

<b>Present:</b>	Councillor Geoff Ellis ( <i>in the Chair</i> )
<b>Councillors:</b>	Laura McWilliams, Alan Briggs, Thomas Dyer, Gary Hewson, Jackie Kirk and Rebecca Longbottom
<b>Independent Member:</b>	Jane Nellist
<b>Apologies for Absence:</b>	Councillor Ronald Hills

**31. Confirmation of Minutes - 26 September 2019**

RESOLVED that the minutes of the meeting held on 26 September 2019 be confirmed.

**32. Declarations of Interest**

No declarations of interest were received.

**33. External Audit-Annual Audit Letter**

RESOLVED that this item be deferred later down the order of tonight's agenda as currently there was no representative from external audit in attendance.

**34. Internal Audit Recommendation Follow Up**

John Scott, Audit Manager:

- a) presented an update to Audit Committee on outstanding audit recommendations including recommendations over 12 months old, with the ability at the meeting to request managers to provide further feedback
- b) referred to Appendix A attached to his report which provided details of relevant audits, outstanding recommendations, agreed actions and the current position/explanation from the service manager
- c) invited members' questions and comments.

Keeley Johnson, Tenancy Services Manager, updated Audit Committee in respect of outstanding audit recommendation over 2 years old relating to Tenancy Services, covering the following main points:

- Consideration was being given to permanent transfer of the voids team (in whole or part) to tenancy services to provide a more coordinated approach, with options to be discussed at Executive on 31 March 2020.
- A business case for the pre-tenancy process was now complete and pre-tenancy mapping was now underway.
- A review of service standards would be updated by the Resident Involvement Manager and brought back to Audit Committee.
- Photographic ID evidence would be stored on Workflow records to check tenants' identity seen initially at sign up as well as the 3 week visit, hopefully in place by the end of December 2019.

- The Tenancy Fraud Risk Assessment awaited completion once the current tenancy verification match was concluded which would inform the risk assessment.

Members raised questions in relation to outstanding Tenancy Services audit recommendations, which received relevant responses as follows:

Question: Had all these matters gone through Lincoln Tenants Panel? It was written into tenancy agreements that an annual review be conducted.

Response: Yes. A tenancy review had been carried out by the Assistant Director, Housing Management. It was important for council residents to maintain peaceful enjoyment of their private lives. It was not written into tenancy agreements for them to be reviewed every year, however, advice was taken from operatives when accessing properties for gas inspections/engineer visits if any problems were identified.

Question: If gas inspectors were being asked to assess the living state of council properties, the tenant should also be made aware of this?

Response: Officers were in agreement. A supportive approach was important. The council as housing authority was not trying to catch people out, however, it was possible to investigate any other issues identified in this way.

Question: There still seemed to be issues with voids in terms of turn-around time?

Response: There had been a particular issue with the contractor in relation to void properties. This was being looked at as part of the review. The council tried hard to promote tenancy sustainability and to limit the number of days properties were left void.

Question: Would the potential to carry out annual tenancy inspections require additional resources? Would this not be a waste of time spent on good tenants rather than targeting vulnerable properties?

Response: Issues existed with a minority of tenants only. It would be easier to establish the potential workload involved once a trial sample exercise was conducted. A supportive approach was adopted towards those tenants with specific issues such as mental health problems.

Comment: There should be a decline in day to day repairs/maintenance requests due to decent homes standard and the installation of new kitchens and bathrooms in council houses.

Members commented in relation to the remaining outstanding audit recommendations in general, which received relevant responses as follows:

Question: In terms of getting the older outstanding audit recommendations cleared, progress seemed to have stalled and auditors now had less time to monitor them. Was time chasing these recommendations impacting on other audit work?

Councillor Ellis, Chair, agreed that time spent on chasing recommendations was costly.

Response: Outstanding audit recommendations were reported to every Directorate's Management Team meeting on a quarterly basis.

Further discussion took place on the merits of how frequently audit recommendations should be chased and reported.

RESOLVED that:

1. The current policy of reporting high priority and medium priority audit recommendations to Audit Committee be continued, the remaining ones to be reported on alternate meeting basis as well as being referred to relevant Portfolio Holders to push for a resolution.
2. Updates on audit recommendations older than 12 months be noted.

### **35. External Audit- Annual Audit Letter**

Jaclyn Gibson, Chief Finance Officer, in the absence of a representative from the external auditors:

- a. presented a report for Audit Committee to receive and comment on the Annual Audit Letter provided by the Council's External Auditors (Mazars) from its 2018/19 audit of the Council (including audit of the 2018/19 statement of accounts, value for money conclusion and other reporting responsibilities)
- b. advised that the Annual Audit Letter 2018/19; although addressed to members of the authority was also intended to communicate issues to key external stakeholders including members of the public and would be placed on the Authority's website
- c. reported on the key headlines within the report outlined within the Executive Summary as detailed at page 15
- d. confirmed that a value for money conclusion by the auditors reported that they were satisfied in all significant respects that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019
- e. highlighted that the audit of the financial statements by Mazars gave a true and fair view of the Council's financial position as at 31 March 2019 and of its expenditure and income for the year then ended, and that the other information in the Statement of Accounts was consistent with the audited financial statements
- f. reported on a final fee for the 2018/19 audit by Mazars of £43,082 to cover delivery of audit work under the NAO Code of Audit Practice and £6,600 to cover the certification of the Housing Benefit Subsidy Claim.

Members discussed the content of the report in further detail.

RESOLVED that the content of the Annual Audit Letter from Mazars be noted.

### **36. Annual Governance Statement Monitoring**

Jaclyn Gibson, Chief Finance Officer, on behalf of Pat Jukes, Business Manager, Corporate Policy:

- a. presented a progress update on those areas identified as 'significant governance issues' as set out in the 2018/19 Annual Governance Statement (AGS), which Audit Committee had a role to review
- b. stated that the report provided details of the monitoring arrangements for the significant internal control issues raised in the latest AGS, as detailed at Appendix A of the report
- c. advised that key actions would be reviewed by the Service Manager's Group and be overseen by Corporate Leadership Team as well as monitored by Audit Committee
- d. reported that just one significant issue IT Disaster Recovery Plan remained, which was now considered by the responsible officer to be red status
- e. confirmed that a plan of action to cover this issue had been agreed between the Emergency Plan Manager (LCC Emergency Planning Officer), the Business Continuity Manager (Chief Finance Officer) and the IT Service Manager (Business Development and IT Manager)
- f. reported that the first stage of a plan of action had been completed to review the schedules within the current Business Community Plans to ensure they were still relevant
- g. advised that an exercise was currently underway to review critical services, extended until February 2020 due to some results still awaited
- h. advised that a procurement exercise was well underway on reviewing and updating the IT infrastructure which would enhance Disaster Recovery significantly once the solution was implemented in 2020, the authority was currently working with the supplier to develop an installation plan
- i. reported that as part of investigative work for the new infrastructure it had been established that there was currently insufficient power available at Hamilton House (back up site) to implement the new infrastructure fully and officers were currently developing actions to mitigate and establish whether there was any risk of additional costs as a result
- j. advised that the full review of the IT Disaster Recovery plan would commence once the new infrastructure was in place
- k. requested that members of Audit Committee give consideration to the content of the report.

RESOLVED that the content of the report be noted and monitoring arrangements be continued.

### 37. Internal Audit Progress Report

John Scott, Audit Manager:

- a. presented the Internal Audit Progress Report to Audit Committee, incorporating the overall position reached so far and summaries of the outcome of audits completed during the period September to December 2019, as detailed at Appendix A
- b. highlighted that Audit Committee held the responsibility for receiving a regular progress report from Internal Audit on the delivery of the Internal Audit Plan as a key requirement of public sector internal audit standards
- c. detailed the content of the report covering the following main areas:
  - Progress Against the Plan
  - Summary of Audit Work
  - Implementation of Audit Recommendations
  - Current Areas of Interest Relevant to the Audit Committee
- d. highlighted three consultancy pieces of work completed during the period as follows:
  - Fire Safety
  - Values and Behaviours
  - Health Checks against Northamptonshire County Council failings
- e. reported on other work ongoing in relation to:
  - Election Expenses
  - Partnership Governance
  - HMO Licensing Follow Up
  - Project Management
- f. advised on audit reports at draft stage as follows:
  - Housing Rents - with management for approval
  - Recruitment - with management for approval
  - Project Management
- g. reported on the following audits in progress:
  - Payroll
  - Licensing
  - Treasury Management
  - ICT Anti- Malware arrangements
  - Sports Pitches Improvements
  - Homelessness
  - Efficiency Savings
  - Western Growth Corridor

- h. highlighted the following audits being prepared for Quarter 4:
- Economic Development/Growth
  - Performance Management
  - Website Security/Office 365 Projects
  - IT Combined Assurance- ISO27001
  - Governance/Risk Management
  - Refuse Contract
  - De Wint Court Contract/Project Management
- i. reported on other work ongoing in relation to:
- Combined Assurance
  - Audit Strategy and Plan 2020/21
- j. reported on Counter Fraud work ongoing and changes to the Audit Plan
- k. detailed other matters of interest in relation to
- Lincolnshire Audit Committee Forum
  - Audit Committee Forum-Public Sector Audit Appointments Update
- l. highlighted performance against a range of indicators, with good achievement secured in respect of Audit KPI's to date
- m. detailed the contents of the Audit Plan Schedule at Appendix 4 of the report
- n. requested members' consideration of the report.

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

- Question: How was the audit of Western Growth Corridor progressing?
- Response: The audit had been started. The next step was to set up meetings with officers to look at the project in further detail.
- Comment: There was a typographical error at the bottom of page 54 of the report which referred to it being prepared for Members of Boston Borough Council.
- Question: Would the new draft staff charter the 'Lincoln Way' be published on the council's website?
- Response: The staff charter was an internal document which would be available on City People and the Intranet.
- Question: Had the results on the audit of the health checks against Northamptonshire County Council failings been passed onto relevant sections of the Council for information?
- Response: The findings had been referred to the Monitoring Officer, Financial Services Manager and relevant service areas.

Councillor Hewson emphasised that it was vitally important for Councillors to represent the wishes of the general public at all times and scrutinise council services accordingly.

RESOLVED that the contents of the report and continuation of further monitoring arrangements be noted.

**38. Anti-Bribery Policy Update**

John Scott, Audit Manager:

- a) presented a revised version of the Anti-Bribery Policy as detailed at Appendix A of his report
- b) explained that the policy was reviewed and updated every two years or upon any significant change to the law
- c) reported that the Bribery Act 2010 made it an offence to offer, promise or give a bribe, and to request, agree to receive or accept a bribe
- d) highlighted that the document set out the Council's policy on anti-bribery in accordance with the legislation and guidance
- e) reported on the key wording changes to note as amendments to the policy detailed at paragraph 3.1 of his report
- f) invited members' questions and comments together with approval of the revised anti-bribery policy.

Members asked how members would be able to monitor effective review of the Anti-Bribery Policy.

John Scott, Audit Manager advised that the Anti-Bribery Policy was linked to the Counter Risk Register which was reviewed by members of Audit Committee on an annual basis.

RESOLVED that the revised Anti-Bribery Policy be approved.

**39. Internal Audit Charter**

John Scott, Audit Manager:

- a. sought Audit Committee approval of the updated Internal Audit Charter as detailed within Appendix A to his report
- b. advised that the Audit Charter formally defined Internal Audit's purpose, authority and responsibility, it established Internal Audit's position within the Council and defined the scope of Internal Audit activities linked to Internal Audit's roles and responsibilities set out in the Constitution (Financial Procedure Rules), also providing more detail around compliance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards
- c. reported that the current Charter was approved by the Audit Committee and Council in 2016, this update reflected updated CIPFA guidance released in 2019 and provided an opportunity for a more focused charter

- d. highlighted the key changes to the Charter as detailed at paragraph 4.2 of the report, which had been slimmed down to provide a more succinct document, however, essentially it remained very much aligned to the original document
- e. requested that the Internal Audit Charter be approved by Audit Committee.

RESOLVED that the Internal Audit Charter as detailed at Appendix A to the report be referred to Council for approval.

#### **40. Audit Committee Work Programme**

John Scott, Audit Manager, presented a report to inform members of Audit Committee on the work programme for 2019/20 as detailed at Appendix A.

Jane Nellist, Independent Member queried whether Counter Fraud training was to be carried out for members of Audit Committee via e mail

John Scott, Audit Manager, circulated copies of the training documents for those members who hadn't attended the course.

RESOLVED that that the contents of the Audit Committee work programme 2019/20 be noted.

#### **41. Fraud and Error Six Month Report (2019/20)**

John Scott, Audit Manager:

- a. presented his report on counter fraud arrangements 2019/20 (6 months) for members' consideration, including the Fraud Strategy Action Plan (attached at Annex A) which covered the following main areas:
  - An update on City of Lincoln Council (CoLC) activity
  - 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. provided a summary of Fraud Case Summary 17/18 – 18/19 and 19/20 (six monthly data) as detailed at paragraph 2.1 of the report
- c. updated members on areas of City of Lincoln Council progress in 2018/19 and specific priorities/progress for 2019/20 as detailed at paragraphs 2.2-2.3 of the report
- d. included details of the CIPFA Fraud and Corruption Tracker report for context which focussed on the local government sector, as detailed within paragraph 3 of the report
- e. updated members on the key messages in relation to the LCFP, areas of progress in 2019/20, and partnership priorities for the remainder of the year as highlighted within paragraph 4 of his report



- f. highlighted City of Lincoln Council specific activity in relation to fraud and error at paragraphs 5-6 of the report, covering the following main topic areas:
- Housing Benefit and Council Tax Reductions (CTR)
  - Verification of Earnings and Pensions (VEP)
  - Council Tax Support
  - Housing Tenancy
  - Tenancy Fraud –Tenancy Verification Service
  - Business Rates
  - Council Tax (Single Person Discount – SPD)
  - Whistleblowing and Fraud Awareness
  - Cyber Fraud/Cyber Crime
  - Other Fraud
  - National Fraud Initiative and other Matching Services
- g. reported on changes to fraud strategy/outcomes and fraud policies as detailed at paragraph 7 of the report
- h. briefed members on the development of the Corporate Fraud Risk register effective from 2014, updated in December 2019 as attached at Annex B (restricted document)
- i. requested members' comments on the content of the report.

Jane Nellist, Independent Member highlighted that the main issues seemed to stem from sub-letting within the Housing Service, which linked back to relevant Audit recommendations extended, as discussed earlier in tonight's agenda.

RESOLVED that the contents of the report be noted.

**42. Exclusion of Press and Public**

RESOLVED that the press and public be excluded from the meeting during consideration of the following item(s) of business because it is likely that if members of the public were present there would be a disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

**43. Annex B Fraud Risk Register 2019 PART B**

Minute number 41 included details of the discussion associated with this item.

*(Only Annex B Strategic Fraud Risk Register was contained here as exempt information.)*