



Leicester  
City Council

Minutes of the Meeting of the  
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 19 DECEMBER 2018 at 5:30 pm

P R E S E N T :

Councillor Riyait (Chair)  
Councillor Westley (Vice Chair)

Councillor Bajaj

Councillor Dr Moore

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**40. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Alfonso and Dr Chowdhury.

**41. DECLARATIONS OF INTEREST**

There were no Declarations of Interest.

**42. MINUTES OF THE PREVIOUS MEETING**

AGREED:

That the Minutes of the meeting of the Committee held on 12 September 2018 be confirmed as a correct record.

**43. EXTERNAL AUDIT UPDATE**

The Chair welcomed Mr J Cornett (KPMG) to the meeting. It was noted that the final audit opinion of KPMG had now been received, following a delay. Reference was made to recent correspondence concerning the delay in the process.

Mr Cornett was invited to update the Committee. He began by confirming that the audit of accounts for 2017/18 had been completed. In response to

questions concerning the delay in the completion of the audit, he apologised and reported on complications involving the housing benefit audit and extra detail required regarding pension aspects of the audit. Further issues relating to the approach taken on valuations of land and buildings identified late in the audit had caused the most significant delay. These returns had now been completed and the accounts had been signed off.

It was confirmed that KPMG had closed their interest and that future external audits would be undertaken by Grant Thornton.

The Chair thanked KPMG for their work and their explanation of the delay and apology was accepted.

In response to questions it was clarified that the term 'unqualified' meant that the accounts for the period showed a true and fair view of the position of the Council. It was also noted that there had been no changes to the accounts approved by the Committee in July 2018.

The Director of Finance reassured the Committee that changes due to the problems experienced had been taken on board for future accounting periods.

RESOLVED: That the position and update be noted.

#### **44. BREXIT PREPARATIONS**

The Director of Delivery, Communications and Political Governance provided a verbal update on the Council's work in preparation for Brexit.

It was reported that the Council was a key member of the Leicester, Leicestershire and Rutland Resilience Partnership's Forum where preparation and planning for major incidents and emergencies was regularly considered.

In respect of the risk-based aspects of the Forum's work, it was noted that East Midlands Airport, being the UK's busiest cargo airport, had been identified as a significant concern. Although there were no immediate risks for the city, it was noted that travel and transport disruption, impacts on fuel supplies, and the movement of goods and livestock had been assessed.

It was confirmed that the Forum had already established emergency planning policies before the announcement of Brexit and the deadline for the UK leaving the EU. Details of the command and control processes were described, and the Committee was reminded that the Forum had cause to act several times in the city this year. The wider structure, involving national regular telephone conference calls and a number of regional level groups was also reported.

In terms of the situation for the Council internally, the close working arrangements with risk management officers and enhanced use of established risk registers were noted. It was reported that risks were scored according to likelihood and impact, with mitigation measures being identified.

It was noted that the key risks related to the following areas of activity:

- Law and legislation.
- Procurement procedures, including implications on suppliers.
- Risk on the economy, and impact on the local economy
- Financial impacts, changes to previous EU funding streams.
- Workforce changes
- Associated wider impacts, involving the reliance on partners such as the NHS in providing social care.
- Community cohesion, advice and support, increased hate crimes.

A draft of the risk assessment was being prepared and would be available early in the New Year following consideration by the Executive.

In response to questions from Committee members, the following issues were reported:

- It was confirmed that employees had been asked to self-identify if they were EU citizens. It was considered that a small number of employees may be affected and communication with them concerning the implications had been enhanced.
- In regard to potential public disorder and attitudes, the Committee reflected on current media attention to Brexit and suggested that certain reports were unhelpful. The need to reassure citizens that the impacts of Brexit were being properly considered was highlighted. The important communication work undertaken by the Resilience Partnership in this respect was reported and recognised.
- It was noted that regular dialogue with the Police, utilising well-established mechanisms was ongoing. The incidents in the city recently were reiterated to outline this close working arrangement between the Council, Police and other partners.
- In respect of supplies of medicines, the concerns had been addressed with NHS England and the national framework was clarified.
- A settlement scheme for EU citizens that were resident had been successfully piloted and it was expected that the scheme would be introduced in the New Year.
- It was suggested that Members be informed of the implications and/or offered a training session concerning the impact of Brexit once more detail on any agreement or a no-deal Brexit was known.
- The impact on existing key funding streams was noted, with the existing funding through the European Regional Development Fund (ERDF) finances being replaced by the UK Shared Prosperity Fund (UKSPF).

RESOLVED: That the position and update be noted.

#### **45. COUNTER FRAUD MID-YEAR UPDATE**

The Director of Finance submitted a report, which provided a mid-year update on the work carried out by the Corporate Investigations Team for the period 1 April 2018 to 30 September 2018.

It was reported that the focus of work for the period had continued to build on the momentum establishing indicative savings for the avoidance loss cases, which demonstrated the value of the work undertaken by the team. A summary of the savings definitions was appended to the report.

In response to a question from the Chair, the process for identifying areas for investigation was clarified, it being noted that this related to an assessment of high risk areas.

RESOLVED: That the report be noted.

#### **46. COMPLAINTS POLICY AND PROCEDURE FOR MANAGING VEXATIOUS CUSTOMERS**

The Director Finance submitted a report, which asked the Committee to note the Revenue & Customer Support Service's implementation of a written Corporate Complaints Policy and Procedure to Manage Vexatious Customers. It was reported that the policy would ensure a clear and standardised approach for dealing with corporate complaints and customers who exhibit inappropriate behaviour.

The process for complaints being received by Councillors was clarified and the need for liaison between members and heads of departments was recognised.

In terms of vexatious customer complaints, the revised corporate policy to be used when a complainant's expectations were inappropriate was noted and welcomed. The assessment protocols when identifying a complaint as vexatious were discussed, noting links to social care colleagues and the requirement to protect vulnerable customers.

In conclusion, the Chair suggested that an update be submitted to a future meeting to identify the effect and impact of the policy's introduction. It was confirmed that an update could be prepared as part of the Annual Report in September 2019.

RESOLVED:

That the report be received and the proposed complaints policy and procedure for dealing with vexatious customers be supported.

#### **47. SOCIAL VALUE UPDATE**

The Head of Procurement provided a verbal update on Social Value following the work undertaken by the Economic Development, Transport and Tourism Scrutiny Commission.

The Social Value Charter document as agreed by the Executive and adopted was circulated to the Committee. The Charter included guidance for suppliers and information including emissions and the environment, construction, apprenticeships and jobs. It was noted that analysis had shown that of all Council funds spent on supplies, a majority had involved local businesses.

It was recognised that some contract management required a stronger approach to show that Social Value was being considered and enhanced reporting was expected in the future. The innovative approach involving delivery partners, including the Employment hub, schools, charities and the voluntary sector was reported and noted.

In considering the document the Committee expressed concern that some existing providers of valuable services may have been overlooked and it was considered that such providers should be acknowledged.

In response it was clarified that case studies showing good practice could be enhanced and that a key intention of the Charter would be to provide information as a starting point in the process for many providers.

In reply to a question concerning the assessment of the results and outcomes, it was reported the Scrutiny Task Group had decided not to set specific targets but would measure outcomes and that there would be an update to the Scrutiny Commission in due course.

In terms of specific targeting of the Charter to SMEs and other local businesses, it was clarified that favourable treatment of any particular business could not be undertaken, but that increased promotion and publicity of Social Value would be a factor in future contracts and procurement. The need to ensure employment and apprenticeship links to forthcoming major projects was suggested and encouraged as an assurance of long-term placements.

RESOLVED: That the update be noted.

#### **48. STRATEGIC AND OPERATIONAL RISK REGISTERS - HEALTH AND SAFETY AND INSURANCE CLAIMS DATA - RISK TRAINING SCHEDULE 2019**

The Director of Delivery, Communications and Political Governance submitted a report which presented an update on the operational risk registers, claims and health and safety data and an updated risk training schedule.

The strategic risk exposure summary as at 31 October 2018 was appended to the report.

In regard to the previous discussion concerning Brexit, the inclusion of risks relating to Brexit scenarios was noted.

In response to questions it was noted that claim values seemed high, although it was confirmed that the value was not the actual amount that was paid to claimants. It was reported that a summary of insurance claims data could be submitted to a future meeting of the Committee.

RESOLVED:

1. To note the Strategic Risk Register and Operational Risk Register as at 31<sup>st</sup> October 2018.
2. To note the Insurance Claims Data;
3. To note the Health and Safety Data;
4. To note the training timetable for 2019;
5. To note the progress being made with reviewing Divisional Risk Registers; and
6. That a summary of insurance claims data be submitted to a future meeting of the Committee

#### **49. FINANCIAL AND ACCOUNTANCY DEVELOPMENTS UPDATE**

The Director of Finance submitted a report, which provided an update on key changes currently affecting the Council, and which may have an impact on the work of the Committee.

The report included an update on the following areas:

- New Codes of Practice
- Budget 2019/20
- CIPFA Code of Practice Changes
- Format changes to the Statement of Accounts

RESOLVED: That the report be received and noted.

#### **50. PRIVATE SESSION**

Into Private Session.

RESOLVED:

That the press and public be excluded during consideration of the following report, in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because it 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 Update Report**

**51. INTERNAL AUDIT UPDATE**

The County Council's Head of Internal Audit and Assurance Service submitted a report which provided:

- A summary of progress against the Internal Audit Plan 2018-19;
- A summary information on high importance recommendations and progress with implementing them; and
- An update on Leicestershire County Council Internal Audit Service's resources

The Committee's thanks were expressed to the newly appointed auditors, Grant Thornton for working with the internal auditors to ensure there was no crossover of work between both parties. In terms of future resourcing of the internal audit service, it was reported and noted that some non-urgent items would be required to carry over to future periods.

RESOLVED: that the report be received and noted.

**52. CLOSE OF MEETING**

The meeting closed at 7.40 pm.