



Leicester  
City Council

Minutes of the Meeting of the  
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 10 FEBRUARY 2016 at 5:30 pm

P R E S E N T:

Councillor Patel (Chair)  
Councillor Malik (Vice Chair)

Councillor Alfonso

Councillor Singh Johal

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**57. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Hunter and Westley.

**58. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**59. MINUTES OF THE PREVIOUS MEETING**

RESOLVED:

That the minutes of the meeting of the Audit and Risk Committee held on 2 December 2015 be confirmed as a correct record.

**60. APPOINTING YOUR EXTERNAL AUDITOR**

The External Auditor submitted a report which reminded the Committee that the current contract for the provision of External Audit services, which was due to expire at the end of audit year 2016/17, had been extended by one year and would now expire at the end of audit year 2018/19. The briefing advised the Committee of the options and how the process should work for the Council.

The External Auditor asked the Committee to note that:

- It would be the first time the council would appoint the external auditor;
- It was advised that a panel be in place early 2017, and considerations would have to be given to the panel's constitution;
- Regulations specified the panel must include a majority of independent members and an independent chair.

- Procurement options were outlined, including combined procurement with neighbouring authorities;
- Key factors including quality and experience of auditors should be considered;

The Director of Finance stated Leicestershire County Council and districts would be contacted to find out if an External Auditor for the area was favoured. The Council had had a good working relationship with the Audit Commission and KPMG, and would look at the best value for money option. Members requested that they be kept informed on progress during the course of the year.

Members noted that the procurement exercise would have costs, and the panel would want some remuneration. The Council would follow the compliance framework, and if Audit & Risk Committee was in agreement, would pursue the same auditors with the County authorities.

RESOLVED:

That:

1. The report be noted;
2. The Director of Finance keep the committee updated with progress on the appointment of an external auditor.

#### **61. ANNUAL REPORT - CERTIFICATION OF CLAIMS AND RETURNS (GRANTS) - KPMG**

The External Auditor, KPMG presented a report that summarised the work of the auditor and findings from the Certification of Grant Claims and Returns 2014/15.

The External Auditor asked the Committee to note that:

- One claim (2014/15 Housing Benefit Subsidy) with a total value of £135.7million, and three returns were certified.
- One (Teachers' Pension Authority Return) was issued an unqualified assurance report, with no amendment.
- The Homes and Communities Agency (HCA) Compliance Report was a new return for the year.
- The biggest piece of work had been on Housing Benefit Subsidy. Results were similar to what was said in 2015, that it was not unusual to find errors due to the thousands of cases and technical nature of the benefits area. It was acknowledged that the Quality Assurance Team were proactive in correcting errors discovered, and the recommendation to take action in Appendix 1 had been made in previous years, and was an ongoing process. The External Auditor stated he would be happy to withdraw the recommendation for future years if the Audit & Risk Committee were happy with the information provided.

The Director of Finance informed Members that Department for Work and Pensions (DWP) had been approached by the Council to allow the Quality Assurance Team a respite from the testing of applications. An administration

grant from the DWP had been reduced by £1million, but the work had not reduced, and would likely increase with the introduction of Universal Credit. Also, Housing Benefit (HB) regulations would change on 1<sup>st</sup> April 2016, when new claimants would be treated differently to old claimants.

Members were told there was currently a £10million overpayment in HB in the balance sheet, the majority of which was claimant error, for example, non-declaration of savings. The Council sought to recover overpayments as quickly as possible. If the claimant was still in receipt of HB, payment could be reduced, or if in work could be attached to earnings. Members were told that the Management Team has an improvement plan for the benefit service, and figures for the service were monitored every three weeks. Members were informed Disability Living Allowance / Personal Independence Payments were disregarded from household income in the calculation of HB claims.

The Chair thanked the External Auditor and Director of Finance for the Report.

RESOLVED:

That the report be noted.

## **62. DRAFT INTERNAL AUDIT PLAN - 2016/17**

The Director of Finance submitted a report to provide the Audit & Risk Committee with an opportunity to review the draft Internal Audit Plan for the financial year 2016-17, and if the Committee had no significant changes, to approve the plan.

The Head of Internal Audit and Risk Management asked the Committee to note:

- That, for the first time, the plan for 2016/17 was divided into Leicester City Council (who remained the major client) and the external parties the Council's Internal Audit team were contracted to work with.
- Information on recruitment to Senior Auditor roles was given at 4.7 in the report. Partners had raised during discussion the need for more IT Auditor's time.
- The external clients included the Public Health team who had a ring-fenced budget and the ability to pay an audit fee.
- Four staff members were funded through external clients.

The Chair thanked the Head of Internal Audit and Risk Management for the report.

RESOLVED:

That the draft Internal Audit Plan for the financial year 2016-17 be approved.

### **63. RISK MANAGEMENT AND INSURANCE SERVICES (RMIS) UPDATE REPORT**

The Director of Finance submitted a report giving the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

The Head of Internal Audit and Risk Management drew Members' attention Appendix 3 of the report, Children's Social Care and Early Help Team's Divisional Operational Risk Register which had been requested by the Committee at the previous Audit & Risk meeting. Appendix 4 to the report also showed progress made in the 2016 training programme.

The Committee noted the claims data at Appendix 5 to the report, and were advised of a recent court case that was lost.

Members were informed that the high levels of public liability claims were motor claims in Housing which had the biggest fleet, and Planning, Transport and Economic Development, through highways, slips and trips claims. In comparison to Nottingham and Derby, the figures were not significantly high.

Members were asked to note that the Risk Management strategy and Policy Statement (Appendix 6) and Leicester City Council's Business Continuity Management Strategy and Policy Statement 2016 (Appendix 7) had been taken to the Executive and no changes made.

In response to Member questions, the Director of Finance informed the Committee that dependent on the decision, everything the Council did attracted an element of risk, but the Executive had not been in such a position that taking such decisions would score highly on the risk register. Members were also asked to note the departure of two senior managers (Director Culture & Neighbourhood Development and Director of Housing) had long lead in periods so the departures could be managed, and each new manager would inherit established risk registers for the departments.

Members noted there were areas in the risk register of 15 and above in the critical areas of Children's and Adults Services. Members were informed there controls and safeguards in place to manage the risks.

The Chair thanked the Head of Internal Audit & Risk Management for the report.

RESOLVED:

That the report be noted.

### **64. CLOSE OF MEETING**

The meeting closed at 6.44pm.