



Leicester
City Council

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 18 JANUARY 2023 at 5:30 pm

P R E S E N T :

Councillor Kaur Saini (Chair)
Councillor Dr Moore (Vice Chair)

Councillor Cassidy
Councillor Pantling

Councillor Valand
Councillor Whittle

Mr Bipun Bhakri – Independent Member

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35. APOLOGIES FOR ABSENCE

There were no apologies for absence.

36. DECLARATIONS OF INTEREST

Members were asked to declare any interest they may have in the business to be discussed.

There were no declarations of interest.

37. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were not considered at this meeting as some final amendments were required. It was confirmed that they would be submitted to the following meeting.

38. FINANCIAL UPDATE REPORT

The Deputy Director of Finance submitted a report which provided an update on the progress of the Statement of Accounts and external audit for 2020/21 and 2021/22. The report also provided an update on audit fees for 2022/23 and the appointment of the Council's external auditors and audit fees from 2023/24 onwards.

The Chief Accountant introduced the report, noting that the delays in finalising

the audits were due to a number of factors including a known national accounting issue involving infrastructure assets which was now being worked through as new legislation and guidance had been received. There were also 3 other main items causing a delay to the 21/22 audit which all involved the valuation of assets. It was important to note that whilst the committee needed to be updated on these items in the accounts, they were purely technical matters involving the valuation of fixed assets and did not affect the money the Council had to run its services. It was the intention to bring the finalised accounts to the March meeting.

Grant Patterson, Director, Grant Thornton, noted that following receipt of the government guidance, he expected a certificate could be issued for the 20/21 accounts, but there was further work to certify the audit as closed.

Members of the Committee considered the report and raised a number of points and questions.

It was queried how confident Grant Thornton were in signing off the 2021/22 Statement of Accounts. The Director, Grant Thornton noted that there were about 3 or 4 matters related to property, plant and equipment to be resolved, but the external audit report of the accounts should be completed in time for the March meeting of the Committee.

It was queried why the audit fees for 23/24 were forecast to increase so significantly. The Director of Finance in response noted that the auditors had faced many challenges, particularly around the increasing standards and complexity of audits, particularly around the valuation of assets. It was noted this increase was anticipated. The Director, Grant Thornton also commented that that Council joining the Public Sector Audit Appointments (PSAA) joint commissioning arrangements provided the best value for money. He also referred to the problems faced in terms of recruitment and retention of auditors and the need for staff to maintain a healthy work / life balance. The Director of Finance further noted that it was important that audits were completed in a reasonable timescale as delays diverted officers attention away from day to day service priorities. Noting further concerns about the increase in fees and value for money, the Director of Finance undertook to provide further information at the next committee meeting.

A further comment was made querying whether the delays, ie in relation to legislation / government guidance or audit methodology were likely to have been deliberate decisions by the government and create an ongoing impact. The Director, Grant Thornton noted that some of the delays to audits arose due to the pandemic and also issues regarding the valuation of assets. He also noted problems with recruitment to the sector. He felt that the government had shown some flexibility by setting new legislation to resolve the national Infrastructure accounting issue. He further noted that there were likely to be some further delays on audits in the short term, but the aim was to get back to the usual timetable as soon as possible.

RESOLVED:

- 1) That further information be provided at the next meeting of the Committee regarding the increase in audit fees forecast for 23/24.
- 2) That the report be noted; and
- 3) That the appointment of Grant Thornton as the Council's external auditor for a further five years from 2023/24 be noted.

39. COUNTER FRAUD ANNUAL REPORT 2021-22 & MID-YEAR UPDATE REPORT

The Director of Finance submitted a report which provided a general update on the activities of the Council's investigators and provided assurance of the work they have undertaken.

Stuart Limb, Corporate Investigation Manager introduced the report in some detail outlining the areas of work undertaken by his team, details of referrals and information about the main areas of work. Details were provided about the savings which had been achieved by the team. He also noted that the service had been audited and it was concluded that the service was adequate.

Members of the Committee considered the report and raised some comments and questions.

The work of the team was praised.

The table at 3.4 of the report was referred to and the apparent drop in numbers of prosecutions compared with the previous year was queried. The Corporate Investigation Manager noted that cases put forward for prosecution was done on the evidence available and consideration of a realistic chance of prosecution. There were a number of cases outstanding due to delays in the Court System, but it was felt that numbers were usually quite stable.

The vacancy for a financial investigator detailed at 3.10 of the report was referred to, and it was queried whether there was any particular barriers to recruitment. The Corporate Investigation Manager stated that it was a fairly unique role and not many local authorities had such a role. Recruitment would be undertaken, as the position only became vacant recently and it was hoped to get an experienced investigator.

A further query was raised with regard to the focus given to different areas of fraud and the different levels (ie amounts of money involved) of fraud. The Corporate Investigations Manager confirmed that there were variations in the amounts for different areas, such as Council Tax support which was low, but Right to Buy requests which was a large amount of money involved. He explained that there was a balance between the level of fraud uncovered at the measures which were put in place.

RESOLVED:

That the report be received and the comments of the Committee be noted.

40. ANNUAL REVIEW OF THE COUNCILS LOCAL CODE OF CORPORATE GOVERNANCE

The Director of Finance submitted a report which provided details of the annual review of the Local Code of Corporate Governance.

The Chief Accountant introduced the report noting it was a overarching code of compliance for the Council to ensure good governance. The Committee was recommended to approve the code.

RESOLVED:

That the Local Code of Corporate Governance for 2023/24 be approved.

41. ANY OTHER URGENT BUSINESS

None notified.

42. DATE OF NEXT MEETING

To note the next meeting scheduled to take place on Wednesday 15th March 2023 at 5.30pm at City Hall.

There being no further business, the meeting closed at 6.22pm.