

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 24 JANUARY 2024

Present: Councillor D Everitt (Chair)

Councillors P Moulton, D Cooper, G Rogers, J G Simmons, N Smith and R Sutton

Officers: Ms K Beavis, Mrs A Crouch, Miss E Warhurst, Mr T Devonshire and Mr P Stone

External Audit: Ms B Hincks and Mr M Surridge

23. APOLOGIES FOR ABSENCE

Apologies were received from Councillor A Barker and R Boam.

24. DECLARATION OF INTERESTS

There were no interests declared.

25. MINUTES

Consideration was given to the minutes of the meeting held on 25 October 2023.

It was moved by Councillor N Smith, seconded by Councillor J G Simmons, and

RESOLVED THAT:

The minutes of the meeting held on 25 October 2023 be confirmed as an accurate record of proceedings.

26. COMMITTEE WORK PLAN

Consideration was given to the inclusion of any items on the work programme.

The Head of Legal and Support Services corrected the title of a report going to the Committee in April 2024.

The Strategic Director of Resources took the opportunity to explain to Members the arrangements for the signing-off of both the Statement of Accounts 2021/22 and 2022/23. He hoped that this allayed some concerns which Members had. He then invited the External Auditor, Mark Surridge, to contextualise and explain for the Committee the delays which had occurred in completing the audits.

The External Auditor advised Members on the national picture and the struggles which Local Authorities had been having to carry out adequate audits largely due to resourcing issues within the sector. He then advised how these issues would be resolved, ready for a handover to the Council's new External Auditor in September 2024.

A Member asked for clarification on the backstop envisaged in September 2024 and the ramifications of the Council's accounts receiving an unqualified assurance. In response, the External Auditor advised that the External Auditors are committed to completing the work. The External Auditors are working with the Council's Finance Team to aim for an unqualified opinion in respect of the Statement of Accounts for 2021/22 and 2022/23. If the Council were unable to complete these Statement of Accounts by the backstop date, then the External Auditor would have to issue a disclaimer.

Chairman's initials

The Chair thanked Members for their comments.

27. INTERNAL AUDIT PROGRESS REPORT

The Audit Manager presented the report.

A Member inquired whether the staffing issues reported were caused by uncompetitive remuneration or a sector-wide lack of internal auditors. In response, the Audit Manager advised that the organisation's pay was lower than in the private sector, although she was working with HR on the whole recruitment package, and there was also a national shortage of Internal Auditors.

A Member raised a concern regarding the Audit recommendation about IT equipment purchasing. The Audit Manager confirmed that this recommendation to follow the contract procedure rules had now been implemented.

In response to questions regarding the delay with completing the Statement of Accounts for both 2021/22 and 2022/23 financial years, the Strategic Director of Resources stated that he would arrange training for the Committee on the annual accounts process. The Committee welcomed this suggestion.

In response to a question regarding Housing Service Audits, the Audit Manager stated that 80 days of Audits had been allocated in the Annual Audit Plan. To manage the workload in the Housing and Internal Audit Services it had been planned to undertake a proportion of Audits in each quarter of 23/24. Resourcing issues in both services had meant that had not been possible to complete the work as planned. Additional temporary audit resources had been secured and it was planned to complete the 80 days audit work between December 2023 and April 2024.

In response to a question regarding the outstanding audit recommendation from the IR35 and Tax audit, the Audit Manager stated that a meeting had been arranged with the Head of Human Resources to discuss the progress of the recommendation.

The Chair thanked Members for their comments.

28. TREASURY MANAGEMENT ACTIVITY REPORT 2023/24 - QUARTER 2

The Head of Finance presented the report.

A Member commended the report and the work that Officers were doing, and asked whether there would be challenges in the next few years regarding future borrowing to fund capital spending. The Head of Finance drew the Committees attention to the Treasury Management Strategy which stated that there would be no borrowing to finance the General Fund revenue expenditure, which was funded by Council Tax. General Fund capital expenditure would be financed by grants and Business Rates reserve. As for the HRA account, there was planned to be a relatively small amount of borrowing for capital expenditure.

A Member asked for further details on some of the specifics of the organisation's approach to investments and loans in the context of current and projected inflationary trends. In response, Officers advised that the organisation receives advice from external treasury advisors and considers all available options. Furthermore, particularly stringent due diligence is applied when lending and borrowing from other Local Authorities, in the current climate of Local Authorities across the country having widely reported financial difficulties.

The Chair thanked Members for their comments.

Chairman's initials

29. CORPORATE RISK UPDATE

The Strategic Director of Resources presented the report.

In response to a concern in relation to the slippage of risks, in particular risk 1 increasing and no indication that it was being managed, and if officers should be brought before the committee, the Strategic Director stated that the Committee did have the power to hold Officers to account, and he was happy for the relevant Officers to be brought before the Committee at the appropriate stage in the process, if the Committee considered that it was appropriate to do so.

The Audit Manager added that the relevant Heads of Service were asked to attend the Committee when an Audit report with a limited assurance finding was completed in their service area. Whilst the Audit report in relation to Safeguarding was in draft stage, it was likely that this would be a limited assurance audit and the Head of Community Service would be invited to attend the meeting.

A Member noted that, in relation to risk 3, issues of pay, staffing, and the use of agency workers had arisen once again; there might also be a need to bring Officers before the Committee to examine this problem in greater detail. In response, the Strategic Director advised the Committee that recruitment was a national issue and was not unique to the Council. The organisation frequently examined recruitment processes and were working hard to try and ensure that vacancies were filled.

The Chair thanked Members for their comments.

30. UPDATE ON ACTION PLAN IN RESPONSE TO ANNUAL INTERNAL AUDIT OPINION 2022/23

The Strategic Director of Resources presented the report.

A Member inquired about the arrangements for internal audit recommendations and sought clarity on whether the Committee had the power to hold officers to account if the Committee considered that actions were not being completed in timely manner. In response, the Strategic Director clarified that yes, the Corporate Leadership Team had tried to strengthen the arrangements and make sure Officers were working appropriately, but the Committee may ask officers to attend meetings where it is appropriate to do so.

The Chair thanked Members for their comments.

31. ANNUAL REVIEW OF THE COUNCIL'S CONSTITUTION

The Head of Legal and Support Services presented the report. She noted for Members that there was a minor error in the recommendations, Council was on 22 February, not 23 February as stated.

It was moved by Councillor P Moul, seconded by Councillor J G Simmons, and

RESOLVED THAT:

It be recommended to Council that on 22 February 2024 the changes to the constitution be endorsed for adoption with effect from 7 May 2024.

32. STANDARDS AND ETHICS REPORT - QUARTER 3

The Head of Legal and Support Services presented the report.

Chairman's initials

The Chair thanked Members for their comments.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.31 pm