

MINUTES OF AUDIT AND STANDARDS COMMITTEE

Wednesday, 28 June 2023
(7:00 - 7:50 pm)

Present: Cllr Princess Bright (Chair), Cllr Mohammed Khan (Deputy Chair), Cllr Dorothy Akwaboah, Cllr Josie Channer and Cllr Adegboyega Oluwole; Stephen Warren

Also Present: Lisa Clampin

Apologies: Cllr Rocky Gill, Cllr Margaret Mullane and Cllr Muazzam Sandhu

1. Declarations of Interest

There were no declarations of interest.

2. Minutes (9 May 2023)

The minutes of the meeting held on 9 May 2023 were confirmed as correct, subject to an amendment to Minute 32 to reflect that the delay to the submission of accounts to Companies House related to one of the subsidiary accounts, and not the entire Group accounts.

3. Customer Feedback Team Annual Report

The Head of Customer Contact (HCC) presented the Customer Feedback Team's Annual Report covering the 2022 calendar year.

The HCC advised that there had been a decrease of 18% in complaints received in 2022 compared to 2021, although acknowledged that only 76% of complaints were answered within 10 working days, which was less than the corporate target of 90%.

There had been a 26% increase in complaints in relation to Social Care compared to the previous year, which was attributed to heightened awareness among service users of the complaint's procedure.

The HCC outlined the proposals and actions for improvement, which included the launch of a partnership with BD Group to enable residents to report non-urgent repairs via a self-service system, while MyPlace was also focusing on defect management post warranty. The HCC also referred to the need for greater clarity on the reasoning behind policy decisions, with succession to tenancies a particular example. Furthermore, closer cooperation was needed between landlord services officers and BDMS, as residents were often inconvenienced where there was disagreement on works, and letters to residents needed to be clearer, avoid jargon and, where appropriate, be translated.

The Committee noted the update.

4. Complaints Update

The Committee received and noted the Monitoring Officer's Complaints Update report. The Chair also confirmed that the Monitoring Officer had provided a statement responding to a query made at the last meeting relating to the Local Government Ombudsman (LGO).

5. Council's Accounts Audit Update - 2019/20, Subsidiaries' accounts audit - 2021/22 and Progress on Accounts Closure - 2022/23

The BDO representative updated the Committee on the position relating to the external audit of the Council's and its companies' accounts.

The Council published draft Accounts for 2021/20 in August 2020, but these were not complete as the Group Accounts were still outstanding. Consequently, BDO could not fully commence its audit until the Group Accounts were received, which was not the case until February 2021, by which time 50% of the time allocated to the audit had elapsed.

The BDO representative recalled that the interim audit completion report, which was presented to the Committee in March 2022, reminding the Committee that:

- The draft financial statements were not materially accurate,
- There were 13 misstatements that were corrected, of which three were material,
- There were 10 unadjusted misstatements at that point; and
- There was still no resolution to the accounting treatment of infrastructure assets by the Financial Reporting Council (FRC) and Chartered Institute of Public Finance Accountancy (CIPFA).

CIPFA issued a bulletin in January 2023 explaining to councils what was required to respond to the temporary solution on infrastructure accounting. Infrastructure assets being material. To date BDO had not received the infrastructure assets working papers from the Council and the BDO representative emphasised that they could only audit what had been received, adding that receipt of information was only the beginning as enquiries had to be made, responses received, eliciting further enquiries.

BDO acknowledged that there had been some issues on their side with staffing owing to illness whilst the issues with infrastructure assets, which was a national problem beyond the power of BDO or the Council, had contributed to delays during 2022 before issue of the January 2023 solution.

BDO emphasised that material misstatements and non-compliance with the code of local authority accounting by the Council had also contributed to the delay, and that there had been incomplete information provided.

The fieldwork had been largely completed, though there were still issues relating to property, plant and equipment (PPE). It was noted that the CIPFA solution to accounting for infrastructure would require sensitivity analysis and determining a new method for calculating the useful economic life for PPE, which the Finance team had not been previously required to do.

BDO indicated that, provided there were no further issues relating to misstatements and document submission, the 2019/20 audit should be completed by November 2023. The Chair indicated that an additional meeting would need to be scheduled to consider the report, but this would not be confirmed until the position was updated by BDO at the next meeting of the Committee in October 2023.

BDO then outlined their indicative plans for the 2020/21, 2021/22 and 2022/23 audits stressing that this would depend on resourcing at both BDO and the Council. The aim was to start the 2020/21 in early 2024. The next audit would commence immediately thereafter, and it was intended that all three audits would be completed by mid-2025. BDO cautioned that these timelines would need to be kept under constant review.

Following a request by the Committee, the Strategic Director of Finance and Investment (SDFI) explained that the subsidiaries, which were independent of the Council, do add complications and time delays as they need to provide their accounts which are then used to create the Group Accounts. The SDFI acknowledged that there had been delays caused by the Council, such as providing working papers, and these were being addressed. In response to further questioning, the SDFI added that there were new procedures in place regarding the production of the Group Accounts, however where issues arose such as staffing for example, there would be delays to the process. That said, he felt that the process had been improved and added that, as subsidiary companies were subject to Companies House, they faced legal sanctions if accounts were late.

The Chief Accountant (CA) echoed the SDFI's comments, adding that the fieldwork relating to the Group Accounts had now been completed and that the outstanding issues related to PPE. He stated that the draft accounts for 2020/21, 2021/22 and 2022/23 had been published, however for 2022/23 the subsidiaries had still not completed their accounts and therefore the draft Group Accounts had not been completed.

The Committee noted the update.

6. Counter Fraud Annual Report

The Head of Assurance (HoA) presented the Counter Fraud Annual Report for 2022/23.

It was noted that 174 corporate fraud referrals were received in 2023/23, which was 24 less than the previous year. Of the 174 referrals:

- 76 cases were accepted for investigation; and
- 84 were referred to other services for investigation.

There had been 111 counter fraud-related data protection requests from other local authorities, the Police and other agencies, 74 of which were closed following the conclusion of investigations while 16 were ongoing. The HoA also advised on the outcomes from the investigations.

In relation to housing-related investigations, the Council had recovered 11 properties that were being sub-let or being improperly used, which was an 83% increase on the previous year. The recovery action represented a saving of almost £1 million.

In response to questions from the Committee, the HoA clarified that where action was taken to repossess the property, the Council must satisfy the Courts that the property was being used in violation of the tenancy agreement. It was noted that sub-tenants displaced as a result of action were offered advice and guidance where appropriate, although the HoA confirmed that the offer was not always taken up.

The Committee noted the update.

7. Work Programme 2023/24

The Committee noted the work programme.