



Leicester
City Council

Minutes of the Remote Meeting of the
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 23 SEPTEMBER 2020 at 4:00 pm

P R E S E N T:

Councillor Pantling (Chair)
Councillor O'Donnell (Vice Chair)

Councillor Bajaj
Councillor Joshi

Councillor Kaur Saini
Councillor Dr Moore

Councillor Rahman

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51. APOLOGIES FOR ABSENCE

There were no apologies for absence.

52. DECLARATIONS OF INTEREST

There were no declarations of interest.

53. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 22 July 2020 be confirmed as a correct record.

**54. ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE TO COUNCIL
COVERING THE MUNICIPAL YEAR 2019-20**

The Director of Finance submitted a report, which sought approval for submission to Council of the Annual Report of the Committee. The report outlined the Committee's achievements over the municipal year 2019/20. It was noted that the Committee's terms of reference as approved by Council required the submission of the Annual Report to ensure the Committee was held to account on a regular basis by Council.

It was further noted that the Committee had considered a wide range of business in fulfilment of its central role as part of the Council's system of corporate governance, risk management, fraud and internal control. It was considered that the Committee had conducted its business in an appropriate manner through a programme of meetings and fulfilled the expectations placed upon it.

It was reported that the Committee had also fulfilled the good practice guidance issued by CIPFA and it was the view of the Director of Finance that the Committee had made a significant contribution to the good governance of the City Council. Through its work, the Committee had reinforced the Council's systems of internal control and internal audit and had given valuable support to the arrangements for corporate governance, legal compliance and the management of risk. It was confirmed that the Committee had received regular reports from Grant Thornton as the Council's external auditor and had maintained an overview of the external audit process.

It was noted that each year, following any changes in membership, there was a need to support members with relevant training and briefings on technically complex subjects, particularly in the context of the governance of a large local authority and especially during a period of continued financial stringency and change. It was considered that the effectiveness of the Committee was enhanced by having members who had gained sufficient expertise and experience. Members noted that the Committee's membership had been maintained as a result of the ongoing Covid-19 situation, which was therefore seen as beneficial.

In concluding the item, Committee members requested that their thanks and appreciation be recorded to the Chair for her conduct and accomplishments during the year.

RESOLVED:

That the Annual Report be approved for submission to the Council.

55. ANNUAL INSURANCE REPORT 2020

The Director of Finance submitted a report, 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.

With regard to Insurance Funding it was reported that some claims had managed to be settled for less than the amount set aside for them.

Regarding Catastrophic Injury Claims that involved long-term care, it was explained that these were quite rare, however they did put pressure on external premiums.

It was reported that a large portion of the past six months had been spent effectively responding to the Covid-19 pandemic, however it was too soon to say whether there had been any impact on claims and costs from it. No Covid-19-related claims had yet been received, however there was still a long time period in which they could come through.

Regarding Highways incidents, it was reported that a large proportion of claims involved potholes causing trips, and motoring incidents. This was in line with national trends.

Councillor Dr Moore drew attention to the area of the report detailing the surplus of the Insurance Fund which had led to a transfer of £5m into the Leicester City Council Capital programme. She expressed concern that this money may be needed in the Insurance Fund in the future and cautioned against sudden spending on projects when that money may be needed for insurance.

Principal Accountant Catherine Taylor responded that there was still a small surplus in the fund over and above the balance recommended by the actuary following the transfer.

Chief Accountant Amy Oliver reported that as this money was no longer needed in the reserve, it was now fully committed to the capital programme and had been approved by Council as part of the 2020/21 capital programme. However, she noted there was resilience in the Council budget should demands on the insurance fund unexpectedly increase, for example the General Fund balance.

RESOLVED:

To note the contents of the report, and the Council's approach to ensuring it is managing the financial risk associated with claims.

56. ANNUAL REPORT ON THE NATIONAL FRAUD INITIATIVE (NFI)

The Director of Finance presented the Annual Report on the National Fraud Initiative (NFI). The purpose of the report was to provide information on the National Fraud Initiative exercise that had been concluded.

The exercise had been hosted by the Cabinet Office and had overseen data matches electronically to identify possible fraud or irregularity. Types of matches included:

- Housing benefit claimants who were not entitled to claim because they were in receipt of Student Loans or who were tenants at a different address or who appeared on a local authority payroll.
- Blue Badge Parking Permits, Concessionary Travel passes and Private Residential Care Home residents where the individual had been recorded as deceased.
- Duplicate Creditors or duplicate payments to creditors.

- Council Tax Reduction Scheme to Payroll.

Of 26,859 matches, 4,195 had been checked on the Cabinet Office risk scoring basis targeting high-risk matches. Five errors had been identified and zero frauds had been identified. £7,548 in overpayments had been identified.

There was a good level of assurance that fraud and errors across Leicester City Council were at a low level.

Full results of the exercise were due to be released in January 2021.

RESOLVED:

That the contents of the report be noted.

57. STRATEGIC AND OPERATIONAL RISK REGISTERS/HEALTH AND SAFETY DATA

The Director of Delivery, Communications and Political Governance submitted a report presenting an update on the Strategic and Operational Risk Registers and Health and Safety Data.

The report considered the strategic registers compiled on risks facing the council and the operational register compiled on risks that affected the day-to-day running of divisions within the council with a risk-score of 15 or above as well as the number of incidents by incident type.

It was reported that 19 risks on the register had been updated and controls and risks had been updated. Further to this, 19 risks were amended, two risks had been deleted and five new risks had been added.

It was clarified that deleted risks did not mean an absence of risk, but rather that the risk now scored lower and was not considered a high risk and was well managed with effective controls.

At the time the report was produced the Brexit risk assessment had been updated and the report was to be produced in October.

It was also noted that Covid-19 risks were in the register and were managed at a divisional level.

Councillor Dr Moore enquired as to whether the possibility of a pandemic had featured in past risk registers.

Risk Management Manager Sonal Devani stated that it had not been identified as a specific risk, however it had fallen under the Business Continuity Plan so departments may have planned for losing staff and how to manage this.

She added that externally, looking at the community risk register, the possibility of a flu pandemic had been identified and plans had been put in place for such an occurrence.

Councillor Joshi referred to the graphs on the report and noted that work-related ill-health had declined in Adult Social Care and Safeguarding had declined. He asked whether this was due to the Covid-19 situation or another reason.

Sonal Devani clarified that this data had been produced by the Health and Safety department and she would enquire with them.

Councillor Pantling drew attention to point 4.10 of the report which referred to both periodically looking at risks and also about the on-going process of considering risks and asked for clarification.

Sonal Devani clarified that reporting took place on a four-monthly basis, however, the policy asked that risks be considered daily and always kept in mind. She added that relevant risk assessments were updated accordingly.

RESOLVED:

That the Strategic Risk Register (as at 27 August 2020) and Operational Risk Register (as at 31 May 2020) and the Health and Safety Data be noted.

58. 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 involved the likely disclosure of “exempt” information, as defined in the Paragraph detailed below of Part 1 of Schedule 12A of the Act, and taking all 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 holding that information).

INTERNAL AUDIT- Progress Against the 2019-20 and 2020-21 Internal Audit Plans

59. PROGRESS AGAINST THE 2019-20 AND 2020-21 INTERNAL AUDIT PLANS

Bharat Mistry, Internal Audit Manager, submitted a report, which provided:

- A summary of progress against the 2019-20 and 2020-21 Internal Audit Plans.
- Information on resources used to progress the plans.
- Summary information on high importance recommendations and progress with implementing them.

It was reported that Internal Audit had consulted with the Corporate Management Team regarding the impact of Covid-19 on priorities and to identify if any priorities had changes as a result. Particular issues caused by Covid-19 that were considered included:

- Whether there were any new audits that Internal Audit should consider and add to the plan.
- Whether increased working from home and changes in working practices needed assurances and controls from Internal Audit.

Feedback was received and only minimal changes to the original plan were requested. However, it was noted that this was a flexible plan and as such new audits could still be added.

It was further added that audits of a number and range of Covid-19 processes and grant certification had been requested.

Other points reported included:

- One 2018-19 audit remained outstanding. The matter was being pursued by the Leicester City Council Client Officer and was looking to be finalised over the coming weeks.
- With regard to Resources Used, Internal Audit were confident that they could the 800 target days could be delivered by the end of the year.
- Recommendations would be followed up on by Internal Audit until they were concluded.

Neil Jones (Internal Audit) assured the Committee that engagement with officers at Leicester City Council had been continuing and that whilst work had been remote it had been working well.

Councillor Pantling enquired as to whether working from home had been difficult from an Audit perspective.

Bharat Mistry responded that it had sometimes taken longer to get information, especially if that information was in a hard document. He further reported that the 'Egress' system had been used to transfer sensitive information and that data analytics were being used to progress audits.

It was added that there had been some delays due to technical issues and

computers not operating as efficiently as hoped, however the team had generally adapted well to working remotely, and as such, most of the Schools Audit had been remote.

RESOLVED:

That the contents of the report be noted.

60. ANY OTHER URGENT BUSINESS

It was agreed that future meetings would commence at 5pm to take into account the resumption of regular working hours for some attendees.

There being no items of further business the meeting closed at 4.56pm