



Leicester
City Council

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 15 MARCH 2023 at 5:30 pm at City Hall

P R E S E N T :
Councillor Kaur Saini (Chair)
Councillor Dr Moore (Vice Chair)

Councillor Cassidy

Councillor Pantling

Councillor Whittle

Mr Bapon Bhakri – Independent Member

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43. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Valand.

44. DECLARATIONS OF INTEREST

Members were asked to declare any pecuniary or other interests they may have in the business on the agenda.

Councillor Dr Moore declared an Other Disclosable Interest in the Risk Management update as a close family member works in the library service and was undertaking a grievance process, Councillor Dr Moore indicated she had strong opinions as regards the risk management item as a result. On the basis of her strong opinion, as it was likely to prejudice her judgement of the public interest Councillor Dr Moore was therefore advised to withdraw from the meeting at that point of discussion. Councillor Dr Moore agreed to withdraw at the relevant point.

Councillor Pantling declared an Other Disclosable Interest in the Internal Audit update as there was mention of Rolleston School which was within the Eyres Monsell ward where she was the ward councillor. In accordance with the Council's Code of Conduct the interest was not considered so significant that it was likely to prejudice Councillor Pantling's judgement of the public interest and she was not therefore required to withdraw from the meeting during consideration and discussion on the item.

45. MINUTES OF THE PREVIOUS MEETING

It was noted that due to a technical issue the minutes of the meeting held on 22nd November 2022 were not before the committee at the last meeting and although published had not been brought for confirmation.

RESOLVED:

1. That the minutes of the meeting held on 18th January 2023 be confirmed as a correct record.
2. That the minutes of the meeting held on 22nd November 2022 be brought to the next meeting for confirmation.

46. STATUTORY STATEMENT OF ACCOUNTS & ANNUAL GOVERNANCE STATEMENT 2021-22

The Director of Finance submitted a report providing details of the audited Statement of Accounts along with the Annual Governance Statement.

The Chief Accountant introduced the report, reminding that progress updates had been regularly brought to the committee and noting that the delays in finalising the statement of accounts were due to a number of factors including a known national accounting issue involving infrastructure assets which had now been resolved.

Attention was drawn to the adjustments that had been made since the draft statement of accounts, which were largely due to the increased national focus on asset valuations. Full details of all adjustments were included in appendix C of the audit findings report and it was confirmed that none of the changes affected the money the Council had to run its services.

It was advised that due to the late sign off, more up to date pension liability information had been made available which had the potential to affect the accounts. This was a national issue, and conversations would take place with the external auditors around that. Again, this was not an issue that affected the money that the Council had available to fund its services. The Chief Accountant sought authority from the Committee to delegate the approval of any amendments regarding updated pension scheme liability information to the Director of Finance, subject to a report to the Committee at the next meeting.

Nicola Coombe, Senior Audit Manager, Grant Thornton gave an overview of the audit findings report and noted that on receipt of the latest government guidance regarding the temporary solution for infrastructure assets that this issue had now been resolved for the 21/22 accounts and the other items outstanding from November 2022 had now been resolved.

The list of adjustments required since the draft accounts (included in Appendix C of the Audit findings report), were referenced and there were 2 items which had been identified that the Council had elected not to make and those were set out in the letter of representation specifically amounting to £2.9 million in relation to asset evaluations.

Members of the Committee considered the report and raised a number of

points which included the following:

There were more adjustments/corrections than previous years. However, it was explained that some of these were largely as a result of the national issues discussed at previous meetings, although there were also some issues identified that the council would address through improved processes and training. The issues identified were largely in relation to property, plant and equipment, which the finance team would work with the estates and buildings team to address.

The Director of Finance acknowledged the points made and explained that through training and improved processes the Council would look to address these issues. It was advised that the finance officers were meeting with estates to explore checks and improvements to processes to pick up errors going forward.

Both the auditors and the finance officers were satisfied there was nothing significant in the changes since the last discussion and the auditors confirmed that the accounts gave a true and fair representation of the Council's accounts.

Members queried the audit recommendation made in relation to the Annual Governance Statement being considered to be light and asked how that would be perceived by the public. It was advised that there had been full discussion about this at the last meeting and the governance arrangements for the organisation were secure. In future the finance team would look to expand the statement to take account of the auditors recommendation for more qualitative information to be included. However, there were no concerns from the auditors about the organisation's governance.

Some members raised concerns about the service of papers for this item and it was suggested that reports should be available for the agenda setting meetings and that the deadline for reports should be met in future.

Members were reminded that hard copies were posted using the docmail system, in addition to all documents being emailed to all of the members of the committee to ensure that there was opportunity for all to read the papers in advance.

It was advised that the deadlines around completion of the audit and accounts was tight especially this year with the delay to the audit process and waiting for legislation and government guidance to be issued.

Members were reminded that the audit report highlighted in this meeting was brought to the November 2022 meeting along with the statement of accounts, so this report was only talking about the changes since that time.

The Chair thanked everyone for their comments.

It was moved and seconded that:

- the Statement of Accounts 2021/22 be approved;

- the Annual Governance Statement 2021/22 be approved;
- the letter of representation submitted by the Director of Finance (s151) be approved;
- the Director of Finance have authority to approve any amendments to the Annual Accounts resulting from the updated pension scheme liability information;
- the Director of Finance have authority to approve any minor amendments to the Annual Accounts and the Annual Governance Statement, subject to a report to the Committee at the next meeting;

Upon being put to the vote there were 3 votes in favour and 2 abstentions, and the above recommendations were CARRIED.

RESOLVED:

1. That the auditors ISA 260 Report (the Audit Findings Report) to those charged with Governance and the recommendations contained within it at Appendix A be noted;
2. That the Statement of Accounts 2021/22 be approved;
3. That the Annual Governance Statement 2021/22 be approved;
4. That the letter of representation submitted by the Director of Finance (s151) be approved;
5. That authority to approve any amendments to the Annual Accounts resulting from the updated pension scheme liability information be delegated to the Director of Finance, subject to a report to the Committee at the next meeting;
6. That authority to approve any minor amendments to the Annual Accounts and the Annual Governance Statement be delegated to the Director of Finance, subject to a report to the Committee at the next meeting;
7. That the further update on external audit fees from 2023/24 onwards and comments thereon be noted.

47. RISK MANAGEMENT UPDATE

18.25 Cllr Moore withdrew from the meeting during discussion of this item.

The Director of Delivery, Communications and Political Governance submitted a report providing an update on the Strategic and Operational Risk Registers as well as Health & Safety data.

The Risk Manager introduced the report providing an overview of the strategic risk register documenting the key strategic risks facing the council and how those were being managed together with the operational risk register process managed by the Divisional Directors and their divisional management teams risks that detailed risks associated with the daily business.

Members were reminded of the discussion last time and the approach taken to introduce the strategic risk register using the PESTLE analysis framework.

Members attention was drawn to the following points:

- The amended appendix 1a Strategic Risk Register (SRR) summary which indicated risk scores from the previous risk reporting period and showed there had been no change on the SRR ratings this reporting cycle. The amended document also now made the link to the Operational Risk Register (ORR) in the end column.
- A new socio-cultural risk was included at 3.4 of SRR, about the impact arising from the numbers and complexity of needs of asylum seekers and refugees which was scored high at 20.
- There were no new strategic risks identified under the Political theme since the last report was presented although the uncertain political and policy environment remained a significant red risk to the organisation.
- Appendix 2 indicated the number of high operational risks for each department/strategic area which affect the daily running of the business, and the in depth detail behind those risks were shown at Appendix 3.
- With regards the ORR, 27 existing risks had been amended, 6 deleted and 4 new risks added during this reporting period.

The Risk Manager then provided an update on Health and Safety data noting that a total of 171 incidents were reported this period, (compared to 189 incidents last time), of those 84 were reported as near misses, 6 were work-related illnesses and 81 were injuries. Compared to the same Q3 reporting period 2021-22 this represented a 33% decrease.

The Chair welcomed the report and invited members to consider the report which included the following comments:

There was discussion on the risks around financial sustainability, and it was suggested this should be more about the risk to delivery of services as opposed to the revenue that drives it. The Director of Finance advised that financial sustainability was included as a risk sitting at CEO level as it was seen as a risk for the council, and there was a general feeling that the council's income does not sustain and it was not just a problem that sits in finance.

In relation to the presentation of two registers, it was advised where those risks were connected and if treatment of a risk on the operational register was reducing the risk score this may have an impact on the scoring of the related strategic risk. Members requested that they be provided with a comparison to the previous risk register so they could see the horizontal movement as regards risks too.

In terms of IT systems and training around cyber risk that was included on the risk registers at 4.3 although it did not specifically say "cyber". As regards IT being a high risk, it was confirmed that with external factors and changes in the technology industry this area was a high risk nationally and when that changed it would filter down through the organisation too.

Discussion moved on to the Health and Safety data presented and it was reminded that this information was provided as it formed part of the risk management. There was a focus on near misses and the report provided more

detail of what a near miss was. Management was required to act, liaising with Health & Safety officers and obtain advice to reduce likelihood of a near miss and to reduce the risk of an actual incident.

In relation to incidents of verbal abuse and verbal threats it was clarified that related to external people not other employees. Members asked whether the Health & Safety data around incidents of verbal abuse and threats captured details of race/gender. The officer was aware that a database was managed by the Health & Safety team and undertook to ask those questions.

The Chair thanked officers for the report.

RESOLVED:

1. That the Strategic Risk Register and Operational Risk Register update be noted,
2. That the Health and Safety data report be noted.

48. RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY AND POLICIES 2023

18.51 Councillor Dr Moore re-joined the meeting.

The Director of Delivery, Communications and Political Governance submitted a report presenting the Risk Management and Business Continuity Policy Statements and Strategies which form an important part of the council's governance arrangements.

The Risk Manager introduced the report and outlined the risk management and business continuity policies and strategies, how the organisation dealt with internal incidents and the council's attitude to risk management.

Attention was drawn to the policy statements signed off by the City Mayor and Chief Executive Officer and the strategy document along with the key deliverables for the next year.

Members welcomed the report.

It was noted that the strategy indicated that all councillors should consider and challenge risk management implications as part of decision making and scrutiny process and there had been discussion previously of how members could contribute to this. The Director of Finance advised that she was due to discuss this further with the Monitoring Officer and take any proposals to the Corporate Board before bringing an update report to a future meeting.

Members were impressed with the explanation about the corporate incident response team and the assurance given about the 3-tier system put in place. Members referred to the Hinckley Road explosion and officers advised that was an external incident, so the major incident plan was involved. Members noted, senior officers were part of that incident working with emergency services who were the lead on the incident and those senior officers were very much part of

those major events and took over at the point of recovery. It was also noted that from that incident internal services would have been affected and so internal business continuity plans would have been invoked.

Members referred to the points made in the report around risk appetite (pg71) and appetite scores (app 2 pg 84). It was commented that risk appetite was really important and needed to connect to strategic risk registers with a link to operational registers, so managers knew what the boundary was for an activity. The Risk Manager replied that there would be activities that had to be carried out that were outside their control and therefore would be tolerated. Risk management training did cover this and included a toolkit which set out that some things could not be terminated. It was noted that risk appetite was different for every service area or project and so this was perhaps an "ideal". Officers took on board the points made and agreed to look in more depth at that outside this meeting.

The Chair thanked everyone for their comments.

RESOLVED:

1. That the Corporate Risk Management Policy Statement and Strategy be noted,
2. That the Corporate Business Continuity Management (BCM) Policy Statement and Strategy be noted.

49. REGULATION OF INVESTIGATORY POWERS ACT 2000 - BI-ANNUAL PERFORMANCE REPORT

The City Barrister and Head of Standards submitted a report advising on the performance of the Council in authorising the Regulatory Investigation Powers Act (RIPA) applications from 1st July 2022 to 31st December 2022.

The Director of Finance briefly introduced the report to the committee advising it was a requirement to bring this report twice a year to confirm what had taken place during the year. It was also noted that 3 new Authorising Officers had been trained bringing the total to 5 Authorising Officers for this area of work.

RESOLVED:

That the contents of the report be noted.

50. INTERNAL AUDIT UPDATE REPORT

The Head of Internal Audit & Assurance Service submitted a report providing:

- a. Summary of progress against the 2021-22 and 2022-23 Internal Audit Plans including:
 - i. Summary information on progress with implementing high importance recommendations
 - ii. Summary of progress against the Internal Audit Plans
 - iii. Commentary on the progress and resources used
- b. Progress with developing the Internal Audit Plan for 2023-24
- c. Planning for an external assessment of Leicestershire County Council's

Internal Audit Service.

The Audit Manager introduced the report providing a summary of progress with implementing high importance recommendations noting that management responses were generally positive and there was recognition that some recommendations required more time to fully comply.

Members noted the current position as at 31st January 2023 showed 37 audits (including prior year) that were work in progress, since then 5 more audits had been finalised and 13 were at draft report stage, another 8 were progressing well. It was noted delays in obtaining information and client responses had caused a number of audits to be delayed and some cases were postponed during the year.

Members were also updated on progress with developing the Internal Audit Plan for 2023-24 as well as plans for an external assessment of Leicestershire County Council's Internal Audit Service to ensure overall conformance to the Public Sector Internal Audit Standards (PSIAS).

Members discussed the report which included the following points:

In terms of schools, it was clarified the audits only related to maintained schools not academies as they had slightly different arrangements and were governed by the Academies Financial Handbook although many of the principles were the same.

Members sought assurance around the grading of audit opinions and members were informed that once a case becomes partial assurance that's when it is reported to this committee. The position in time here was 31st January 2023 and more audits will have progressed since that time, but officers won't have the final detail at the moment.

Members were pleased to see the recommendation regarding emergency repairs and the programme of sample based evidence produced and looked forward to seeing the conclusions on that. The Audit Manager advised they would continue to follow that up until satisfied that the actions had been implemented and it was noted that it was important that the repairs team were taking action already to put things right.

As regards the number of audits postponed, replaced or cancelled it was confirmed that 5 were cancelled and a number of these were grant audits so might have originally been identified as an area that needed covering but it later came to light it doesn't require a grant audit. The Director of Finance also advised that a number were where the projects had been delayed or not happened and so an audit could not be done. However, if any audit was cancelled in this cycle and the project then went ahead the audit could happen on the next internal audit plan.

There was a brief mention of the audit around ward funding and whether members would have sight of those outcomes. The Director of Finance advised

that a report on ward funding expenditure was submitted to the Neighbourhood Services Scrutiny Commission during the year so that information was already in the public domain.

RESOLVED:

That the contents of the report be noted.

51. CORPORATE COMPLAINTS (NON-STATUTORY) 2021-22 REPORT

The Director of Finance submitted a report providing an update on the corporate non-statutory complaints in 2021-22.

The Service Improvement Manager introduced the report and provided a summary of the management of complaints, including the new complaint handling process introduced for housing, information on complaints received and their outcomes, the reasons for complaints, lessons learnt and improvements.

It was noted that:

- 754 complaints were received compared to 671 in 20/21, an increase of 12.3%. Of the complaints received 328 were identified as a request for action or service request and forwarded to the service area to deal with e.g., to provide orange bags for recycling. The remaining 426 were investigated, compared to 249 the previous year, an increase of 71%.
- Service areas receiving the most complaints were within Housing Services, Revenues & Customer Support and also Planning, these accounted for 74% of the total complaints however these were also the service areas interacting with the greatest numbers of customers in demanding areas of Council business.

Members expressed concerns about the accessibility of the complaints system and it was suggested that it was inaccurate to say that people could complain by telephone as often constituents informed councillors they could not get through on generic numbers, in addition there was a section of the public who could not use computers and therefore relied on the telephone or to be able to speak to someone face to face. Members were advised that there was a project reviewing the online messaging process to try and improve customer experience and the concerns raised were noted.

Members welcomed the “Not in cards” within housing but there was criticism that those gave out an incorrect telephone number.

Members acknowledged that when housing repairs were delayed or cancelled the tenant was informed in a timely manner however it was suggested there needed to be more clarity for the tenant about when the work would take place to avoid them having to make calls. The Service Improvement Manager advised that the “not in” cards were as a result of a recommendation to improve the service and Housing Services were trying to improve and be supporting to tenants.

There was a brief discussion about vexatious complaints, and it was noted that there was a separate policy, members were interested to see more details about vexatious complaints and whether consideration was given to signs of someone having mental health issues. The Service Improvement Manager confirmed there was a policy for handling vexatious complainants and part of that process included having discussion with Adult Social Care to see if they were known and to try and help manage their conversations and try to support and understand their cause. Unfortunately, there was a tendency for those conversations to become very abusive, threatening and for targeted emails to come through so there was a process to provide a single point of contact.

As regards dealing with difficult people, it was noted that there were mechanisms in place for staff to offload, reflect and receive support.

Members were advised that the councillor enquiry system allowed matters to be tracked and they were encouraged to raise any matters on behalf of constituents there.

RESOLVED:

1. That the contents of the report be noted,
2. That a copy of the Vexatious Complainant Policy be shared with members outside the meeting.

52. LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN AND HOUSING OMBUDSMAN COMPLAINTS 2021-22

The Director of Finance submitted a report providing an update on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) and the Housing Ombudsman in 2021-22 and the actions taken.

The Service Improvement Manager introduced the report, providing background about the LGSCO and its annual report which outlined key national statistics and themes that provide a national picture of complaints to the Ombudsman together with details of the number of complaints for Leicester City Council, trends since 2021 and escalations.

Members noted that Leicester's number of complaints upheld was low at 60% and Leicester had maintained a 100% compliance with LGO recommendations so was doing very well.

Members also noted that Leicester continued to deliver an improved position on the number of recommendations received and "putting things right more often."

The Chair thanked officers for the report and invited members to comment.

Members queried whether the recommendation around Housing that the council update its policies had been brought to attention of Housing Scrutiny. Officers were not able to provide that response and agreed to raise it with the

scrutiny team to consider in their future work programme.

RESOLVED:

That the contents of the report be noted.

53. AUDIT AND RISK COMMITTEE'S ANNUAL REPORT

The Director of Finance submitted the annual report of the Audit & Risk Committee setting out the committee's work and achievements over the municipal year 2022-23.

The Director of Finance introduced the report explaining the report would be taken to full council and highlighted the key changes and work done during the year.

The Director of Finance indicated that comments made during this meeting would be reflected in the final report, e.g., members requested improvements to continue to improve financial processes for when producing the Statement of Accounts.

Members noted para 4.2 of the report and queried who the monitoring Officer representatives were at meetings. The Director of Finance replied that depending on the report being brought to committee an appropriate officer would be tasked with delivering that from the Monitoring Officer's service area, such as The Risk Manager or the Corporate Investigations Manager and so on although there was not always a legal representative at each meeting. Members were reminded the democratic support officers present at each meeting also represented the Monitoring Officer to provide governance advice and support. Members suggested that it would be helpful to have a legal representative present at each meeting as this was a regulatory committee. The Director of Finance noted in the Terms of Reference the committee could request specific officers to attend.

Members referred to the Chair's role on the newly formed East Midlands Audit forum and commented that it would be useful to see how this committee had benefitted from that. The Chair responded that the forum had been established to share practice across the region with the aim of learning and improving. Compared to other areas Leicester was very good and the issues mentioned at other authorities were not replicated here.

Members suggested it would be helpful as a function of this committee to have a standing item for the Chair to provide feedback from that forum. The Chair favoured an end of year statement being produced which could capture the main points and the Director of Finance agreed to look into this.

RESOLVED:

1. That the contents of the report be approved subject to any final comments for inclusion referred to above,
2. That the final Audit & Risk Committee Annual report covering the period 2022/23 be presented to full Council,

3. That the Director of Finance explore with the Chair production of an end of year statement capturing the main points from the East Midlands Regional Audit Forum.

54. ANY OTHER URGENT BUSINESS

None notified.

As this was the last meeting of the municipal year the Chair thanked members for their input and extended thanks to the officers for their support to the meetings.

Councillor Pantling thanked the Chair for the way in which she had chaired the meetings throughout the year.

There being no further business the meeting closed at 8.05pm.