



Leicester  
City Council

Minutes of the Meeting of the  
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 22 MARCH 2017 at 5:30 pm

P R E S E N T:

Councillor Westley (Vice Chair in the Chair)

Councillor Alfonso  
Councillor Dr Barton

Councillor Cank  
Councillor Dr Chowdhury

Councillor Hunter

\* \* \* \* \*

**67. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Patel, and Alison Greenhill (Director of Finance).

The Chair mentioned that it was the last meeting of Audit and Risk Committee for the Municipal Year 2016/17, and thanked officers for their professionalism and work over the year, and Members for their contribution to the Committee.

**68. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

**69. STATEMENT FROM THE CHAIR**

The Chair noted that at its meeting on 27 September 2016 the Committee had agreed to comply with the recommendation from the Council's auditor to publish annually the names of those Councillors who failed to submit their Related Party Transactions return. It was noted that Councillor Nigel Porter remained the only Councillor who had not completed his 2015/16 return.

It was proposed that in future the Director of Finance would seek returns every April, allowing ample time to complete, before publication of the names of Councillors who had not submitted their returns each Autumn.

RESOLVED:

That the Committee publish, every autumn, the names of all

those Councillors who fail to submit their Related Party Transactions disclosure for the relevant financial year and that Councillors are invited every April by the Director of Finance to complete their returns, so there is ample time, by the autumn, to have done so.

## **70. MINUTES OF THE PREVIOUS MEETING**

Members were asked to confirm that the minutes of the meeting held on 8 February 2017 were a correct record.

RESOLVED:

That the minutes of the meeting of the Audit & Risk Committee held on 8 February 2017 be confirmed as a correct record.

## **71. EXTERNAL AUDIT PLAN FOR FINANCIAL YEAR 2016-17**

The External Auditor submitted a report for noting, that set out how they would deliver their financial statements audit work (including the Annual Governance Statement) for Leicester City Council, and the approach for value for money work for 2016/17.

John Cornett, Director of KPMG, introduced the report. He drew Members' attention to the significant risks highlighted in the report, and other identified areas of audit focus. The following points were made:

- There had been a change of manager in the audit team at KPMG, but assurance was given there would be continuity of service;
- There was no proposed change to the scale audit fee, but there could be additional fee work required.

The Chair thanked the External Auditor for the work.

RESOLVED:

That the report be noted.

## **72. REPORT ON THE PROCUREMENT PLAN 2017-18**

The Director of Finance submitted to Committee for noting, the Council's Procurement Plan 2017-18, as required by the Contract Procedure Rules. The Head of Procurement presented the report.

In response to questions from Members, the following points were made:

- European thresholds would remain in force until Brexit, and existing legislation was expected to be transferred into UK law until another Act of Parliament was introduced. The Authority would maintain a watching brief for those changes in legislation, and would maintain compliance with legislation;
- Changes in exchange rates were a risk, and it was noted that prices for

- some goods had been unstable, with higher than expected inflation, but to date it had not noticeably affected any contracts the Authority had;
- Contracts listed where the amount was 'To be confirmed' had not yet commenced and/or required further liaison with the relevant service department to gain an estimate of value;
  - The value of agency staff was an estimate based on predicted use across the whole authority. There were robust processes in place for approval of the use of agency staff, and the subsequent 'spend' in this area was also closely monitored.

Concerns were also raised regarding the impact of Government cuts to funding for care services and the risks for the authority in providing care, for example, providers terminating their contracts and the Council having sufficient funding to provide the services it needed to. It was requested that the Director of Adult Social Care be invited to the next meeting of the Audit and Risk Committee to discuss the financial side of provision.

The use of agency staff was also queried as this was considered to be a drain on budgets and not value for money. The Director of Finance was asked to provide a breakdown of the usage and cost of agency workers across departments, and explain internal procedures for the engagement of agency workers at the next Committee meeting.

*Councillors Dr Chowdhury and Hunter left the meeting at this point to attend to other Council business.*

A query was also raised as to why the authority procures adult social care services at Leicester Prison. It was noted that the £225k estimated contract value for the delivery of adult social care would not be paid to the Prison Service, but to a service provider who would deliver the service at Leicester Prison.

The Chair thanked the Head of Procurement for the report.

RESOLVED:

that:

1. The Procurement Plan for 2017/18 be noted;
2. The Director of Adult Social Care be invited to the next meeting of the Audit & Risk Committee to discuss the financial impacts in the provision of adult social care;
3. The Director of Finance be invited to the next meeting of the Audit & Risk Committee to provide a breakdown of the usage and cost of agency workers across departments, and explain internal procedures controlling the engagement of agency workers.

**73. ANNUAL REVIEW OF THE COUNCIL'S ASSURANCE FRAMEWORK, LOCAL CODE OF CORPORATE GOVERNANCE AND THE AUDIT & RISK COMMITTEE'S TERMS OF REFERENCE**

The Director of Finance and the City Barrister & Head of Standards submitted a joint report which sought the Committee's approval of updates to the assurance and corporate governance processes at the City Council and the Committee's own terms of reference. The Head of Internal Audit and Risk Management presented the report.

Members of the Committee were asked to consider the recommendations in the report.

Members were informed that there were minor changes to the Committee's own Terms of Reference, and the core principles in the Local Code of Corporate Governance had been completely re-written.

The Chair thanked the Head of Internal Audit & Risk Management for the report. The Chair noted that this would be his last meeting as he was leaving the authority and thanked him on behalf of the Committee for his dedication and hard work, and wished him the best of luck for the future.

RESOLVED:

That the Audit & Risk Committee:

1. Confirmed that no changes to the Assurance Framework were needed and agreed that it should form the basis on which the Council would compile its Annual Governance Statement for the financial year 2016-17;
2. Accepted the changes to the Local Code of Corporate Governance;
3. Confirmed that no material changes to the Committee's terms of reference were needed;
4. Approved the three documents appended to the report.

#### **74. PROPOSED INTERNAL AUDIT PLAN 2017-18**

The Director of Finance submitted to the Committee the draft Internal Audit Plan for the financial year 2017-18 to provide Members with the opportunity to review and the draft Plan. The Committee was recommended to note the report and approve the proposed plan content. The Head of Internal Audit and Risk Management presented the report.

Members had no questions or comments to make on the report.

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

RESOLVED:

That the draft Internal Audit Plan for the financial year 2017-18 be approved.

#### **75. AUDIT & RISK COMMITTEE PLANNED AGENDAS AND MEETING DATES 2017-18 (DRAFT)**

The Director of Finance submitted to the Committee a proposed schedule of meetings and suggested agendas for the Financial Year 2017-18. The Committee was recommended to note and accept the proposed plan content, and raise any issues or questions with the report author or the Director of Finance. The Head of Internal Audit and Risk Management presented the report, and the following points were made:

- There was a reduction in the number of Audit & Risk Committee meetings to four per annum, and papers would be balanced between the four meetings. Dates of the meetings would be agreed at Annual Council;
- It had been agreed with KPMG to add reports to the planned agenda if there was anything significant to report or discuss.

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

RESOLVED:

That

1. The proposed schedule of meetings and suggested agendas for the Financial year 2017-18 be approved;
2. Reports from the Head of Adult Social Care and the Director of Finance be included on the planned agenda for the first meeting of the Audit & Risk Committee (as previously discussed in Minute Item 72 above).

## **76. RISK MANAGEMENT AND INSURANCE SERVICES - UPDATE**

The Director of Finance submitted a report for noting, that provided the Committee with 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 presented the report.

The Council's Operational and Strategic Risk Registers, as at 31 January, were presented and members were asked to note there was nothing of significance to bring to their attention. Several changes had been made to the Divisional risk registers (from which the Council's registers were produced) which suggested officers were reviewing and updating their registers regularly and properly.

Members were also told that since the writing of the report there had been some Business Continuity events that required intervention by the Business Continuity Team, such as the fire at an electricity sub-station on Ravensbridge Drive, an evacuation of a school, and Storm Doris. Fuller details on those incidents would be reported at the next meeting.

Attention was drawn to the reference in the report of changes to the 'discount' rate used in the process of payments to injured claimants, which could see compensation levels rise, which may lead to an increase in premiums and the levels of indemnity cover required from contractors and service providers delivering services for the Council increase.

The Chair queried the recent IT amnesty, and considered it a priority to remind staff about the dangers of cyber attacks. It was agreed the City Officer, ICT be invited to the next meeting of the Audit & Risk Committee to discuss the procedures in place for informing staff of issues affecting the authority's IT security.

RESOLVED:

That:

1. The report be noted;
2. The City Officer, ICT be invited to attend the next meeting to discuss procedures in place for informing staff and members of issues affecting the authority's IT security and the planned agenda for the first meeting of the Audit & Risk Committee be adjusted to reflect this (as previously discussed in Minute Item 72 above).

## **77. CLOSE OF MEETING**

The meeting closed at 6.16pm.