

<b>Present:</b>	Councillor Chris Burke ( <i>in the Chair</i> )
<b>Councillors:</b>	David Clarkson, Thomas Dyer, Gary Hewson, Calum Watt, Aiden Wells and Emily Wood
<b>Independent Member:</b>	Jane Nellist
<b>Apologies for Absence:</b>	Councillor Clare Smalley

**1. Confirmation of Minutes - 21 March 2023**

RESOLVED that the minutes of the meeting held on 21 March 2023 be confirmed and signed by the Chair.

**2. Declarations of Interest**

No declarations of interest were received.

**3. Annual Internal Audit Report**

Amanda Stanislawski, Audit Manager:

- a. presented the Annual Internal Audit Report to the Audit Committee for comments.
- b. explained that the purpose of the Annual Internal Audit Report as outlined at Appendix A was to provide a summary of Internal Audit work undertaken during 2022/23, timed to support the Annual Governance Statement by providing an opinion on the organisation's governance, risk management and internal control environment
- c. highlighted that:
  - The three areas, Governance, Risk, Internal Control and Financial Control were working well having no concerns that significantly affected the governance framework and successful delivery of the Council priorities.
  - Internal control was assessed as performing adequately – some improvements were identified over the Council's Governance, Risk and Control Framework. This was due to a number of factors which included there being two Limited Assurance reports this year and an increase in the number of high recommendations. There was however, a significant reduction in the number of outstanding actions from prior years.
- d. explained that there had been no restrictions on the scope of the work to be undertaken; the reduction in time due to the Auditor and Principal Auditor leaving had been covered through the employment of consultants and removal of items from the plan.

- e. advised that the performance of the Internal Audit Service remained good with 91% of the revised plan being completed and a high level of customer satisfaction. Performance had been impacted due to capacity in some areas including audit span and the ability to chase management responses.
- f. gave an update on the current staffing level within Internal Audit and explained that the post of Principal Auditor and Auditor were currently being advertised for recruitment.
- g. invited members questions and comments.

**Comment:** Expressed concerns about the difficulties in recruiting and retaining staff.

**Response:** Recruitment in Local Government was currently a national problem. Recruitment was currently taking place to try and appoint a Principal Auditor. Back stop measures such as external resource and a casual auditor had been employed to ensure that audits would be completed.

**Questions:** Commented that only 14 out of 59 recommendations had been implemented following an audit, leaving a substantial amount of recommendations outstanding, and asked for more details.

**Response:** A lot of the Audits were completed later in the year, therefore there had not been time to implement the recommendations, they were not due for implementation yet and the deadlines had not been missed.

**Question:** Asked if an exit interview took place when a member of staff left the Authority and further asked if the statistics regarding the reasons why staff were leaving could be shared with Audit Committee.

**Response:** An exit interview was offered to staff, but these were optional. The data collected was shared with the Corporate Management Team. This information did not fall within the scope of Audit Committee and suggested that it be raised at Performance Scrutiny Committee.

**Question:** Referred to the Critical activities identified by Management as having a low level of assurance in relation to Combined Assurance and asked what PCIDSS stood for.

**Response:** Clarified that the acronym was for Payment Card Industry Data Security Standard.

**Question:** Further asked for details on the issues with the activities listed in the report.

**Response:** There were issues for a variety of reasons some included:

- Legal – Issues with capacity
- Elections – New regulations
- Events and Culture – The Christmas Market
- Tree Management – Would be circulated following the meeting
- Leisure – Covid 19 and increased energy costs

**Question:** Asked if performance monitoring and management were still taking place whilst staff worked from home.

**Response:** Yes, performance was being monitored and the management style had been adapted for home working.

**Question:** Asked if risk management training would take place in 2022/23.

**Response:** Risk management training had been scheduled for 16 August 2023 for all members.

**Question:** Asked why there were delays in obtaining responses to draft reports.

**Response:** The biggest problems were the staffing issues in the areas themselves who were having to prioritise their work.

**Question:** Referred to IT Asset Management and asked if a physical inventory list was being completed.

**Response:** A response would be circulated following the meeting.

RESOLVED that the contents of the report and appendices be noted

#### 4. **Annual Fraud Report**

Amanda Stanislawski, Audit Manager:

- a. presented a report to update Audit Committee on the performance against the 2022/23 Counter Fraud Work Plan and the outcomes of pro-active fraud work and investigations
- b. summarised the number of fraud cases during 2022/23 compared to the previous year and advised that overall, there had been a general reduction in cases with the exception of NFI where the 2022 exercise had resulted in a significant increase from 322 to 622 for Housing Benefit and Council Tax Reduction (HB/CTR). The 2020 NFI exercise had resulted in 27 errors being identified with HB/CTR saving £39, 351, with an additional £39,076 currently being recovered. There had not been a review of Single Person Discounts undertaken this year.
- c. gave an overview of the progress that had been made against completing the actions within the Counter Fraud Action Plan as detailed at paragraph 2.2 of the report
- d. further updated members on the following areas of work that had been undertaken as detailed within the report:
  - Whistleblowing Referrals in Relation to Housing Benefit, Housing Tenancy and Single Person Discount
  - Cyber Crime
  - Housing Tenancy
  - Counter Fraud Risk Register
- e. invited members questions and comments.

**Question:** Asked how the Council identified fraud in relation to single person discount.

**Response:** There were a range of methods. A contract with Lincolnshire County Council and the other Districts was being procured to undertake rolling single person discount reviews, this would look at information from credit agencies, mail shots and they would also undertake data matching exercises.

**Question:** Referred to payroll and resources and asked if the fraudulent attempt to change a member of staffs bank details was related to a previous cyber-attack in relation to phishing emails.

**Response:** The previous cyber-attack was unsuccessful. They did not harvest passwords and the individual affected immediately changed their password. The only information harvested were corporate email addresses which were already easily available. The individual affected was advised to check that all of their personal data was in order.

**Question:** Further asked if the attempt to change bank details was made from a corporate email address?

**Response:** It was requested from a home email address.

**Comment:** Referred to photographic ID in relation to elections and commented that it could potentially be a deterrent for voting and that electors needed to be made aware of future changes to postal votes.

**Question:** Referred to the fraud risk register and asked if the purchase order system was audited.

**Response:** Yes, the purchase order system was audited.

**Question:** Commented that invoicing and matching purchase orders had a low target and a low achievement rate and expressed concern that 39% of invoices did not have the authority to make a purchase.

**Response:** It was best practice to provide a purchase order when placing an order, however, if a purchase order was not provided it did not mean that the purchase was not authorised. A system of delegation was in place according to the financial procedure rules and purchases could be made and authorised according to the delegation. It was re-iterated that although it was best practice to provide a purchase order, if one was not provided, it did not mean that purchases were being made without authority.

RESOLVED that the contents of the report be noted.

## **5. Annual Governance Statement 2022/23**

Michelle Hoyles, Business Manager Corporate Policy and Transformation:

- a. presented a report to inform Audit Committee that the Annual Governance Statement (AGS) had been prepared, a copy of which was attached at Appendix A of the report.
- b. explained that the AGS was required to be published as part of the draft Statement of Accounts, which had a statutory publication date of 31 May 2023. Subsequently, the final AGS was included in the audited Statement of Accounts which were to be published by 30 September 2023.
- c. advised that no new significant issues had been identified for inclusion in the AGS 2022/23 , and as such the document concluded that governance arrangements at City of Lincoln Council remained effective.
- d. explained that during the annual review, two governance issues were identified for further discussion to determine if they met the 'significant' threshold, these were:
  - Recruitment issues and limited capacity within frontline Council services, and equivalent issues within internal professional support

- services that provide the advice and oversight necessary to ensure effective governance of significant and complex projects; and
- Ongoing need to ensure financial, legal and procurement advice was sought for projects in a timely manner

- e. further explained that both issues were assigned the RAG rating 'amber'. It was therefore proposed that whilst neither met the 'significant governance issue' threshold, both nonetheless required ongoing monitoring.
- f. invited members questions and comments.

Members referred to the proposed activity for the coming year and asked if work had commenced on Vision 2030.

Michelle Hoyles, Business Manager Corporate Policy and Transformation advised that this action related to the Lincoln Performance Management Framework which would underpin Vision 2030. Work on Vision 2030 had not started yet.

RESOLVED that the contents of the Annual Governance Statement 2022/23 be noted and incorporated into the Council's draft Statement of Accounts.

## **6. Audit Committee Work Programme 2023/24**

Amanda Stanislawski, Audit Manager

- a. presented a report to inform members of the Audit Committee on the work programme for 2023/24 as detailed at Appendix B of the report
- b. referred to paragraph 3 of the report which highlighted the changes to the work programme
- c. advised that the Audit Committee Terms of Reference was attached at Appendix A of the report for information
- d. invited members' questions and comments:

RESOLVED that the contents of the Audit Committee work programme 2023/24 be noted.

## **7. Information Governance Update**

Sally Brooks, Data Protection Officer:

- a. presented a report to update Audit Committee on progress made with Information Management monitoring the Council's compliance with data protection legislation including the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA)
- b. highlighted that update reports were submitted to Audit Committee on a bi-annual basis. The last report was provided in November 2022.

c. provided details of the following key areas:

- Data Protection Training (Risk 1)
- Data Protection Reform ( Risk 3- Policies and Procedures)
- Retention and Disposal of Personal Data/ Records ( Risk 5)
- Data Subject's Rights (Risk 8)
- Annual Governance Statement (AGS)

d. invited members' questions and comments;

Members referred to the disposal of personal data/records and asked how a data cleanse would be carried out.

Sally Brooks, Data Protection Officer explained that the data cleanse would take place via an automated system which would be set to remove data based on the legal retention requirements. This would ensure that no data was kept longer than necessary which was key for business efficiency.

RESOLVED that the content of the report be noted.

#### **8. 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.

#### **9. Information Governance Update - Appendix A**

Minute number 7 included details of the discussion associated with this item.

*(Only Appendix A Information Governance Risk Register was contained here as exempt information.)*