

**AUDIT COMMITTEE  
23RD APRIL 2024**

PRESENT: The Chair (J. Nellist)  
The Vice Chair (Councillor Popley)  
Independent Member (L. Alderson)  
Councillors Cory-Lowsley, Hadji-Nikolaou, Infield,  
Knight, Lennie, Maynard

A. Dudula and A. Reid (External Auditor (Azets))  
M. Surridge (External Auditor (Mazars))

Director Finance, Governance and Contracts  
Director Housing and Wellbeing  
Head of Legal and Elections  
Head of Landlord Services  
Head of Strategic Housing  
Head of Democracy  
Audit Manager  
Democratic Services Officer (RD)

APOLOGIES: None

The Chair stated that the meeting would be recorded and the sound recording subsequently made available via the Council's website. She also advised that, under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

The Chair welcomed the newly appointed Independent Member of the Audit Committee, Ms Alderson, and there were introductions from all attendees.

50. MINUTES FROM THE PREVIOUS MEETING

The minutes of the meeting of the Committee held on 30th January 2024 were confirmed as a correct record and signed.

51. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

No disclosures were made.

52. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

53. INTERNAL AUDIT PLAN - PROGRESS

A report of the Audit Manager was submitted providing the Committee with a summary of the progress against the 2023/24 Audit Plan, outlining key findings from final reports

and any outstanding recommendations (item 5 on the agenda filed with these minutes).

The Audit Manager attended the meeting to assist the Committee with its consideration of the report. The Director of Housing and Wellbeing and Head of Landlord Services also attended to provide an update on limited assurance audit reports for Damp and Mould and Responsive Repairs Q2, and the Head of Strategic Housing attended to provide an update on the Acquisitions Policy which had overdue recommendations.

Summary of responses to questions and discussion:

- (i) Acquisitions policy and procedure - it was confirmed there had been significant periods of time with no permanent manager in post. A staffing review had been undertaken and a new Housing Development Manager post had been created. Recruitment for the new position was in progress. The policy and related procedure guide were under review and expected to be finalised by the end of the current quarter.
- (ii) The IT Health-check Recommendation 1 was now completed, and Recommendation 2 had been extended to August 2024. Extended recommendation 3, relating to the independent review of activity for the highest level of access, included the development of an Exception Report which was not considered fit for purpose at present, due to changes in the HR and payroll systems. The recommendation was extended to April 2024.
- (iii) The extended recommendation for cyber-security had not yet been implemented and had been deferred to June 2024. Further details would be circulated to the Committee.
- (iv) Responsive Repairs Q2 limited assurance audit report – confirmed that operational pressure and the re-mobilisation of the IT system had led to the delay in the completion of procedure/policy documents for staff.
- (v) Damp and Mould limited assurance audit report – a Damp and Mould Co-ordinator would be in post shortly and a damp and mould framework was in place. Committee assured that progress was being made.
- (vi) Planned Maintenance Q1 Major Adaptations had been deferred to March 2024 due to staffing issues. The number of staff needed varied from team to team. The Asset Management team were currently one member of staff short.
- (vii) Various overdue recommendations had now been completed, including Planned Maintenance Q2 Heating, and Planned Maintenance Kitchens and Bathrooms recommendations 6, 7 and 8.
- (viii) General concern with the number of recommendations being extended and deferred in housing/repairs. This was largely due to staffing issues, and priorities needed to be managed for the completion of day to day work. The Committee were assured that systems were being reviewed and issues managed and monitored, with the Corporate and Senior Leadership Teams (CLT/SLT) being updated on a regular basis.
- (ix) Process for overdue recommendations – All relevant officers had access to the overdue recommendations in Sharepoint. Follow-up of recommendations were completed twice by the Audit team and it was the Service-Area Manager's responsibility to implement recommendations.

- (x) Concerns that there may not be appropriate controls in place and therefore a risk of fraud within Responsive Repairs Qtr2 – Stock Control and Materials Management, and that VAT invoices were missing which could cause incorrect financial reporting. Confirmed that this was not currently included in the Risk Register. The Committee was assured that an action plan for this item was being developed and that the actions themselves would then be completed.

The Chair thanked the Director of Housing and Wellbeing, Head of Landlord Services and Head of Strategic Housing for their attendance at the meeting.

**RESOLVED** that the Committee noted the progress report set out in Appendix 1.

#### Reason

To ensure that the Committee is kept informed of the progress against the Internal Audit Plan and work of Internal Audit.

#### 54. 2024/25 INTERNAL AUDIT DRAFT PLAN

A report of the Audit Manager was submitted providing the Committee with the proposed Internal Audit Annual Plan for 2024/25 (item 6 on the agenda filed with these minutes).

The Audit Manager attended the meeting to assist the Committee with its consideration of the report.

Members of the Committee questioned how numbers of days for an audit were allocated, with some audits allocated up to 60 days and others only 2 days. It was explained that the number of days allocated for an audit was based around the results of previous audits and also the scope of the current audit. Some audits took less time, such as financial audits, as these were mainly digitised audits. Full scopes of audits were not always fully agreed upfront and with changing risks and priorities across the Council, numbers of audit days increased and decreased depending on the changing scope, risks and priorities.

The number of audit days available in total had decreased since the previous year and this was due to the Audit team currently with a member of staff on maternity leave. The Audit Manager was confident that the work covered would provide enough assurance for the annual report.

Concerns were raised specifically with regard to the low number of audit days allocated to the Fusion leisure contract. The Committee was assured that the Fusion contract was being closely monitored by teams and was also scrutinised in detail by the Finance and Performance Scrutiny Committee. There was also flexibility to increase the number of audit days allocated if needed.

**RESOLVED** that the Committee approved the proposed audit plan as set out in the Appendix.

## Reason

To ensure that Internal Audit resources are effectively utilised.

### 55. 2023/24 EXTERNAL AUDIT PLAN

A report of the external auditor was submitted providing the Committee with an update on the External Audit Plan (item 7 on the agenda filed with these minutes).

Mr A. Dudula and Mr A. Reid (Azets) attended the meeting to assist the Committee with its consideration of the report. Across many authorities there was an audit backlog, however the Council was considered in a much stronger position. No potential risks or weaknesses had so far been identified and the 2022/23 accounts had been signed off. It was highlighted to the Committee that there had been a significant increase in the audit fee scales and that the additional fee variations were subject to agreement and did not include new auditing standards.

Summary of responses to questions and discussion:

- (i) The calculation for the Council's trivial threshold of £68,000 (which was 5% of the overall materiality for the Council) was shown in Appendix 1: Materiality.
- (ii) Significant risks of material misstatement/ valuation of council dwellings and investment properties – asset valuations were based on building costs and calculations of rental values.
- (iii) Concerns raised with the external auditors' recruitment of work placement students who would be limited in experience. The Committee was assured that recruitment was taking place at all levels, including graduate, auditor and director levels and that work placement students would be fully guided and supported by experienced staff.
- (iv) Confirmed that the 'In-charge Auditor' was effectively an assistant manager, a qualified accountant/on-site team leader who had a team of graduate trainees working for them.
- (v) Concerns that fees would be tripled this year compared to last year. It was confirmed that there had been a national increase on fees for all bodies of 251%. A reconciliation of the 2023/24 Public Sector Audit Appointments (PSAA) scale fee to show how the increases had been calculated would be circulated to the Committee.

**RESOLVED** that the Committee noted the report.

## Reason

The Committee accepted the contents of the report.

### 56. ANNUAL AUDIT LETTER - EXTERNAL AUDITOR

An Annual Audit Letter of the External Auditor was submitted providing the Committee with an Audit Completion Report for 2022/23 as concluded by the Council's previous

external auditor, Mazars, letter dated April 2024 (item 8 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts attended the meeting to assist the Committee with its consideration of the report and Mr M. Surridge (Mazars) attended the meeting virtually.

It was confirmed that a draft of the Letter of Representation and the Annual Governance Statement that had been approved subject to corrections at the November Audit Committee meeting were now in a position to be signed.

The Committee was assured that all work had now been completed by Mazars and the accounts would be signed off by the end of the week.

The Chair thanked Mr Surridge and his team for their work.

*The Chair signed the final Letter of Representation (Audit for the year ended 31<sup>st</sup> March 2023) at the end of the meeting.*

**RESOLVED** that the Committee noted the Audit Completion Report.

#### Reasons

To ensure that the Committee is informed of the Annual Audit Completion Report for 2022/23.

#### 57. COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS ACT (RIPA)

A report of the Head of Democracy was submitted providing the Committee with a summary of the Council's use of RIPA powers (item 9 on the agenda filed with these minutes).

The Head of Democracy attended the meeting to assist the Committee with its consideration of the report.

It was highlighted that RIPA training had been arranged for key staff for 4th June 2024 and a review of the CCTV control room service would be undertaken, which was considered good practice following the recruitment of a new team supervisor for that area.

**RESOLVED** that the Committee noted that there had been no use of RIPA powers by the Council for the period from 1st January 2024 to 31st March 2024.

#### Reason

To enable the Committee to comply with the request from Cabinet that the Audit Committee assumes responsibility for receiving a quarterly report on the use of RIPA, and to report to Cabinet any concerns arising from those reports that may indicate that the use of RIPA is not consistent with the policy or that the policy may not be fit for purpose.

58. RISK MANAGEMENT (RISK REGISTER)

A report of the Head of Democracy was submitted providing the Committee with details of the Strategic Risk Register produced for the period 2024/25 (item 10 on the agenda filed with these minutes).

The Head of Democracy attended the meeting to assist the Committee with its consideration of the report. She noted that there had been no changes to the Risk Register and drew the Committee's attention to Strategic Risks 1 and 10 which had been highlighted in the report. Risk ratings for these had not changed.

In response to questions it was noted that:

- (i) Strategic Risk 2- Civil Contingencies – the Committee was assured that the current treatments and controls were in place with a focus to ensure that the Council was pro-active in its response to major incidents such as flooding.
- (ii) Flooding issues and the Council's response going forward were being addressed by the Flooding Scrutiny Panel and recommendations could be made to Leicestershire County Council, the lead agency for flooding. It was important to note that there were other agencies also involved in the flooding work, such as the Environment Agency, Police, Fire and Ambulance, and that the Council would ensure its involvement in the co-ordination of responses.

**RESOLVED** that the Committee noted the report.

Reason

To ensure the Committee is kept informed of progress against the Strategic Risks, noting that should the risks occur they would cause the Council to be unable to operate and/or provide key services leading to a significant effect on public wellbeing.

59. AUDIT COMMITTEE ANNUAL REPORT

A report of the Chair and members of the Audit Committee was submitted providing detail on how the Committee had complied with the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 during 2023/24 (item 11 on the agenda filed with these minutes).

The Chair outlined the report content which included a summary of the Audit Committee's work throughout the year and evidenced effective challenge and increased confidence in the Council's governance. Committee members thanked the Chair for compiling the report.

**RESOLVED** that the Committee agreed on the content of the report in advance of it being presented to Council to be noted.

Reason

To ensure that the Committee was in compliance with the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022.

60. WORK PROGRAMME

A report of the Director of Finance, Governance and Contracts was submitted to enable the Committee to consider its Work Programme (item 12 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts attended the meeting to assist the Committee with its consideration of the report. The Committee's exempt agenda items process was briefly explained to the new independent member of the Committee.

**RESOLVED** that the Committee proceeds on the basis of the Work Programme attached to the agenda, with any amendments and inclusions agreed at this meeting.

Reason

To enable the Committee to identify future items of business and enable planning for future meetings to be undertaken, for example preparing reports and arranging for the attendance of officers and/or others at meetings.

NOTES:

1. M. Surridge (External Auditor (Mazars)) attended the meeting virtually.
2. No reference may be made to these minutes at the next ordinary Council meeting unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
3. These minutes are subject to confirmation as a correct record at the next meeting of the Audit Committee.