

---

<b>Present:</b>	Councillor Geoff Ellis ( <i>in the Chair</i> )
<b>Councillors:</b>	Kathleen Brothwell, Thomas Dyer, Jim Hanrahan, Gary Hewson, Ronald Hills and Laura McWilliams
<b>Independent Member:</b>	None.
<b>Apologies for Absence:</b>	Councillor Sue Burke

### 1. Training

Members of Audit Committee received a training session in relation to the Statement of Accounts immediately prior to the start of the meeting in order to help them take an informed view on the contents of associated agenda items.

### 2. Confirmation of Minutes - 27 March 2018

RESOLVED that the minutes of the meeting held on 27 March 2018 be confirmed, subject to the following amendments:

- Minute No: 49 Review of the Constitution – Financial Procedure Rules  
That the amended motion that paragraph 7.1.5 of Financial Procedure Rules remained as the status quo without any changes be recorded as proposed by Councillor Dyer and seconded by Councillor Hewson.
- A typographical error on page 8 of the minutes referring to the Council's Vision 20290 be amended to read 'Vision 2020'.

### 3. Matters Arising

#### Minute No 42: Matters Arising

Mike Norman, representing KPMG, confirmed that the Draft External Audit Account 2018/19 had been circulated to members since the last meeting, which included reference to EU PIE legislation and regulations.

Members asked whether the agreement for Jane Nellist to act as our Independent Member with knowledge on accountancy procedures was acceptable.

Mike Norman, representing KPMG advised this was a matter for Audit Committee to agree.

The Chair confirmed that there had been no challenge from members of Audit Committee to this suggestion, therefore Jane Nellist had kindly accepted this role.

### 4. Declarations of Interest

Councillor Jim Hanrahan declared a Personal and Pecuniary Interest with regard to the agenda item titled 'Draft Statement of Accounts 2017/18'.

Reason: As a member of the Local Government Pension Scheme. He did not leave the room as this subject matter was not mentioned during discussions held.

## 5. Annual Governance Statement 2017/18

Pat Jukes, Business Manager, Corporate Policy:

- a. presented Audit Committee with the 2017/18 Annual Governance Statement (AGS)
- b. tabled a revision to paragraph 1.3 of the AGS Statement 2017/18 under 'Key Elements of Council's Governance Framework' which included additional text in respect of Risk Management as follows:
  - *The Council's arrangements comply with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)*
- c. stated that the updated AGS Statement 2017/18 would be re-signed off by the Leader of the Council and Chief Executive
- d. reported that a senior officers group consisting of City Solicitor, Chief Finance Officer, Assistant Director Strategic Development, Finance Manager and Audit Manager had reviewed the levels of governance assurance provided for all services and projects, looking at a range of areas from Internal Audit results and identified risks to performance outcome
- e. highlighted that the AGS included a range of areas the Council had completed/achieved in 2017/18 as well as some key areas it intended to pursue during 2018/19
- f. referred to the key documents attached within her report at paragraph 2.4
- g. summarised the changes from 2016/17 to 2017/18 as detailed at paragraph 2.5 of the report detailing several issues that had been significantly progressed and removed, and one current significant issue, namely information management which would remain a focus for 2018/19
- h. advised that there were no new areas designated as significant issues
- i. outlined other areas not considered significant issues yet for a focus to be retained a focus on in relation to:
  - The process of setting up a new partnership company if required in order to implement correct government arrangements
  - Project management monitoring arrangements
  - Western Growth Corridor
  - To continually ensure timely professional advice was sought on key projects, policies and decisions
  - Rolling out of Responsible Officer duties within Housing Service during 2018/19
- j. invited members' questions and comments.

Members requested that the document 'Key Elements of Council's Governance Framework' included reference to members ability to request call-in and reconsideration of an Executive decision outside of scrutiny and review, in addition to it already forming part of the standing orders of the Council.

RESOLVED that the 2017/18 Annual Governance Statement be noted, with a view to monitoring progress on the single issue and those designated as 'areas to watch' over the coming year subject to the following two additional text entries in the table at paragraph 1.3 Key Elements of Council's Governance Framework' as follows:

- Risk Management  
*The Council's arrangements comply with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)*
- Call- In  
Any two members can hold the Executive to account outside of scrutiny and review by requesting Call-In and reconsideration of an Executive decision.

## 6. **Draft Statement of Accounts 2017/18**

Robert Baxter, Financial Services Manager:

- a. presented the draft Statement of Accounts to the Audit Committee for the financial year ending 31 March 2018, providing a comprehensive picture of the Council's financial circumstances to demonstrate probity and stewardship of public funds, together with a short summary of the key issues reflected in the statutory financial statements for scrutiny
- b. advised that the Council was statutorily required to publish its Statement of Accounts for 2017/18 with an audit opinion and certificate by 31 July 2018
- c. detailed the timescales involved with the approval of the Statement of Accounts for 2017/18 as follows:

• Report draft accounts to Audit Committee	14 June 2018
• Report to Audit Committee	19 July 2018
• Report to the Executive	23 July 2018
• Approval by Council	24 July 2018
- d. guided the Audit Committee through a summary of key issues in the financial statements as detailed within the officer's report
- e. highlighted that the Statement of Accounts for 2017/18 were still subject to external audit, with the preliminary stages of the audit commenced in early June; any material changes as a result of the external audit work would be reported to the meeting of the Audit Committee on 19 July 2018 when the audited Statement of Accounts would be presented for approval
- f. reported that the Council had to make the Statement of Accounts available for public inspection for 30 working days, which would run from 1 June 2017 to 12 July 2018 with the external auditor being available to answer questions during this period
- g. invited members' questions and comments.

Members considered the content of the report in further detail, raising queries as follows:

- Would the loss of several businesses in the City affect the Business Rates Adjustment Account?

- Officer response: This account acted as an 'adjustment' account to absorb timing differences between statutory accounting requirements and full accruals accounting. Any reduction of income would be reflected accordingly in the Collection Fund Account.
- To what did the reference within the Collection Fund Statement to income from the Ministry of Defence refer?
- Officer response: It was suspected this related to Council tax on Ministry of Defence properties, although officers would seek confirmation on this matter and report back to members of Audit Committee'

RESOLVED that:

1. Confirmation of the type of income received by the authority from the Ministry of Defence as detailed within the Collection Fund Statement be provided to members.
2. The Statement of Accounts for the financial year ending 31 March 2018, subject to external audit review, be noted.

## **7. Annual Internal Audit Report 2017/18**

John Scott, Audit Manager:

- a. presented the Audit Committee with the Annual Internal Audit Report, which outlined internal audit work undertaken during 2017/18 and, in particular:
  - included an opinion on the overall adequacy of and effectiveness of the governance framework and internal control system, together with the extent to which the Council could rely on it
  - informed how the audit plan was discharged and the overall outcomes of work undertaken
  - drew attention to any issues particularly relevant to the Annual Governance Statement
- b. reported that the Annual Internal Audit Report assessed the Council as substantial, which indicated that the Council was performing well with no concerns significantly affecting the governance framework and successful delivery of the Council's priorities
- c. confirmed that the Annual Internal Audit Report provided an overall positive position
- d. invited members' questions and comments.

RESOLVED that the Annual Internal Audit Report be noted.

## **8. Internal Audit Progress Report**

John Scott, Audit Manager:

- a. presented the Internal Audit progress report to the Audit Committee, which covered the following areas:
  - Progress against the plan
  - Summary of audit work

- Implementation of audit recommendations
  - Current areas of interest relevant to Audit Committee
- b. advised that the 2017/18 Audit Plan was virtually complete, with final reports issued in relation to:
- Vision 2020 (Substantial Assurance)
  - Procurement ( Substantial Assurance)
  - Licensing of Houses in Multiple Occupation (Limited Assurance)
- c. highlighted two other audits nearing completion in respect of Planned Maintenance and Council Tax
- d. outlined the current 2018/19 Audit Plan schedule as detailed at Appendix 2 to his report
- e. provided performance details of planned work for the 2018/19 audit at Appendix 4 to the report
- f. presented an overview of medium and high priority recommendations overdue and not yet due, as at 15 March 2018 at paragraph 8 and Appendix 5 of the report
- g. invited members' questions and comments.

Simon Colburn, Assistant Director, Health and Environmental Services, updated Audit Committee on progress with the Licensing of Houses in Multiple Occupation, which received limited assurance from its recent Audit as follows:

- Officers were taking action to 'shore up' the weak areas identified by the audit.
- The service area had been aware of many of these issues and the audit had helped to shape our future work programme.
- He had requested that the area be re-audited in December 2018 to ensure all outstanding issues had been completed.
- Licensing of Houses in Multiple Occupation was an important part of the service areas work. Of the last 130 licences issued, no properties had been identified as having Category 1 hazards.
- He was confident that there were no licensed properties that were unsafe or properties remaining unlicensed in error.
- An action plan was in place to address the issues identified.
- A further update would be provided to Audit Committee in December 2018 following re-audit of the HMO service area.

Members discussed the content of the report in further detail, raising queries as follows:

- When a property adopted flexible use between a HMO/private house, how was this monitored on Council records?
- Officer response: All HMO's must comply with relevant legislation. The database was shared with other officers within the authority including the Planning Section who were alerted of any changes. He would formally collaborate with the Head of Planning to ensure this particular matter was monitored.

- How would the new HMO legislation coming into effect on 1 October 2018, which required registration of properties less than three storey in height impact on the council's workload?
- Officer response: The new regulations would require the same level of scrutiny. An additional post would be recruited to carry out inspections, subject to Executive approval.
- Did the Council liaise with the housing office at the University of Lincoln?
- Officer response: Yes, an ongoing working group included representatives from the University. A mechanism was also in place to share any complaints raised by students.
- Arrangements put in place to deal with the new HMO legislation should be considered by Policy Scrutiny Committee in October 2018. Would concerns such as the need to provide gas certificates be covered within the adoption of a revised enforcement policy to reflect the new legislation? This would be need to be considered by Performance Scrutiny Committee once the policy had time to become embedded.
- Officer response: Action to update the enforcement policy was included within the relevant service area's work programme. A signed off statement would be presented to Policy Scrutiny Committee confirming the new standards/legislation for HMO's and that information and intelligence received was shared with the Planning Manager. Automatic reminders would be generated to ensure copies of gas certificates were forwarded to the council by landlords. Meanwhile, the authority had the power to enforce HMO conditions under primary legislation and was able to prosecute offenders or serve prohibition notices as and when required.
- Should elected members approach officers with HMO concerns were they entitled to relevant information on any properties not registered?
- Officer response: It was difficult to confirm this due to GDPR legislation, however, feedback would be given to complainants.
- The target dates for Boultham Park Refurbishment Programme and Western Growth Corridor had been extended again. When would these actions be finalised?
- Officer response: Completion of the revised Boultham Park Refurbishment Programme Partnership Agreement had been extended a further three months to allow work to be finalised with the Legal Team. Review of the Health and Safety Plan for the Transport Hub was pending subject to work on the top floor of the new Central Car Park still being finalised. A further update would be provided to members of Audit Committee at the next meeting to be held on 19 July 2018

RESOLVED that

1. The request for the Assistant Director, Health and Environmental Services to formally collaborate with the Head of Planning to ensure properties having adopted flexible use between a HMO/private house be monitored on Council records be actioned.
2. A further update be provided to Audit Committee in December 2018 following the re-audit of the HMO service area.
3. A further update be provided to Audit Committee on 19 July 2018 in respect of target dates set for Boultham Park Refurbishment Programme Partnership Agreement and the Health and Safety Plan for the Transport Hub.

4. The contents of the report be noted and further monitoring arrangements be continued.

## **9. Fraud and Error Update Report (2017/18) 12 Months**

John Scott, Audit Manager:

- a. presented his report on counter fraud arrangements 2017/18 for members' consideration, which covered the following main areas:
  - An update on the Lincolnshire Counter Fraud Partnership (LCFP)
  - A position statement on the National Fraud Initiative.
  - Fraud work within housing benefits and other areas.
  - An update on counter fraud outcomes
- b. updated members on the key messages in relation to the LCFP, areas of progress in 2017/18, and key areas and themes for 2018/19 as highlighted within paragraph 3 of his report
- c. highlighted City of Lincoln Council activity in relation to counter fraud arrangements at paragraph 4 of the report
- d. requested member's comments on the content of the report.

Jane Nellist, Independent Member, highlighted that insurance values/claims fluctuated year on year together with notices served to quit in relation to housing sub-letting and asked whether any investigations had been made as to the reason for this?

John Scott, Audit Manager advised that he would check back through housing data over the last 3 years and seek comments from Housing officers to report back to Audit Committee at the next meeting.

RESOLVED that:

1. Any trends over the past 3-4 years in terms of insurance values/claims/notices served to quit be reported back to members of Audit Committee on 19 July 2018.
2. The content of the report be noted and monitoring arrangements be continued.

## **10. Audit Committee Work Programme 2018/19**

John Scott, Audit Manager:

- a. presented the Audit Committee with its 2018/19 work programme
- b. invited members' questions and comments.

RESOLVED that the 2018/19 work programme be noted, subject to the following additions to the items to be considered at the 19 July 2018 meeting:

- Update on new External Auditors
- Update on Housing Benefit Fraud Policy

- Update: Target dates set for Boutham Park Refurbishment Programme Partnership Agreement and the Health and Safety Plan for the Transport Hub.