

HARBOROUGH DISTRICT COUNCIL

MINUTES OF THE AUDIT AND STANDARDS COMMITTEE MEETING

held remotely on

15th December 2020

commencing at 6.30p.m.

Present:

Cllr Dr Bremner (Chairman)

Councillors (remote access): Dunton, Golding, Graves, Nunn and Mrs Wood

Officers present: S. Green & P. Storey.

Officers (remote access): C. Mason, V. Wenham, R. Ashley-Caunt (LGSS – Internal Audit),
and M. Surridge (Mazars – External Audit).

APOLOGIES FOR ABSENCE

There were none.

CHANGE OF AGENDA ORDER

With the agreement of the Committee the order of items on the agenda was changed to bring forward item 7 – Any Urgent Business – to follow consideration of the confirmation of the minutes of the previous meeting. This was to receive a verbal update on the preparation of the annual accounts for 2019/20.

DECLARATIONS OF MEMBERS' INTERESTS

There were none.

MINUTES

RESOLVED that the Minutes of the Meeting of the Audit and Standards Committee held on 15th October 2020 be approved and signed by the Chairman as a true record.

ANY URGENT BUSINESS

- (i) Verbal update on the annual accounts 2019/20

The Director, Finance and Assets stated that it was not possible to present the final accounts for 2019/20 for approval. This was not a reflection on HDC or Mazars, the Council's external auditors, but was an outside issue relating to the audit of the Leicestershire Pension Fund. The audit publication deadline had been extended until 30th November 2020 because of Covid-19 but unfortunately has not been met in respect of the Pension Fund audit. The Council has made a complaint in a letter being

sent on the date of this meeting (15th December 2020) to the Public Sector Audit Appointments (PSAA), the body which appoints the auditors for most local government bodies, in respect of the poor performance in the late delivery of the Leicestershire Pension Fund Audit.

M. Surrige, of Mazars – external auditors, stated that the audit is substantially completed but the necessary assurances from the pension auditor for concluding the audit are still awaited.. The latest update is that an assurance letter will be received shortly. Once the letter is received the external auditor will be in a position to complete their testing.

The external auditors consider that there are no material issues, significant concerns or matters which need to be brought to the Council's attention regarding the 2019/20 accounts. The accounts will contain a disclosure notice of "material valuation uncertainty" in relation to property valuations as a result of uncertainty caused by Covid 19. A similar note will appear in respect of the Council's share of Pension Fund property assets..

It was understood that all local authorities in Leicestershire are in a similar position regarding the publication of their 2019/20 accounts.

In answer to a concern regarding the receipt of late reports for consideration, M. Surrige stated that there is no definitive date for receipt of the assurance letter from the Pension Fund auditors but once that is received the detailed report and conclusion regarding the HDC annual accounts for 2019/20 will be sent to members of the Committee in good time to read and consider before being reported to the Committee.

(ii) Actions around the effectiveness of the Audit and Standards Committee

The Chairman stated that he had spoken to the Head of Internal Audit around CIPFA guidelines and that in the New year a questionnaire may be issued about the effectiveness of the Committee. This might possibly feed into the development of training for members of the Committee.

CORPORATE RISK AND OPPORTUNITY MANAGEMENT: QUARTER 2, 2020/21

The Director, Law and Governance presented the Corporate Risk and Opportunity report for Quarter 2, 2020/21.

At the end of Quarter 2 there were 30 Risks and 4 opportunities on the Council's Risk and Opportunity Management Framework. Of that number, 13 (38.2%) were assessed as Red status, 8 (23.5%) as Amber and 13 (38.2%) assessed as Green. Two new Corporate Risks were added to the register during Quarter 2. No new Corporate Opportunities were added and six Corporate Risks were removed during the Quarter.

Officers provided the following information in response to questions asked or comments made by members on the Red status Corporate Risks:

- CR 25 – Sufficient funds to deliver services in the medium term – the medium term is 4-5 years and the Mid Term Financial Strategy covers the period ending 2024/25;
- CR 27 – Delivering housing in a timely manner – during Quarter 1 there were no completions of construction works, with a residual effect on the rest of the 2020/21 year. The Quarter 2 figures showed more activity in the construction industry and the Quarter 3 figures, when available, should give an indication of construction work during that more relaxed Quarter in relation to Covid restrictions. The lack of homes constructed by October means HDC does not receive a new homes bonus for the following year, which is why this item has a Red status. 2020/21 is probably the last year local authorities will receive new homes bonus related to housing grant;

- CR 33 – cost of planning appeals and legal challenges. This mainly relates to planning appeals. Development Management produce lists of planning appeal results, which can be circulated to members. A report on this is made regularly to the Planning Committee;
- CR 36 – uncertainty following the imminent withdrawal of the UK from the EU. The risk is the uncertainty. HDC, like other local authorities, is planning for potential outcomes. Risk statuses are reviewed regularly and officers are happy to present at review comments that this risk should be amber rather than red.
- CR 37 – increase in homeless presentations. Members thanked officers for the tremendous work carried out in this area to reduce the numbers of homeless people in the first nine months of 2020, with great help from charity organisations. Officers stated that Covid has led to increases in presentations of financial hardship, which are being managed but form the main element of this risk;
- CV 07 – increased demand on burial infrastructure. Members suggested that conversations take place with faith groups to ask people to consider cremation rather than burial;
- CV 08 – additional homeworking requirements making increased demand on HDC's IT infrastructure. IT was rolled out very quickly for the first lockdown and it has been a massive learning experience. There has been some instability, but sporadic not regular, and a recent Microsoft issue was across the whole of Europe. Officers have done really well but it is still worth measuring this item as a risk. Members thanked the IT team for their hard work in this area;
- CV 09 – concurrent Emergency planning situations. Plans are in place and have been for some time, plus arrangements with other organisations for dealing with concurrent emergencies, such as another pandemic (Covid or otherwise), winter weather, flooding etc. Members thanked the Leicestershire Resilience Forum and partners for their work in this area, and noted that that their work would continue for some time yet;
- COR OP 01 – business growth leading to Business Rate retention. Officers will provide information to members on the promotion of economic opportunities in the district.

RESOLVED:

That the contents of the Corporate Risk and Opportunity Management Quarter 2, 2020/21 report be received and noted.

INTERNAL AUDIT – PROGRESS AND PERFORMANCE UPDATE

R. Ashley-Caunt, Head of LGSS Internal Audit, presented the Committee with the current progress against the 2020/21 Audit Plan up to 15th December 2020.

The Committee noted that approximately 71% of assignments are either complete or in progress. No reports have been completed as Internal Audit has been mindful of adding to the pressure on services responding to the pandemic. A number of assignments have been concluded and reports issued. The finalised reports will be brought to the Committee. There are currently 6 overdue recommendations, of which 4 (3 low priority) are overdue by three months. These are contained at Appendix B of the report. This Appendix had been inadvertently incompletely printed in the agenda and the full Appendix had been sent to members prior to this meeting.

Appendix C of the report provided an update on the self-assessment of the Head of Internal Audit and Action 5 had not been completed, leaving only Action 6 outstanding, recommending a review of the Committee's effectiveness. The Head of Internal Audit and the Chairman had discussed undertaking a survey of Committee members' awareness of the role the Committee and its members and training needs to strengthen the Committee's role.

Appendix D provided a self-assessment against National Audit Office guidelines and provided proactive questions for members' consideration.

The Head of Internal Audit confirmed that the 235 days commissioned to be provided to deliver the internal audit plan would be provided, with many of the days allocated for the major financial work at the end of the 2020/21 year. All assignments have been allocated and are contained in the workplan. It is possible one assignment may need to be deferred. Some contingency is included so the internal audit team can be proactive.

The report on Planning Enforcement is at final draft stage, awaiting final sign off. The final report will be shared with the Chairman and an executive summary brought to the Committee. Members can request final reports via the S151 Officer or the Head of Internal Audit. Councillor Graves requested a copy of the final Planning Enforcement report.

In answer to a question regarding IR35 Compliance – Agency Staff 2019/20 the Head of Internal Audit stated that the testing had been undertaken and the actions were due to be complied with at the end of the 2019 calendar year and the beginning of 2020 and should have been in place for some time.

RESOLVED: that the Internal Audit report attached at Appendix A to the officer's report and updates at Appendices B, C and D be noted.

INTERNAL AUDIT – DEVELOPMENT OF INTERNAL AUDIT PLAN 2021/22

The Head of Internal Audit presented her report, giving an overview of the Audit planning process for 2021/22, for which 235 audit days had been commissioned. The report set out the criteria to identify and prioritise areas to be considered, in consultation with management, and members were asked to submit requests for reports including any items from the Risk Register, to the Chair, s151 Officer and the Head of Internal Audit for consideration by 31st January 2021. Not all requests would be included in the Audit Plan but be fed into the planning process. A report will be made to the Committee in March 2021 to discuss and prioritise requests for reports.

The Chairman suggested that members submit only one item each to the Head of Internal Audit for assessment.

The Director, Finance and Assets stated that as the Committee has a governance role, members should reflect on the monitoring and performance reports which are issued regularly and the complaints procedures to suggest items to the Head of Internal Audit for inclusion in the Internal Audit Plan 2021/22.

RESOLVED:

- (i) That the proposed approach to development of the Internal Audit Plan for 2021/22 be noted.
- (ii) That members advise on areas where the Committee requires assurance during 2021/22 before the end of January 2021, to be referred to the Head of Internal Audit for consideration in development of the Plan.

The meeting closed at 8.00 p.m.