



Leicester  
City Council

Minutes of the Meeting of the  
AUDIT AND RISK COMMITTEE

Held: THURSDAY, 14 NOVEMBER 2013 at 5.00pm

Councillor Westley – Chair

Councillor Alfonso  
Councillor Desai  
Councillor Dr. Moore

Councillor Dr. Chowdhury  
Councillor Grant  
Councillor Naylor

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**42. BRIEFING SESSION PRIOR TO MAIN MEETING - FRAUD: REVENUES AND BENEFITS PROCESS INCLUDING PROSECUTIONS**

The Investigations Manager and Principal Solicitor (Regulatory & Property) for Leicester City Council delivered a presentation on fraud awareness to the Audit & Risk Committee Members, a copy of which is attached to the minutes for information.

**43. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Meghani.

**44. DECLARATIONS OF INTEREST**

Members were asked to declare any interests they may have in the business on the agenda.

Councillor Grant declared an interest that he was a school governor at Overdale Infant School.

In accordance with the Council's Code of Conduct, the interest was not considered so significant that it was likely to prejudice Councillor Grant's judgement of the public interest. Councillor Grant was not therefore required to withdraw from the meeting during consideration and discussion on the items.

**45. MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting of the Audit and Risk Committee held on 24<sup>th</sup> October 2013 had been circulated, and Members were asked to confirm them

as a correct record.

RESOLVED:

that the minutes of the meeting of the Audit and Risk Committee held on 24<sup>th</sup> October 2013 be approved as a correct record.

#### **46. EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER 2012-13**

Neil Bellamy, External Auditor, gave details of the Annual Audit Letter, which summarised the external audit of Leicester City Council for the financial year 2012/13.

The letter reported that KPMG as the Council's external auditor:

- Had issued an unqualified value for money (VFM) conclusion for 2012/13 on 27<sup>th</sup> September 2013;
- Were satisfied that Leicester City Council had proper arrangements for securing financial resilience and challenging how the Council secures economy, efficiency and effectiveness.

The External Auditor said that to arrive at their conclusion, they looked at the Council's financial governance, financial planning and financial control processes, as well as how the Council were prioritising resources and improving efficiency and productivity.

He referred to the certification of grants and returns, and said the grants work was still ongoing. The fee would be confirmed through a report on the Certification of Grants and Returns 2012/13 which would be issued in February 2014. He added the final fee was the same as the planned fee communicated to the Audit and Risk Committee in August 2012.

The Director of Finance informed the Audit and Risk Committee that Neil had come to the end of a seven-year cycle of auditing the Council, and that it was his last meeting. She thanked Neil from everyone for his work over past years.

RESOLVED:

1. that the report be noted.

Neil Bellamy and Adrian Benselin, KPMG, left the meeting at this point.

#### **47. INDEPENDENT REVIEW OF BCM ARRANGEMENTS AT LCC**

The Director of Finance submitted a report to advise the Audit and Risk Committee of the conclusions and recommendations arising from a twelve-week project looking at the effectiveness and embeddedness of the Council's Business Continuity Management (BCM). The Head of Internal Audit and Risk Management presented the report.

The Head of Internal Audit and Risk Management informed Members the project, run between 3<sup>rd</sup> June and 24<sup>th</sup> August 2013, was carried out by a De Montfort University post-graduate student, who had looked at Business

## Continuity Plans across the Council.

The Head of Internal Audit and Risk Management said the Council's BCM had to be consistent with International Standard ISO22301. He said a pro-forma Business Continuity Plan was produced for business areas to use in 2011, accompanied by training sessions for officers. A self-certification process was introduced in 2012 for Directors to ensure each of their service areas had an effective plan in place. A summary in the form of a graph of gap analysis results which highlighted where each plan had scored against the standard was circulated to those present at the meeting.

Interviews were undertaken with the Chief Operating Officer, Divisional Directors and Heads of Service and/or key team members named within the activities business continuity plans. The plans showing as red on the graph reflected that the actions the officers questioned said would happen within their business areas in the event of a significant disruption, were not accurately reflected within the plans submitted to Risk Management and Insurance Services. The Head of Internal Audit and Risk Management said the results were disappointing, as people responding to an emergency would be relying on the plans to recover the service. He added that updated proforma would be sent out with further instruction on how to complete the document.

The project report concluded with eight recommendations summarised in the report, and to support the process and the actions that the Risk Management and Insurance Services team would take, which included delivering three additional Business Continuity training sessions in 2014.

Members said it had been reported to Committee in the past that the Business Continuity Plans for services were fine and asked why they had those reports. They asked if Directors had been falsely reporting or falsely reported to. They said it was serious that the Business Continuity Plan in Social Care Children's Services had failed to attain the required level, given what had been reported recently in other cities, and the protection of vulnerable children was at risk. They recommended that a system be put in place to bring everything up to standard, as self-certification had been proven as something Members could not trust. They added Directors should be made to explain before Committee why their plans were not up to date if they were not so by January 2014. Members said a proposal should be put to the city mayor for additional resources to be made available for Internal Audit and Risk Management to assist in bringing the plans around the Council up to standard.

The Head of Internal Audit and Risk Management said he had spoken to the majority of the Heads of Service with failed plans, and said they thought their plans were up to standard. He said the project was a useful exercise to find out what was wrong with the plans. He added the plans should be brought up to standard by the end of December 2013, and an update would be brought to the next meeting of the Audit and Risk Committee, and copies of the pro-forma, Corporate Plan and slides from the training session would be attached to the minutes of the meeting. The Chair asked the next meeting to commence at 5.30pm to enable all Committee Members to attend.

Members asked if the plans were tested. The Head of Internal Audit and Risk Management said Housing had asked for their plan to be tested, and they would do so in the New Year. He added there would be two De Montfort University post-graduates in Risk Management and Insurance Services who would be available to test the plans in 2014.

The Head of Internal Audit and Risk Management said that the Business Continuity Management Plan was stored in different locations and in different formats, including electronic and hard copy, and via secure internet access.

RESOLVED:

1. that the report be received and the recommendations agreed as laid out in the report.

#### **48. ANNUAL REPORT ON THE NATIONAL FRAUD INITIATIVE**

The Director of Finance submitted a report to update the Audit and Risk Committee on progress made on the National Fraud Initiative (NFI) 2012/13, and to advise them about the NFI 2013/14 Data Matching exercise for Council Tax Single Person Discount fraud. The report was presented by the Investigations Manager, Revenues and Benefits.

Members were informed that participation in the NFI was mandatory under the Audit Commission Act 1998, Part 2(A), and the data matching exercise had produced 2,739 cases to be looked through, which were shared with the relevant sections and considered for investigation. The Investigations Manager added that people could appeal overpayment decisions where they felt it was due to official errors by the authority.

RESOLVED:

that the report be noted.

#### **49. PRIVATE SESSION**

RESOLVED:

“that the press and public be excluded during consideration of the following reports in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because they involve the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it is considered that the public interest in maintaining the information as exempt outweighs 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)

B1) INTERNAL AUDIT UPDATE REPORT: FIRST AND SECOND QUARTERS 2013-14

**50. INTERNAL AUDIT UPDATE REPORT: FIRST AND SECOND QUARTERS 2013-14**

The Director of Finance submitted a report which summarised Internal Audit's work completed the first and second quarters of 2013-14 and was presented by the Audit Manager.

The report provided the Committee with an overview of:

- audit work planned and completed
- significant issues identified by audit work
- management progress in implementing agreed recommendations.

Members were informed that the plan was responsive and flexible due to changing risks, and that 77% of the work planned had been completed within the period. Charts in the report showed a general trend to higher levels of audit assurance during the period.

The Audit Manager outlined three particular audit reports issued during the period, two of which had conclusions of little or no assurance and one that gave partial assurance but was of concern for other reasons, and these were discussed with the Audit and Risk Committee Members. He said Internal Audit would be monitoring the implementation of recommendations made and would report back in due course.

The Chair thanked officers for the update and asked the Committee to note the report.

RESOLVED:

1. that the report be received.
2. that the key issues identified be noted
3. that the progress made in implementing the recommendations in the three specific audit reports be brought to a future meeting of the Audit and Risk Committee.

**51. CLOSE OF MEETING**

The meeting closed at 7.28pm.

