



Leicester
City Council

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 6 MARCH 2019 at 5:30 pm

P R E S E N T :

Councillor Riyait (Chair)
Councillor Westley (Vice Chair)

Councillor Alfonso

Councillor Bajaj

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53. APOLOGIES FOR ABSENCE

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

54. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

55. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

That the Minutes of the meeting of the Committee held 19 December 2018 be confirmed as a correct record.

56. KPMG - ANNUAL REPORT - CERTIFICATION OF CLAIMS AND RETURNS

A report from the External Auditors was presented, summarising the work of the auditor on the Council's 2017/18 grant claims and returns.

The report showed an improvement on the previous year's certification work carried out on the Housing Benefit Subsidy Claim. Work was completed and the claim certified on 6 December 2018.

It was noted the Revenue and Benefits Team had worked through the errors previously identified and as a result there was only one recommendation in the

Annual Report to improve the claims completion process; which was outlined in the appendix to the report.

RESOLVED:

That the report be noted.

57. HOUSING BENEFIT SUBSIDY ARRANGEMENTS - UPDATE

The Head of Revenues and Customer Support provided a verbal update on Housing Benefit Subsidy arrangements.

Further to the previous detailed report submitted to the 12 September 2018 meeting, it was noted that:-

- The Council had an improved performance in reducing the level of overpayments by approximately £1m and had also improved the recovery of overpayments.
- The DWP had previously asked for subsidy payments to be returned due to errors in the claim. Improvements had been made and it was now likely the reclaimed subsidy would be paid back.
- Delays had been experienced in the notification of changes of circumstances, through the change to claimants filling in their claims online to the DWP. This notification process had now improved.
- It was confirmed overpayments could be recovered if the error had been made by the local authority.
- It was confirmed that the Council does not offset payments in Housing Benefits against fines a claimant may have received.
- Tenants living in private landlord properties and struggling to pay rent are advised to contact the Citizens Advice Service.
- Officers have worked hard to achieve a reduction in the level of local authority errors.
- There were still recruitment issues in the benefits advice service, even though processing times for claims were still considered to be at a reasonable level.
- The number of Housing Benefit claims had reduced with the transfer of new claims to Universal Credit.

The new external auditors (Grant Thornton) commented that they would work with council staff to try and reduce the workload on the service. It was also noted whilst Universal Credit tended to take the simpler payments away from the Council, the claims remaining with the Council were more complex. So it was not the case that the inherent risk was lowered.

RESOLVED:

That the update report be noted.

58. THE IMPACT OF BREXIT ON LEICESTER CITY COUNCIL

The Chief Operating Officer and Director of Delivery, Communications and Political Governance submitted a report, which set out the findings of the impact/risk analysis carried out on Brexit by Officers. The multi-agency approach undertaken by the Local Resilience Forum was noted and supported.

The majority of risks identified affected business continuity arrangements. Officers confirmed they felt prepared for short term resilience issues. It was noted that the government had recently announced that the Council would receive £210,000 to assist their preparations to address issues and risks as they arose.

RESOLVED:

- 1) That the findings of the Brexit impact/risk analysis outlined in Appendix 2 and the possible impact of a no deal Brexit Scenario to council key areas be noted.
- 2) That the actions taken by officers with each impact/risk identified be noted.

59. RISK MANAGEMENT UPDATE

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

The Strategic Risk Register (SRR) was constantly reviewed and compiled from the various Divisional Risk Registers. 28 risks in the SRR had been amended, 4 deleted and 5 new risks had been added. When a risk was deleted it did not mean that the risk had disappeared but that its score had been reduced to level below 'high' and was still likely to be retained on Divisional Risk Registers. The number of high level risks has now been reduced to 34. This was following a series of reviews to ensure risks were assessed in a consistent manner by all departments.

It was confirmed there was training of officers and ongoing monitoring. It was confirmed that a rolling annual programme was in place as part of the Council's continuity and emergency management arrangements. Risk management was compulsory for all staff involved in completing registers.

RESOLVED:

- 1) That the Strategic Risk Register and Operational Risk Register as at 31 January 2019, be noted.
- 2) That the Insurance Claims Data and Health and Safety Data be noted.
- 3) That the progress made with the Divisional Risk Registers be noted.

60. RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY AND POLICIES 2019

The Director of Delivery, Communications and Political Governance submitted a report, which presented the revised Risk Management and Business Continuity Policy Statement and Strategies. These provided an effective framework for the Council to manage and respond to key risks facing its services to help achieve the delivery of its Business Plan. The documents had been reviewed which had led to minor changes in the structure and general format.

The Business Management Strategy was widely circulated within the council and there was a robust system in place to which was regularly tested. The strategy had been reviewed externally. Council data bases were regularly backed up and secured safely offsite. It was confirmed that that data stored electronically was considered to be far more secure than a comparable paper system. Data stored on secure servers was read only and was not stored on any other devices.

RESOLVED:

- 1) That the Corporate Risk Management Policy Statement and Strategy set out in Appendix 1 of the report be approved.
- 2) That the Corporate Business Continuity Management Policy Statement and Strategy set out in Appendix 2 of the report be approved.

61. REGULATION OF INVESTIGATORY POWERS ACT 2000 - BIENNIAL PERFORMANCE REPORT

The City Barrister and Head of Standards submitted a report, which advised on the performance of The Council in authorising Regulatory Investigation Powers Act (RIPA) applications, from 1 July 2018 to 31 December 2018.

The Council had only applied to the Magistrates for 2 Directed Surveillance Authorisations in the period of the report which had been undertaken by the Corporate Investigations under the Fraud Act 2006.

RESOLVED:

That the report and its contents be noted.

62. THE JOINT DFE AND LGA TEST OF ASSURANCE

The Strategic Director of Social Care and Education submitted a report, which summarised the process and outcome of the Local Authority Test of Assurance undertaken by the Local Government Association (LGA) in November 2018.

The Assurance Test had been required following the decision to combine adult social care and children's services into one department. The Assurance Test had comprised a review of key documents and a 2 day visit to meet with key professionals and practitioners. The areas of focus had been:-

- Leadership and Governance
- Performance and Outcomes
- Commissioning and quality
- National priorities and partnerships
- Resource and workforce management
- Culture and Change

It was noted that Local Government Review Team concluded that the assurance test had been met and had commented that the Council had approached the integration of the Adults and Children's Services with a measured and systematic approach which had given a good foundation for further development. It was also acknowledged that this was a rapidly developing service and its arrangements would need to be kept under review. The review had identified a number of areas for development which were outlined in the report. These would be reassessed in a further review in September 2019.

The Strategic Director commented that there was a strong resilience in the directorate with 4 divisional directors supported effectively by heads of service and a middle management group. Staff morale had improved significantly since the Ofsted report. It was noted that a number of local authorities elsewhere had also combined the two departments. The merger of the two departments had not resulted in any new additions to the Risk Register. The Departmental Leadership Team also kept the continuing development of the department under review.

RESOLVED:

That the outcome of the Test of Assurance be noted and welcomed.

63. PROCUREMENT PLAN 2019/20

The City Barrister and Head of Standards submitted a report, which sought approval of the 2019/20 Procurement Plan and provided information on potential major procurement activity across the Council.

It was noted that the inclusion of an item in the plan did not necessarily mean that the procurement would go ahead. Anticipated contracts would be subject to ongoing challenges as to whether they were required and whether and how they should be procured. The review process could impact upon the anticipated value and/or duration of the contract.

In response to questions, particularly relating to waste management contracts, it was noted that EU thresholds in the plan would not be affected by Brexit.

Although following Brexit contracts would no longer be advertised in the EU journal as legislation had been transferred to UK law. Social Value had now been incorporated into the Procurement Policy which also meant that the 'Real Living Wage' would be implemented into new contracts.

RESOLVED:

- 1) That the Procurement Plan and the delegated letting of contracts to Divisional Directors in consultation with the Head of Procurement and City Barrister be noted.
- 2) That the summary of waiver and extension activity in the current financial year to date as required by Rule 19.2 of the Contract Procedure Rules be noted.

64. ADJOURNMENT OF MEETING

At 7.15 pm the Chair adjourned the meeting for 15 minutes.

At 7.30 pm the meeting recommenced with everyone who was present when the meeting was adjourned.

65. GRANT THORNTON - EXTERNAL AUDIT PLAN - YEAR ENDING 31 MARCH 2019

The 'External Audit Plan' report prepared by Grant Thornton, provided an overview of the planned scope and timing of the statutory audit of the Council, for consideration by the Committee. This was the first audit plan from the new auditors, who indicated that the risks were fundamentally the same as in previous reports.

The new payroll system introduced in 2017 had presented the previous auditors with difficulties in auditing the system. Whilst the payroll had not been identified as a significant risk with the current audit plan, an assessment would be carried out in the forthcoming interim visit to determine whether extensive testing in the future would be required.

In response to a question it was confirmed that further information concerning the Council's pension liability could be submitted to the Committee.

RESOLVED:

That the External Audit Plan be noted and that further details explaining the Council's pension liability be submitted to the next meeting of the Committee.

66. GRANT THORNTON - INFORMING THE AUDIT RISK ASSESSMENT

The 'Informing the Risk Assessment' report prepared by Grant Thornton, covered important areas of the auditor risk assessment under auditing standards, was considered by the Committee.

The external auditors commented that no significant changes were expected to the risk assessment from previously reported and the Assessment would be updated when required. The auditors had no concerns with the responses they had received to their enquires.

RESOLVED:

That the report be noted.

67. ANNUAL REVIEW OF THE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE AND THE COMMITTEE'S TERMS OF REFERENCE

The Director of Finance and the City Barrister & Head of Standards submitted a report seeking approval of updates to the assurance and corporate governance processes at the City Council and to note the position with the committee's terms of reference.

The Chief Accountant presented the report and it was noted that the Local Code of Corporate Governance had been refreshed for 2019/20 to ensure it set out the Council's objectives and reflected the controls currently in place. It also set out how the annual review would be conducted.

It has previously been proposed to review the Committee's Terms of Reference following the publication of the CIPFA revised guidance on Audit Committees. However, to allow full consideration to be given to the new guidance and to allow the settling in of the new audit internal audit arrangements, this had been further delayed and would be completed during 2019/20.

RESOLVED:

- 1) That the Local Code of Corporate Governance be approved.
- 2) That a report on the Committee's Terms of Reference be brought to a future meeting when it had been reviewed taking into account the revised CIPFA guidance.

68. 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).

Appendix L– Internal Audit Update Report – 2018/19.

69. INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2018-19 PLAN

The Head of Internal Audit & Assurance Service, Leicestershire County Council submitted a report summarising the progress of Internal Audit work completed during the 2018/19 financial year to 15 February 2019.

Neil Jones, Head of Internal Audit & Assurance Service, Leicestershire County Council outlined the main headlines in the report and provided an overview of audit work planned and completed.

Members noted that a substantial amount of work remained in progress, some of which may not be completed until the new financial year. It was noted this was not unusual. Postponements had increased, following a meeting with the Head of Finance in January to re-assess which audits could feasibly be started. The annual planning process was underway which would determine if postponed audits could be carried over to the new financial year or whether other audits should take priority.

There would be an annual report on the areas of governance, risk management and control. There would be an informed opinion in the annual report.

RESOLVED:

That the contents of the report be noted.

70. CLOSE OF MEETING

The meeting closed at 8.06 pm.