



Leicester
City Council

Minutes of the Meeting of the
GOVERNANCE AND AUDIT COMMITTEE

Held: WEDNESDAY, 18 SEPTEMBER 2024 at 5:30 pm

P R E S E N T:

Councillor Kaur Saini – Chair
Councillor Clarke – Vice Chair

Councillor Joel
Councillor Osman
Councillor Modhwadia

Councillor Cassidy
Councillor Kitterick

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1. APOLOGIES FOR ABSENCE

Councillor Saini, as Chair welcomed those present to the meeting.

Councillor Modhwadia and Councillor Osman were noted to be in attendance as substitutes for Councillor Adatia and Councillor Rae Bhatia.

There were no apologies of absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES FROM THE PREVIOUS MEETING

The minutes of the meeting held on the 10th of July were recorded as a true and accurate record.

The minutes of the meeting held on the 7th of August were recorded as a true and accurate record.

Councillor Kitterick highlighted the need to include an action log to keep track of which actions have been completed or outstanding.

4. THIRD PARTY RELATIONSHIPS AND GOVERNANCE UPDATE

The Monitoring Officer submitted a report to the Governance and Audit

Committee which presents the Third-Party Relationships and Governance Update report.

- The Head of Law updated on the progress on proposed actions, paying particular attention to Actions 3, 5 and 6 which highlighted the internal governance arrangements going forward. The Head of Law focussed on two sections of the appendix, which includes the first of organisations who hold a decision-making role, and a second list which involved advisory and non-decision-making roles. The Governance structure was set out in the final column of the appendix.
- Action 5, found under paragraph 4.11, set out the arrangements and considerations for ensuring appropriate indemnity cover for directors and trustees. Action 6 explained the process to approving new organisations, or joining existing organisations holding a formal governance role, including becoming trustees or directors.

In response to members questions it was noted that:

- Members highlighted the transparency of the report, specifically a need for a comprehensive list of officers involved with third-party organisations and their relationships, details of large loans provided to the organisations, identification of council representatives on boards and clear funding streams to safeguard the Council's interests.
- The Head of Law responded to a query regarding training, as the last training was delivered on the topic of 'Formal Duties of a Director or Trustee under the Companies Act & Charities Act in October 2022', mentioning that training will continue being delivered periodically to avoid becoming outdated and cover the legal requirements.

ACTION POINT – To include an additional column to the appendix which includes a high-level summary of any relationships and commentary for each organisation to enhance clarity and transparency.

AGREED:

That the report be noted.

5. INTERNAL AUDIT PLAN 2024/25

The Head of Internal Audit submitted a report to the Governance and Audit Committee which presents the Internal Audit Plan 2024/25.

The Head of Internal Audit presented the Internal Plan for 2024/25 noting a few key areas:

- Highlighted the process of identifying all the key areas of audit, prioritising key listed functional areas to ensure the Council has the best opportunity to address risks effectively, as outlined in page 7 of the report.
- Informed that there will be revisions to the internal audit charter,

including the role and scope of internal audit, the relationship with Risk, Audit and Transformation, aligning with the Public Sector Internal Audit Standards and other professional standards.

- It was noted that that the charter may need to consider the new Global Internal Audit Standards expected to take effect in April 2025, which will require updates to the Council's audit practices.
- Other future developments included the new Public Sector Audit Standards anticipated in Autumn 2024, which may further necessitate changes to the audit charter and programme.

AGREED:

To approve the 2024/25 internal audit work programme.

To approve the draft internal audit charter.

6. LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN AND HOUSING OMBUDSMAN COMPLAINTS & CORPORATE COMPLAINTS 2023/24

The Director of Corporate Services submitted a report to the Governance and Audit Committee which presents the Local Government & Social Care Ombudsman and Housing Ombudsman Complaints & Corporate Complaints 2023/24.

The Director of Corporate Services presented the report which provided the background on definitions of complains, how housing processes differentiates with other services, the process for housing complaints and the proposals to align with Local Government and Social Care Ombudsman recommendations going forward.

The Director of Corporate Services provided information on the numbers of complaints received, the systems and process used internally within the council to capture key data and how complaints were categorised, managed and tracked.

Members discussed the reports and the following areas were highlighted:

- Members queried whether the council tracked the number of interactions and the reasons for accepting or rejecting complaints. The Director responded that the current system lacked this capability to provide the level of detail, while some narrative information was available, it required manual analysis to establish patterns. The Director noted the need for system enhancements to capture improved data to inform decision-making.
- The Director of Corporate Services acknowledged a query regarding the subjectivity of the complaints process due to reliance on the visible information, explaining that the process should ideally be more objective, further improvements to the system fields and additional guidance to staff would enhance consistency.
- Members observed that the report lacked key statistical analysis, noting that the case management system could not identify whether cases were justified or upheld. Members stressed the importance of

addressing this to drive service improvements and requested that it be prioritised for the next report in a year's time. The Director agreed, acknowledging the limitations and confirmed that thematic and qualitative analysis would be a key focus for future reports.

- Members noted the absence of information on the severity of complaints and highlighted the potential vulnerability of the council if significant issues were not identified. The Director responded that while challenges existed, only a small proportion of the 20,000 recorded interactions resulted in formal complaints. It was added that minimal compensation had been required.

AGREED:

The report was noted.

7. FINANCE UPDATE, INCLUDING 2023/24 EXTERNAL AUDIT PROGRESS

The External Auditors, Grant Thornton, and Head of Finance submitted a report to the Governance and Audit Committee which presents the Finance update, including 2023/24 External progress.

Members discussed the report and the following points were raised:

- Members referred to paragraph 4.4 and queried whether, in the event of missing the current deadline, the audited accounts could still be finalised by February 2024. The Head of Finance responded that the aim was to submit the audited accounts by November and whilst the accounts should be signed off before the next year, the progress depended on the resolution of queries and the timeliness of responses from the auditors.
- Members raised concerns about the significance of VAT and whether the matter involved accounting principles. The Director of Finance clarified that the correct VAT treatment had been applied, it was confirmed that officers would ensure accurate classifications moving forward and that there were no wider implications.
- Members commended the team on their efforts, noting that completion of the audit turnaround within three months among challenges.

AGREED:

The report was noted.

8. FINANCIAL SUSTAINABILITY

The Monitoring Officer submitted a report to the Governance and Audit Committee which presents the Financial Sustainability report.

The Monitoring Officer presented the legal note and members discussed the report and the following points were raised:

- The Monitoring Officer clarified that the legal note was provided to clarify the committee's role in the financial sustainability framework. It was

explained that the constitutional framework outlines the boundaries of the committee's remit.

- Members noted that external auditors, had identified the risk of bankruptcy and the issuance of section 114 notices as a key concern for authorities nationally. It was acknowledged that the Governance and Audit Committee should utilise tools like dashboards to highlight potential financial challenges, such as entering a "red zone" of financial risk.
- Members emphasized the importance of follow-up actions, noting that if details are presented in reports, the committee is entitled to ask questions about them. A concern was raised about whether reports are thorough enough to allow meaningful follow-ups, particularly in areas where information may be lacking.
- Members discussed the iterative nature of the committee's responsibilities, noting the constitutional boundaries of its functions. It was suggested that the committee should focus on strategic financial oversight rather than delving into granular budgetary details. Members highlighted the importance of receiving regular, dedicated reports on financial sustainability to support informed decision-making.
- Members expressed confusion regarding aspects of the report, stating that certain details, such as risks and their alignment with strategic risk registers were unclear and emphasised that financial sustainability should be joined up with strategic risk management, council controls, and external auditor feedback to ensure transparency and public accountability.
- The Director of Finance confirmed that a more detailed report addressing financial sustainability would be brought to the next committee, which would align with external auditors' feedback and provide a clearer understanding of the risks.

AGREED:

The report was noted.

9. PRIVATE SESSION

MEMBERS OF THE PUBLIC TO NOTE

Under the law, the Committee is entitled to consider certain items in private where in the circumstances the public interest in maintaining the matter exempt from publication outweighs the public interest in disclosing the information. Members of the public will be asked to leave the meeting when such items are discussed.

The Committee is recommended to consider the following reports in private on the grounds that they contain 'exempt' information as defined by the Local Government (Access to Information) Act 1985, as amended, and consequently that the Sub-Committee makes the following resolution:-

“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 is considered that the public interest in maintaining the information as exempt outweighs the public interest in disclosing the information.”

Paragraph 7 Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

10. CYBER SECURITY INCIDENT REPORT

AGREED:

That the press and public be excluded during consideration of the following reports in accordance with by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972 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 is considered that the public interest in maintaining the information as exempt outweighs 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).

Exempt minute circulated to Councillors separately.