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| <b>Present:</b>               | Councillor Emily Wood ( <i>in the Chair</i> )                                        |
| <b>Councillors:</b>           | Annie Currier, Thomas Dyer, Gary Hewson,<br>Callum Roper, Calum Watt and Aiden Wells |
| <b>Independent Member:</b>    | Dave Carter and Jane Nellist                                                         |
| <b>Apologies for Absence:</b> | Councillor Clare Smalley                                                             |

**31. Confirmation of Minutes - 23 September 2024**

RESOLVED that the minutes of the meeting held on 23 September 2024 be confirmed and signed by the Chair as a true record.

**32. Declarations of Interest**

No declarations of interest were received.

**33. Procurement Act 2023 & Contract Procedure Rules**

RESOLVED that due to staff illness, the agenda item titled 'Procurement Act 2023 & Contract Procedure Rules' be deferred to the next meeting of the Audit Committee, scheduled for 4 February 2025.

**34. Annual Complaints Performance and Service Improvement Report 2023-2024**

Joanne Crookes, Customer Services Manager:

- a) presented the annual complaints report which included reference to the Annual Review of Local Authority Complaints issued by the Local Government and Social Care Ombudsman (LGSCO), and details of the decisions of the Housing Ombudsman
- b) reported also on the overall number of complaints received by the Council including response times and percentage of complaints upheld on a directorate basis for the full year 2023-24
- c) highlighted the background to the council's complaints procedure at paragraph 2 of the report
- d) advised that the Housing Ombudsman had published a Complaint Handling Code, details of which were contained at paragraph 2.3 of the report
- e) explained that as a result of the guidance, and in consultation with the Resident Involvement Panel, new time targets for handling complaints had been introduced:
  - Initial acknowledgment within 5 days
  - Level 1 complaints to be responded to within 10 working days
  - Level 2 complaints to be resolved within 20 working days.

- f) reported that the number of complaints received over the year had slightly decreased over the peak on the previous year. There were some council services that had suspended their operations for several months, in year 2020-2021 which would have reduced the potential for something to go wrong in that time and consequently kept complaints low
- g) further detailed the breakdown of directorate complaints at paragraph 4 of the report
- h) highlighted that of the 418 complaints responded to in 2023-2024, 50% (211) were upheld, this was inline with 55% upheld last year
- i) referred to paragraph 5 of the report and detailed the complaints that were investigated by LGSCO
- j) referred to paragraph 6 and gave an overview of the two complaints that were investigated and upheld by the Housing Ombudsman Service
- k) highlighted the trend in complaints as detailed at paragraph 7 of the report
- l) highlighted the number of compliments received from members of the public acknowledging professionalism of staff across all service areas
- m) invited questions and comments from members of the Committee.

Members discussed the content of the report, commented, asked questions and received relevant responses from officers as follows:

**Comment:** The report had previously been presented to Performance Scrutiny Committee and Housing Scrutiny Sub-Committee. Given that housing was now being measured by an outside body, additional complaints were expected and welcomed and would ensure that the service expected was being provided. An increased number of complaints was not negative provided they could be resolved.

**Response:** Complaint response times were important and it was essential that complaints were responded to in a timely manner.

**Comment:** A split within the Housing Management Team to include an Anti-Social Behaviour Officer and an officer responsible for Rents would be positive.

**Question:** Reference was made to the breakdown of complaints at paragraph 4.2 of the report. Could a definition of 'Community Services' be provided?

**Response:** Community Services included the bins and street scene team.

**Question:** Reference was made to level 1 and level 2 complaints at paragraph 2.5 of the report. Could an explanation be provided of the different levels of complaints?

**Response:** A level 1 complaint was the initial complaint received from a customer. If the response to the initial complaint was not acceptable and challenged by the customer, the complaint would be escalated to a level 2.

**Question:** Reference was made to the average complaint response time at paragraph 3.3 of the report. The average response time had decreased from 70% in 2022/23 to 67% in 2023/24. What was the reason for the decrease?

**Response:** The percentages quoted referred to responses provided within the timescales for complaint handling which reflected the recommended response times

within the Complaint Handling Code. The difference was the number of complaints that had not been responded to within the expected time.

RESOLVED that the content of the 2023-2024 complaints report be noted with thanks.

*(Note: Joanne Crookes left the meeting at this point in proceedings)*

**35. External Audit - Annual Auditor's Report 2023/24**

The External Auditor:

a) presented the Annual Auditors report for 2023/24 as attached at Appendix A and provided details of the following key areas:

- Audit of the Financial Statements
- Value for Money
- Financial Sustainability
- Governance
- Improving Economy, Efficiency and Effectiveness

b) invited questions and comments from members of the Committee.

Members discussed the content of the report, commented, asked questions and received relevant responses from officers as follows:

**Comment:** Thanks were given for a brilliant report, it was great to see that there were no significant risks. Thanks were offered to the finance team for the hard work.

**Question:** Thanks were given for the report. Was the impact of the Government's changes to employer national insurance (NI) contributions known? The finance settlement had not yet been received however there was some indication that upper tier districts would not have to pay and the impact on third party contracts was also unknown. What level of assumed risk was posed to the authority?

**Response:** The report covered the financial year 2023/24. Consideration of the detailed risk would take place at a later date, further to the financial settlement which was expected prior to Christmas. Given the Council's level of reserves and based on the information provided by officers, judgement was reserved at this stage. Although there were risks on the horizon, there was confidence in the arrangements that had been in place for 2023/24 to manage any risk.

**Question:** How much additional expenditure would the Government's changes incur the Council?

**Response:** An updated report was presented to Executive on 18 November 2024. The approximate figures were £350K for the General Funds Account and £215K for the Housing Revenue Account. Councils would be compensated but until the finance settlement was released, accurate figures remained unknown. Compensation was anticipated through grant funding.

**Comment:** Thanks were offered to Rashpal Khangura for his report which was a positive reflection on how the City of Lincoln Council was run and scrutinised by its members. The hard work began from the Chief Executive down to all officers.

RESOLVED that the Annual Auditors Report 2023/24 be noted with thanks.

### 36. **External Audit: Audit Completion Report 2023/24**

The Council's external auditors presented the Audit Completion Report which summarised the findings from the 2023/24 audit.

The external auditor's work on the financial statements was substantially complete and, subject to satisfactory conclusion of any outstanding work, they would propose issuing an unqualified audit opinion without modification. As part of the audit, the internal controls in place relevant to the preparation of the financial statements had been considered, as a result of this work a number of recommendations were made around internal controls that management made comment on. Further details were contained in page 20-31 of the auditor's report.

In relation to misstatements in the accounts, there were four misstatements above the threshold of £100k, of these two misstatements had been amended in the final version of the Statement of Accounts. The unadjusted misstatements related to a valuation of a Council property that was deemed "optimistic" and the treatment of a historic transaction agreed by the Council's previous auditors.

A full amended copy of The Statement of Accounts was included within the agenda for this meeting at item 7.

It was reported that the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money' were yet to be completed. At the time of preparing this report, no significant weaknesses in arrangements, that required a recommendation to be made had been identified.

As part of presenting this item, the external auditors took the Committee through each page of the report and highlighted any key issues, particularly with regard to:

- Audit Findings
- Key Changes to the audit plan
- Significant risks and other audit risks
- Audit risks and the audit approach
- Key accounting estimates and management judgements – overview
- Value for money

Members discussed the content of the report, commented, asked questions and received relevant responses as follows:

**Question:** Reference was made to the unadjusted misstatement which related to the valuation of a Council property that was deemed "optimistic" and the treatment of a historic transaction agreed by the Council's previous auditors. Why did the valuation for the investment property differ so much? Previous external auditors had agreed with the valuations.

**Response:** The audit was a first-year audit. External auditors used their own valuation specialist who felt the yields used on the property, based on type and location, was slightly optimistic. When fed into the calculation, it came out at approximately £300K. Valuation specialists had access to the latest data and possibly a better range of data whereas internal valuers may not have the same access to live data. Subject to variants, numbers of such size were almost expected to see a difference. When accounts were considered, evidence of benchmarking was required to ensure happiness with the yield used.

**Comment:** Rashpal Khangura, KPMG requested his thanks and support to the finance team and other Council officers, be formally recorded for the work and communication that had taken place.

RESOLVED that:

- 1) The Financial Statements be recommended to Executive and subsequent referral to Council for approval.
- 2) The draft letter of representation on behalf of the Council be approved, before the external auditors issue an opinion, conclusion and certificate, and that any further amendments to the letter, should any additional issues be raised by the external auditors be delegated to the Chief Finance Officer and Chair of the Audit Committee, with any changes reported back to the Audit Committee.

**37. Statement of Accounts 2023/24**

Jaclyn Gibson, Chief Finance Officer:

- a) presented the Statement of Accounts for the financial year ended 31 March 2024, following substantial completion of the audit opinion
- b) reported that the Statement of Accounts for 2023/24 provided a comprehensive picture of the Council's financial circumstances and were compiled to demonstrate probity and stewardship of public funds
- c) reported that the Council was statutorily required to publish its Statement of Accounts for 2023/24 by 31 May 2024 with an audit opinion and certificate by no later than 28 February 2025
- d) noted that the Statement of Accounts for 2023/24 were still subject to final verification by external audit. The audit of accounts was being finalised by KPMG, who had commenced the audit in July. The majority of the audit work had now been completed, however, should any changes be necessary as a result of this final external audit work, these would be reported to the Chair of Audit Committee, with any material changes notified to the Audit Committee
- e) reported that the Council must make the Statement of Accounts available for public inspection for 30 working days. Following notification from KPMG, this ran from 3 June 2024 until 12 July 2024 and the external auditor was available to answer questions during this period. It was reported that no questions had been asked
- f) advised that during the completion of the external audit there were four misstatements above the threshold level of £100k, of these two misstatements had been amended in the final version of the Statement of Accounts. The unadjusted misstatements related to a valuation of a Council property which was deemed "optimistic" and the treatment of an historic transaction agreed by the Councils previous auditors. If there were any further misstatements identified as part of the completion of the external audit work, they would be reported to Audit Committee
- g) advised that the Audit Completion Report also provided a number of recommendations around internal controls that management had made comment on

- h) reported that the Council was required to provide a documented annual review of the effectiveness of its governance arrangements which sat alongside the Statement of Accounts, known as the Annual Governance Statement. The overall level of assurance provided in 2023/24 was substantial and was in line with the Council's Code of Corporate Governance. There were no significant governance issues that were identified for inclusion in the 2023/24 AGS
- i) presented the following aspects of the Statement of Accounts:
- The Comprehensive Income and Expenditure Statement
  - The Balance Sheet
  - General Balances
  - Earmarked Reserves
  - Liquidity
  - Debtors
  - Creditors
  - Non-Current Assets
  - Pensions
  - Officer Remuneration
  - Borrowing
  - Investments
- j) invited questions and comments from members of the Committee.

RESOLVED that:

- 1) The final Statement of Accounts 2023/24 be noted, recognising that the external audit was substantially complete.
- 2) The final Statement of Accounts 2023/24 be recommended to Executive and subsequent referral to Council for approval.
- 3) Any further changes to the Statement of Accounts, arising from the conclusion of the external audit be delegated to the Chief Finance Officer who would report any changes to the Chair of Audit Committee.

### **38. Internal Audit Recommendations Follow Up**

Amanda Stanislawski, Audit Manager:

- a) presented an update to Audit Committee on outstanding agreed actions
- b) referred to Appendix A attached to the report which provided details of relevant audits, outstanding recommendations, agreed actions and the current position/explanation from the Service Manager
- c) explained that within the report there was currently 1 High action and 39 Medium actions remaining to be implemented, there was no high and one medium overdue risk action
- d) reported that there were 5 actions for Limited or Low reports where the implementation dates had been extended, all related to the IT Asset Management report. Details were contained at Appendix A of the report

- e) advised that there were four reports where the actions had all been implemented. These were Housing Allocations, DeWint Court, Housing Repairs and Staff Recruitment and Retention
- f) provided a verbal update on the outstanding action in relation to Homelessness which had now been implemented
- g) invited questions and comments from members of the Committee.

Members discussed the content of the report, commented, asked questions and received relevant responses from officers as follows:

**Question:** How confident were officers that outstanding audit agreed actions would be completed on time?

**Response:** Officers remained as confident as could be and outstanding audit agreed actions were raised with management every quarter with reasons requested for any slippage.

**Question:** Was there any support that could be offered from Audit Committee to assist with outstanding audits?

**Response:** Thanks was given for the offer of support however as older audits had progressed; concerns had lowered.

RESOLVED that updates on the Audit Recommendations report be noted with thanks.

### 39. **Six Monthly Fraud and Error Report**

Amanda Stanislawski, Audit Manager:

- a) presented a report to update committee on the performance against the 2024/25 Counter Fraud Work Plan and the outcomes of pro-active fraud work and investigations
- b) summarised the number of fraud cases during 2024/25 compared to the previous year as detailed at Appendix A
- 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 3.3 of the report
- d) further updated members on the following areas of work that had been undertaken as detailed within the report:
  - Housing Benefit/ Council Tax Support
  - Council Tax – Single Person Discount/ Empty Properties
  - NNDR
  - Housing Tenancy
  - Payroll and Human Resources
  - Finance
  - Elections
  - Information Technology
  - Other Fraud/Fraud Attempts

e) invited questions and comments from members of the Committee.

Members discussed the content of the report, commented, asked questions and received relevant responses from officers as follows:

**Question:** Reference was made to housing tenancy fraud at paragraph 4.4 of Appendix A on page 356 of the agenda pack. How soon was the audit that had been paused in July due to recommence and what was the expected end date?

**Response:** A response to the question would be circulated further to the meeting.

**Question:** Was time lost due to working from home, an issue for the Council?

**Response:** Only one disciplinary had taken place due to time management. The issue was not caused by duplicate employment and nothing else had been identified.

**Question:** It was possible in the absence of physical presence within a building, that duplicate employment could take place. Additionally, officers could have worked too many hours. At the commencement of employment with the Council, how was duplicate employment discovered and how was the issue dealt with?

**Response:** Employees are required to complete a secondary employment form in which it was required that duplicate employment was declared. It could be the case that such duplication arose from evening or voluntary work. It was the responsibility of line management to ensure that staff were contactable, and the output of staff appropriately measured and monitored through regular appraisals and 1-2-1's. Managers had not raised issues through Human Resources (HR) and monitoring took place through assurance work. There was a risk fraud may occur however based on the assurance work that had been carried out so far, it had not been identified as an issue.

**Question:** Reference was made to Council Tax, in particular single person discount fraud. Did any work take place regarding student Council Tax discount? In the case of Houses in Multiple Occupation (HMO) if one resident ceased to be a student within the academic year or continued to live within a HMO post-graduation, were there any checks to ensure that fraud to the Council was not committed?

**Response:** A response to the question would be requested from Martin Walmsley, Assistant Director - Shared Revenues & Benefits, further to the meeting.

**Question:** Reference was made to Environmental Fraud. Could additional examples be provided of how environmental fraud took place?

**Response:** Further information on Environmental Fraud would be circulated by officers to members further to the meeting.

**Comment:** Environmental audits were published on an annual basis at other authorities. It was likely that there was the equivalent for City of Lincoln Council, but it may not necessary be presented to Audit Committee.

**Question:** Was there a reason why there had been no prosecution for individuals that had defrauded the Council?

**Response:** A response would be circulated further to the meeting.

**Question:** Reference was made to potentially fraudulent payments through the online system for the payment of Council Tax at paragraph 4.6 of Appendix A on page 357 of the agenda pack. Could an explanation be provided of what a fraudulent payment was?

**Response:** A potentially fraudulent payment through the online system for the payment of Council Tax applied when a card was used which was found not to



belong to the person who attempted to make the payment. The owners of the cards had contacted their card provider who then cancelled the payments. The Council's bank then informed finance of the cancelled payments.

RESOLVED that:

- 1) Responses to questions received from members be circulated by officers further to the meeting.
- 2) The contents of the report be accepted and noted with thanks.

**40. National Fraud Initiative Policy**

Amanda Stanislawski, Audit Manager:

- a) presented the updated National Fraud Initiative (NFI) policy for approval by Committee
- b) advised that the Council's NFI policy was part of a range of counter fraud policies and was reviewed every two years prior to the commencement of the bi-annual exercise carried out by the Cabinet Office
- c) referred to the updated Policy contained at Appendix A of the report and highlighted the changes that had been made to the document
- d) invited questions and comments from members of the Committee.

**Comment:** Thanks were offered to Amanda Stanislawski, Audit Manager for the highlighted changes within the National Fraud Initiative Policy which made for easier reading.

RESOLVED that the updated National Fraud Initiative Policy be approved.

**41. Audit Committee Work Programme 2024/25**

Emily Wood, Chair of Audit Committee:

- a) presented a report to inform members of the Audit Committee of the work programme for 2024/25 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) referred to paragraph 4 of the report and gave an overview of learning and development for Audit Committee Members. The CIPFA Audit Committee Update was contained at Appendix C of the report for information
- e) invited questions and comments from members of the Committee.

RESOLVED that:

- 1) The deferred agenda item titled 'Procurement Act 2023 & Contract Procedure Rules' be added to the next meeting of Audit Committee on 4 February 2025.
- 2) The contents of the Audit Committee work programme 2024/25 be noted.

## **42. Information Governance Update**

Sally Brooks, Data Protection Officer:

- a) presented a report to update Audit Committee on progress made with Information Governance monitoring the Council's compliance and associated risks with data protection legislation including the General Data Protection Regulation, the Data Protection Act 2018 and the Freedom of Information Act 2000
- b) highlighted that update reports were submitted to Audit Committee on a bi-annual basis. The last report was provided on 4 June 2024
- c) provided details of the following key areas:
  - Data Protection Training (Risk 1)
  - Policies and Procedures (Risk 3- Policies and Procedures)
  - Retention and Disposal of Personal Data (Risk 5)
  - Data Subject's Rights (Risk 8)
  - Freedom of Information Requests
  - Annual Governance Statement (AGS)
- d) invited questions and comments from members of the Committee.

Members discussed the content of the report, commented, asked questions and received relevant responses from officers as follows:

**Question:** Were former Council employees permitted to decline the sharing of their information with other organisations and authorities, upon receipt of a request for a reference?

**Response:** A request for a reference would be received from another organisation. If a former employee wished for their data to be deleted, there would be certain exemptions to the request as there was a legal requirement that employment records be retained and a reference be provided.

**Supplementary Question:** Reference was made to the red risk register. After a specified period of time, individuals were removed from the register. Was this the case in the instance of information retained regarding former employees in relation to employment references?

**Supplementary Response:** There were HR rules which prohibited the sharing of derogatory information. When a request for a reference was received by HR, the only information that could be shared regarding a former employee was confirmation of their employment and date, their sickness record and any disciplinary records. The information was factual only.

**Question:** Reference was made to the completion rates for Data Protection Act requests (DPAs) at paragraph 7.1 of the report. It was positive to see the percentage that had been completed on time. With data migration, had ease of access to information been ensured across the various departments and teams within the Council?

**Response:** Legal retention periods were adhered to during cleansing and data would not be deleted within the legal retention period. Information would remain as available; the migration of data only changed the way the information was stored and did not impact on availability.

RESOLVED that the content of the report be noted with thanks.

**43. 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 was 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.

**44. Information Governance update - Appendix A**

*(Note: Councillor Aiden Wells left the meeting at this point in proceedings)*

Minute number 42 included details of the discussion associated with this item.

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

RESOLVED that Appendix A (Exempt Information) be accepted.