about the risks that journal overrides could present for the Council. It was noted that associated risks had been identified and controls had been put in place to prevent re-occurrences in the future.

The Chair thanked officers for the report.

AGREED:

1. That the report be noted.
2. That comments made in the meeting be taken into consideration in the final report, which was due to be presented to the Committee in January 2024.

6. COUNTER FRAUD ANNUAL REPORT 2022/23 AND MID-YEAR UPDATE

The Corporate Investigation Manager submitted a report to inform the Committee of the work conducted by the Corporate Investigations Team during 2022/23 and the 2023/24 half year April 2023 to September 2023.

Stuart Limb, Corporate Investigations Manager presented the report and the following points were highlighted:

- All Right-To-Buy applications were checked and sources of funding were investigated to ensure the purchase was legit.
- The Corporate Investigations Team collaborated with school admissions teams to validate school applications. Work was also conducted alongside the Housing Department to ensure properties were not being sublet.
- Further to the benefits gained from membership with the National Fraud Network, it was noted that if a fraud attempt occurred at a local authority, the risk would be shared across the network to prevent it from occurring in another authority.

Members of the Committee discussed the report and the following points were raised:

- If a property is determined to be occupied, the Revenue Team would review whether the property falls under the New Homes Bonus Scheme.
- Members enquired about any campaigns regarding the 25% Single Persons Discount as well as fraudulent claims involving single person

properties. It was noted that a third-party organisation was employed to perform a managed service review of the single person discount, which took into account credit references, the electoral register and agency data.

- Members raised concern about non-students living in student accommodation and avoiding council tax. It was noted that the Revenue Section worked alongside Universities to ensure student lists matched property residents in student accommodation.
- Members raised concern about the potential passing on of tenancies of council properties. It was noted that cooperation with the Housing Department was ongoing to check any areas of concern, such as through data matching or reviewing active occupancies. It was noted that while there was a risk that properties were being sublet due to the number of properties under management, the risk was being actively managed and promotion for members of the public to report known sublets would be undertaken.
- It was further noted that Right-to-Return, caused further issues regarding what actions could be taken if the resident declared their intention to return to the property. The Director of Finance noted that an officer from the Housing Department and Homelessness Team would be brought back to provide an update regarding this item at a future meeting.
- Members enquired about any costs or savings accrued from work alongside the school admissions section. It was noted that the Council had a duty to ensure that the right children received the right places at the right schools. It was noted that the financial figure used the pupil grant, which was noted to be approximately £18k, as a guide for assessing costs or savings associated with student places. It was emphasised that applications for more highly sought after schools that were at higher risk were rigorously assessed. It was noted that it was difficult to put a figure on a notion of saving for school places but a review could be undertaken to analyse a better benchmarking system. It was noted that the next report on the item would include calculations on how the notional figure was reached regarding costs or savings for school admissions and the number of instances identified.
- Members enquired about the reasoning behind management requests for access to records of employee's system access. It was noted that there was a variety of reasons required for requests for access, ranging from suspected irregularity or misuse of council property or time or temporary access during staff sickness or absence.

The Chair thanked officers for the report.

AGREED:

1. That the report be noted.
2. That officers from the Housing Department and Homelessness team be invited to a future meeting to provide an update on subletting concerns.

7. ANNUAL INSURANCE REPORT 2022/23

The Director of Finance submitted a report to the Committee which presented an overview of the Council's internal and external insurance arrangements and provided information on the claims received in recent years, and the results of the claims handling process.

The Head of Finance, Stuart McAvoy presented the report and the following points were raised:

- It was noted that the balance on the insurance fund was £9.8 million, which covers the costs of both known claims and unknown claims.
- It was highlighted that more claims were received regarding Highways.
- It was noted that the previous provider for insurance was pulling out of the market and a new policy was in place to provide cover to affected properties.

Members discussed the report and the following points were clarified:

- Following concern about whether the Council was insured against behaviour of adult's or children's care home staff, it was noted that an insurance policy was in place for employee and public liability.
- Further to questions regarding the nature of motor insurance policy claims, it was noted that the policy included damage to council owned vehicles, similarly to a standard motor insurance policy for individuals.
- Members inquired whether severe weather was covered in an insurance policy considering the climate emergency. It was noted that while there was nothing specific in regard to severe weather, flooding was covered by insurance arrangements. It was further noted that insurance premiums increase as likelihood of flooding increased and that further details on climate related events would be sought and brought back to the Committee.
- Members raised concern about the increase in no-fault claims and queried what was being done regarding these claims. It was noted that each claim was based on and determined by their own merits and the Council would deal with each claim accordingly once fault had been determined.
- Members sought clarity for the spike in property compensation costs in comparison to previous years. It was noted that events and their corresponding claims may be delayed and that some claims fulfilled in a year may apply to a case that had happened several years prior.

The Chair thanked officers for the report.

AGREED:

1. That the report be noted.
2. That further information be provided regarding climate related events.

8. INTERNAL AUDIT UPDATE

Leicestershire County Council's Head of the Internal Audit and Assurance Service and Audit Manager were present to provide a report on the progress against Internal Audit Plans and the following points were noted:

- It was noted that two high importance (HI) recommendations had been closed, which included GDPR and Bed & Breakfast Emergency Placement.
- Delays were noted for extended and ongoing movements.
- It was noted that Colin Sharpe, Head of Finance, had been consulting with internal audit to assist and provide rigorous checks.

Members discussed the report and the following points were raised:

- It was noted that in context of the number of days provided being light, internal audit was around fifty days shorter than expected, due to the impact of delays and staff absence.
- A combination of reasons were noted for the delays, which included staff absence, delays in client responses, confusion of responsibilities due involvement of multiple departments, and the presence of external consultants, which required certain work to be put on hold.

The Chair thanked officers for the report.

AGREED:

That the report be noted.

9. PRIVATE SESSION

RESOLVED:

That the press and public be excluded during consideration of the following reports in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because they involve the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it was considered that the public interest in maintaining the information as exempt outweighed the public interest in disclosing the information.

Paragraph 3

Information relating to the financial or business affairs of any particular person.(including the authority).

10) FUTURE PROVISION OF THE INTERNAL AUDIT SERVICE

10. FUTURE PROVISION OF THE INTERNAL AUDIT SERVICE

The Head of Finance submitted a report on the planned changes to the future provision of the Internal Audit Service and work taking place to identify a new provider.

Head of Finance, Colin Sharpe presented the report.

Members of the Committee discussed the report and raised a number of points to which officers provided further explanations and assurances.

The Chair thanked officers for the report.

AGREED:

1. That the report be noted.
2. That any comments made in the meeting be taken into consideration during future progress on the procurement of a new internal auditor.

11. ANY OTHER BUSINESS

There being no other business, the meeting closed at 7:45pm.