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14 July 2020

Dear Sir/Madam

AUDIT AND MEMBER STANDARDS COMMITTEE

In light of the current Covid-19 pandemic and government advice on social distancing, the Audit and Member Standards Committee meeting to take place on **WEDNESDAY, 22ND JULY, 2020 at 6.00 PM** will be held as a virtual meeting and streamed online (further information is available on our website).

Yours faithfully

Christie Tims
Head of Governance and Performance

To: Members of Audit and Member Standards Committee

Councillors Greatorex (Chairman), Ho (Vice-Chair), Checkland, Grange, A Little, Norman, Robertson, Spruce and White

AGENDA

AUDIT AND MEMBER STANDARDS COMMITTEE

5 FEBRUARY 2020

PRESENT:

Councillors Greatorex (Chairman), Checkland, Grange, A Little, Norman, Robertson and White

26 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Ho and Councillor Spruce

27 DECLARATIONS OF INTEREST

There were no declarations of interest

28 MINUTES OF THE PREVIOUS MEETING

The Minutes of the Meeting held on 14 November 2019, as printed and previously circulated, were taken as read and approved as a correct record subject to a couple of amendments.

29 TREASURY MANAGEMENT STATEMENT AND PRUDENTIAL INDICATORS

The Committee received a report on the Treasury Management Strategy Statement (TMSS) 2020/21 from Mr Anthony Thomas (Head of Finance & Procurement).

Anthony Thomas outlined the financing and investment strategy for the forthcoming financial year including the Capital Programme which incorporates the previous Property Investment Strategy.

Concerns were raised at the meeting in relation to the incorporation of the Property Investment Strategy into the Capital Strategy within the MTFS. It was highlighted that the change reflected that the desired outcomes such as establishment of Governance Structures and processes were now complete and the outstanding areas could be incorporated into existing processes. The concern is that it would be more difficult to scrutinise the Property Investment Strategy because it had already been considered by the Strategic (Overview and Scrutiny) Committee as part of the MTFS. It was noted that the CIPFA guidance required the Council to approve a Capital Strategy that set out the framework for managing the Capital Programme and the current version included the relevant areas of the Property Investment Strategy.

The Committee did not believe it appropriate to duplicate the work of another Committee and therefore this would need to be considered by the Overview and Scrutiny Co-ordinating Group. Assurance was provided that the Audit and Member Standards had overall responsibility for Governance and Risk Management and could therefore still scrutinise the relevant systems and processes related to Investment in Property..

There were some questions raised in relation to the mechanism for responding to situations where financial markets are impacted, such as bank mergers. Anthony Thomas confirmed that any increases in limits would have to be reviewed by the Committee prior to approval by Council.

Anthony Thomas stated any restrictions on the limit for employee car loans could have a negative impact on staff retention and therefore the £100,000 limit took this into consideration.

> **RESOLVED:-** Members considered the Treasury Management Strategy Statement and did not highlight any changes or recommendations to Cabinet.

30 INTERNAL AUDIT PROGRESS REPORT

Rebecca Neill (Internal Audit Manager) presented the Internal Audit Progress Report for the period to 30 December 2019 (Quarter 3) and proposals for a new approach to audit follow up and assurance opinions.

Members discussed the limitations to the customer satisfaction survey results due to the limited number of responses and suggested that this KPI include the annual to date results, as opposed to the quarter's outturn. Rebecca Neill agreed and explained that going forward an increased proactive approach would be taken to ensure a higher response rate was received.

The Committee discussed the proposed approach to audit follow up and endorsed the increased visibility in implementation of recommendations.

In discussing the audit plan progress, the Committee requested greater detail where a decision is taken to postpone an internal audit.

Rebecca Neill agreed to incorporate these into the work programme going forward.

With regard to consultancy work undertaken by the audit team, the Committee queried how potential conflicts of interest were managed in not subsequently auditing areas where advice had previously been given, within a small team. Rebecca Neill explained that this was a challenge, but assured the Committee that where an auditor has provided advice they will not be part of the audit. There is an additional safeguard against this Rebecca Neill has oversight of all audit reports.

In terms of the proposal to sample test managers' confirmation of implementation of medium and low recommendations, the Committee asked for the results of this to be fed back in the internal audit progress reports. Rebecca Neill agreed that this was a good idea.

> **RESOLVED:** The Committee considered the Internal Audit Progress Report September 2019 to December 2019 and endorsed the proposals for the new approach to follow up and assurance opinions.

31 RISK MANAGEMENT UPDATE

Rebecca Neill introduced the Risk Management Update which updated the committee on the management of the Corporate risk Register.

The Committee requested assurances that there have been risk handovers in line with the recent changes to the management structure. Christie Tims (Head of Corporate Services and Monitoring Officer) provided assurances that appropriate handovers had taken place and Pentana was being used to manage these risks.

The Committee raised a number of areas for consideration;

- Greater clarification on corporate risk 'a failure to respond to changing demographics' in terms of the ageing population.

- That the current risk score on governance and statutory obligations be reviewed by the risk owner.

The current flu pandemic and mitigations in place were also discussed by the Committee.

Rebecca Neill confirmed that these considerations would be taken back to Leadership Team for review.

RESOLVED: Members noted the work being undertaken to ensure the risk Management Policy is adhered to and the actions taking place to manage the Council's most significant risks.

32 ANNUAL REPORT ON EXCEPTIONS AND EXEMPTIONS TO PROCEDURE RULES

Members received a report from Christie Tims on the Annual Report on Exceptions and Exemptions (Waivers) to Procedure Rules which is part of the Contract Procedure Rules and applicable for the 2018/2019 financial year. The level of exceptions and exemptions (waivers) granted during this period are shown in the report.

The Committee have requested a rationale for each waiver in future reports.

RESOLVED:- The Committee noted the Exceptions (Waivers) set out within Appendix A of the report.

33 REVIEW OF THE EFFECTIVENESS OF THE AUDIT & MEMBER STANDARDS COMMITTEE

Members received a report on the annual self-assessment of Audit & Member Standards Committee effectiveness from Rebecca Neill.

Rebecca Neill summarised the assessment against CIPFA's compliance with good practice checklist and highlighted the proposed actions contained within.

The Committee discussed and agreed the proposed action for a Chair's annual report. With regard to consideration of the appointment of an independent member, the Committee unanimously agreed that there was already a diverse skillset on the Committee and therefore there was no reason to appoint an independent at this time, however, an annual review of this was agreed.

The Committee resolved that those members who have not yet completed the knowledge and skills framework do so at their earliest convenience.

The timing of training was discussed. Rebecca Neill confirmed that where training is scheduled consideration will be made to ensure it falls at an appropriate date to enhance knowledge ahead of relevant items in the work programme.

RESOLVED: The Committee considered the attached self-assessment checklist and endorsed actions to improve its effectiveness.

34 AUDIT COMMITTE LDC PROGRESS REPORT AND UPDATE - YEAR ENDED 31 MARCH 2020

Mr John Gregory from Grant Thornton presented the Audit Progress Report and Sector Update Lichfield District Council year ending 31 March 2020 which provided the Committee with a report on progress in delivering our responsibilities as External Auditors.

The Committee questioned whether it would be prudent for Cllr Greatorex as the Chair of the Committee to have a greater level of involvement in the process of completing the Statement of Accounts prior to approval by the Committee.

The Head of Finance and Procurement agreed to provide regular updates to the Chair of the Committee on the progress of completing the Statement of Accounts prior to approval by the Committee.

> **RESOLVED:-** The Committee noted the contents of the Audit Progress Report and Sector Update.

35 WORK PROGRAMME

Members noted the Work Programme and the Chairman requested any additions/alterations to the programme.

(The Meeting closed at 7.46 pm)

CHAIRMAN

Annual Treasury Management Report

Cabinet Member for Finance and Procurement

Date:	22 July 2020
Agenda Item:	4
Contact Officer:	Anthony Thomas
Tel Number:	01543 308012
Email:	Anthony.thomas@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members :	**Full Council**

district council
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AUDIT (AND MEMBER STANDARDS) COMMITTEE

1. Executive Summary

1.1 The report covers the Treasury Management performance for the financial year 2019/20.

1.2 The Capital Programme was **(£13,362,351)** lower than the Revised Budget (**APPENDIX A**) mainly due to under performance on Investment in Property **(£10,500,000)**.

1.3 Income from Capital Receipts was higher than the Revised Budget by **(£149,784)** due mainly to additional Bromford Right to Buy Sales achieved at the end of the financial year.

1.4 The funding of the Capital Programme in 2019/20 reflects the actual expenditure of **£2,296,649** and this includes lower funding from capital receipts of **(£264,162)** compared to the Revised Budget.

1.5 The borrowing need of **£4,304,990** is (**£10,504,010)** lower than the Revised Budget of **£14,809,000**. This is due to planned borrowing for the Investment in Property project not going ahead.

1.6 The Balance Sheet (**APPENDIX B)** shows a variance between actual and budget of **£13,222,000** on Assets less Liabilities and (**£13,222,000)** on Total Equity. These variances are explained at 3.20 but are in the main related to a reduction in the Long Term Pension Liability assessed by the Pension Fund Actuary that is statutorily offset by a reduction in the Unusable Pension Reserve.

1.7 The level of cash available was **£35,994,569** compared to the Revised Budget of **£23,749,376**. This was utilised for internal borrowing of **£713,840** and investments of **£35,280,729** (**APPENDIX C**).

1.8 The Council's investments achieved a risk status of **AA-** that was more secure than the aim of **A-** and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.

1.9 The report confirms the Council was compliant with all Treasury Limits and Prudential Indicators for 2019/20.

2. Recommendations

2.1 To review the report and issues raised within.

2.2 To review the actual 2019/20 Prudential Indicators contained within the report.

3. Background

The Capital Programme and Treasury Management

3.1 This Annual Treasury Report is a requirement of the Council's reporting procedures. It covers the Treasury activity during 2019/20 and the actual Prudential Indicators for 2019/20.

3.2 Treasury Management is defined as: *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks*."

3.3 Overall responsibility for Treasury Management remains with the Council. No Treasury Management activity is without risk; the effective identification and management of risk are integral to our Treasury Management objectives.

3.4 Our Treasury Management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members be informed of treasury management activities at least twice a year. We report regularly to the Cabinet and Audit and Member Standards Committee on Treasury policy; strategy and activity.

3.5 This report is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential code and

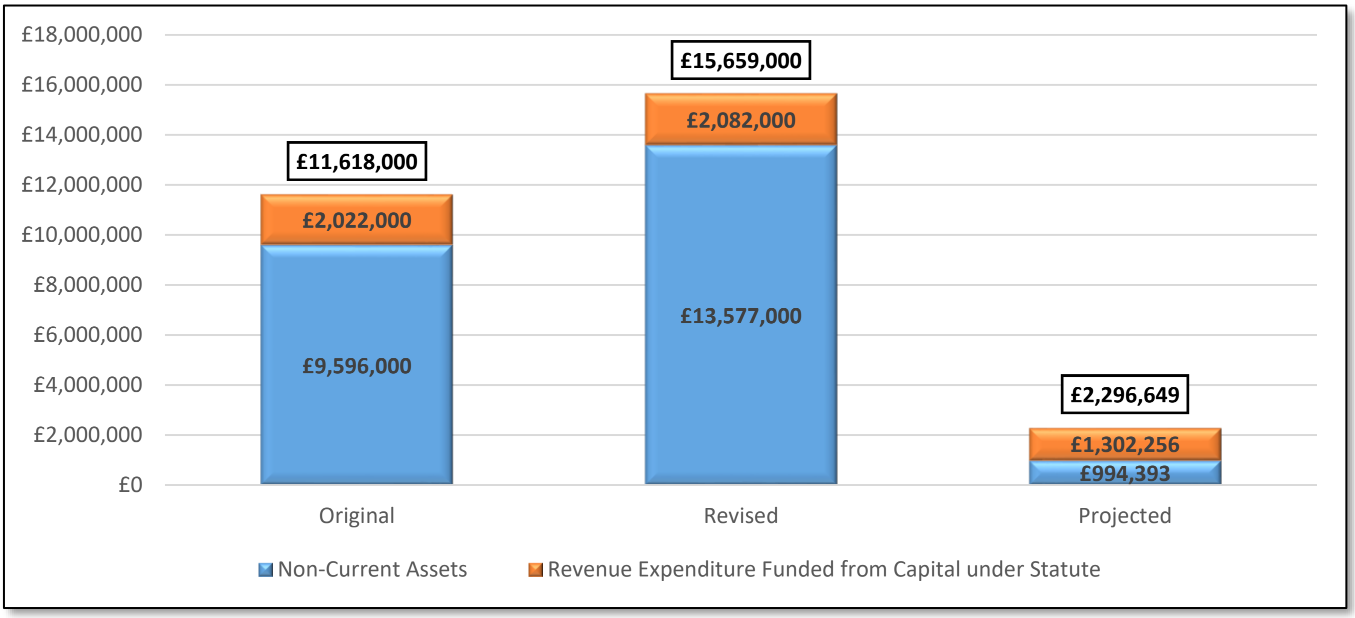
- presents details of capital spend, capital financing, borrowing and investment transactions;
- reports on the risk implications of Treasury decisions and transactions;
- gives details of the outturn position on Treasury Management transactions in 2019/20;
- confirms compliance with Treasury limits and Prudential Indicators

3.6 The performance of the Treasury Management function should be measured against the investment objectives of **Security** (the safe return of our monies), **Liquidity** (making sure we have sufficient money to pay for our services) and **Yield** (the return on our investments) contained in Statutory Guidance.

3.7 In addition, external borrowing is considered against the objectives of it being **affordable** (the impact on the budget and Council Tax), **prudent** and **sustainable** (over the whole life).

The Capital Programme

3.8 A summary of the Capital Programme performance from the Revised Budget to the Actual for 2019/20 is shown in detail at **APPENDIX A** and in the chart below:



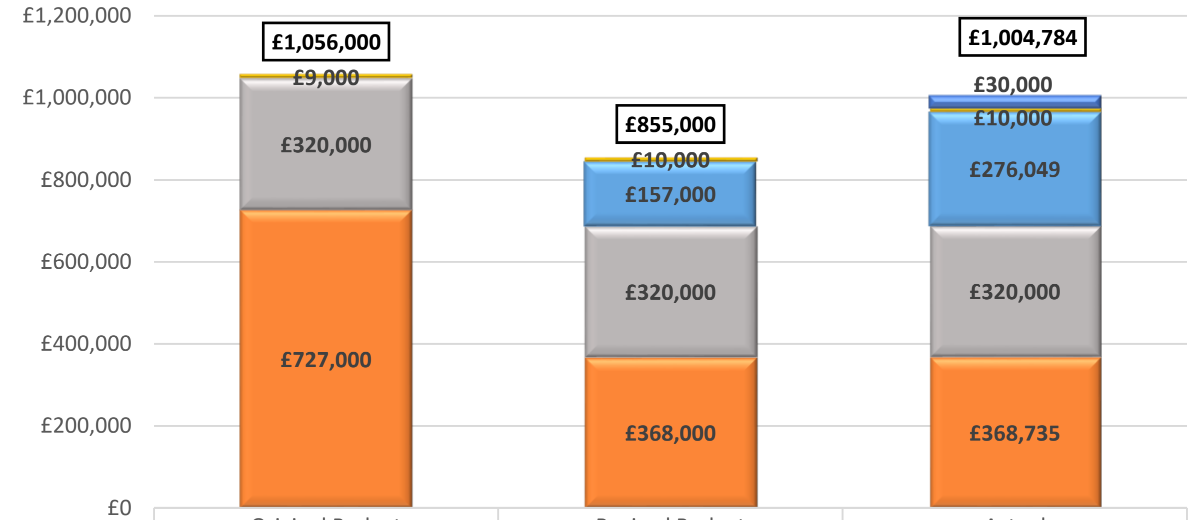
3.9 Capital expenditure was **£2,296,649** and this is **(£13,362,351)** less than the Revised Budget of **£15,659,000**. This included slippage of **£13,454,000** that was approved by Cabinet on 2 June 2020 to be added to the Capital Programme in 2020/21 when this delayed spend is planned to take place.

3.10 The main reasons for the variance to the Revised Budget are shown below:

	Variances	
	Slippage	**Other**
* **Accessible Homes (Disabled Facilities Grants)** - reflects delivery performance on the Support for Independent Living in Staffordshire Partnership	(£409,000)	
* **Unallocated S106 Affordable Housing Monies** - planned acquisitions have not been completed during the financial year as planned	(£270,000)	
* **Burntwood Leisure Centre** - Combined Heat and Power Unit - the completion of these works has been delayed due to technical utility issues	(£223,000)	
* **Other Projects**	(£335,000)	25,810
Enabling People Total	**(£1,237,000)**	**£25,810**
* **Equity investment in the Council owned Company** - the investment has taken place in 2020/21	(£225,000)	
* **Other Projects**	(£44,000)	65,213
Shaping Place Total	**(£269,000)**	**£65,213**
* **Birmingham Road Site - Coach Park** - acquisition was not completed and therefore the enhancement works did not take place	(£850,000)	
* **Multi Storey Car Park Refurbishment Project** - the programming of the works was adjusted to reflect the short term redevelopment works on the adjacent site	(£300,000)	
* **Birmingham Road Site - Short Term Redevelopment** - the commencement of the works was delayed	(£222,000)	
* **Other Projects**	(£50,000)	788
Developing Prosperity Total	**(£1,422,000)**	**£788**
* **Investment in Property** - planned acquisition did not take place due to PWLB consultation and subsequent CIPFA guidance	(£10,500,000)	
* **Other Projects**	(£26,000)	(162)
A Good Council Total	**(£10,526,000)**	**(£162)**
Total Variance	**(£13,454,000)**	**£91,649**
	(£13,362,351)	

Capital Receipts

3.11 The Original Budget, Revised Budget and actual capital receipts received are shown below:

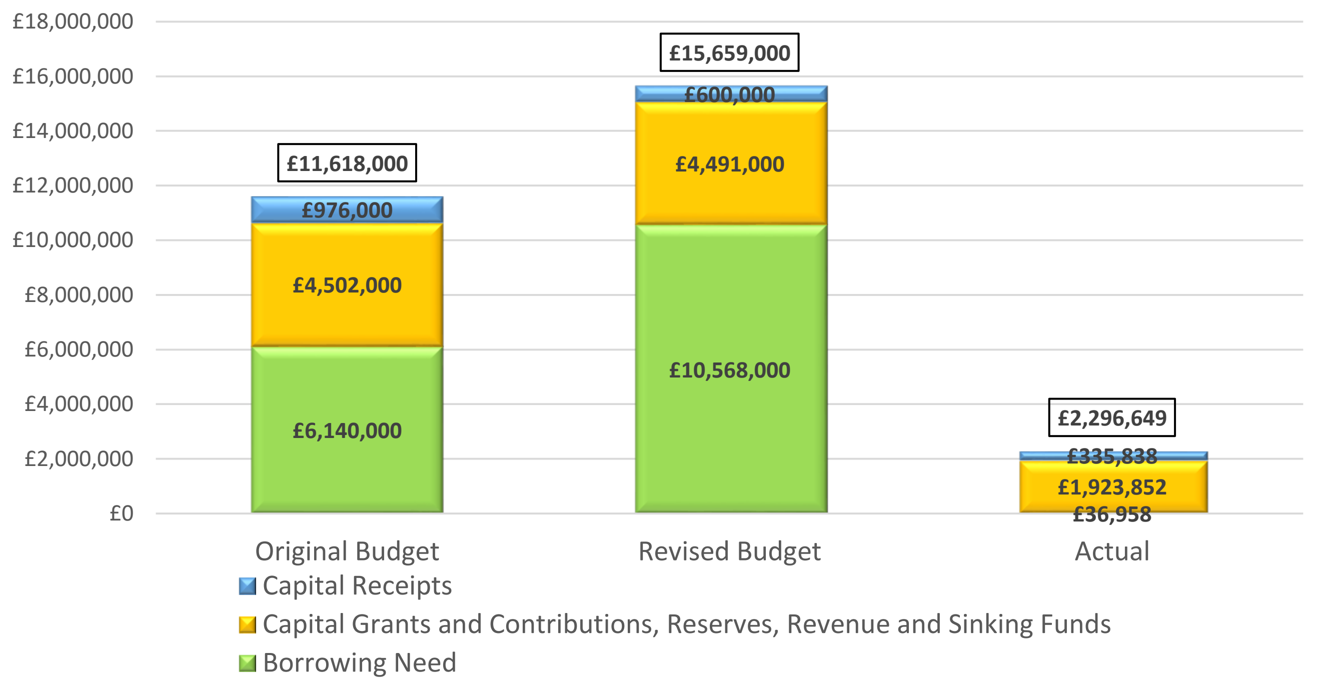


	Original Budget	Revised Budget	Actual
Other			£30,000
DFG Settlements	£9,000	£10,000	£10,000
Bromford RTB Sales		£157,000	£276,049
Covenant	£320,000	£320,000	£320,000
Asset Sales	£727,000	£368,000	£368,735
Total	£1,056,000	£855,000	£1,004,784

3.12 Capital receipts were **(£149,784)** higher than the Revised Budget. The main reason is that Bromford RTB Sales were higher than estimated because two properties with an income share of **(£147,000)** were sold during the final quarter.

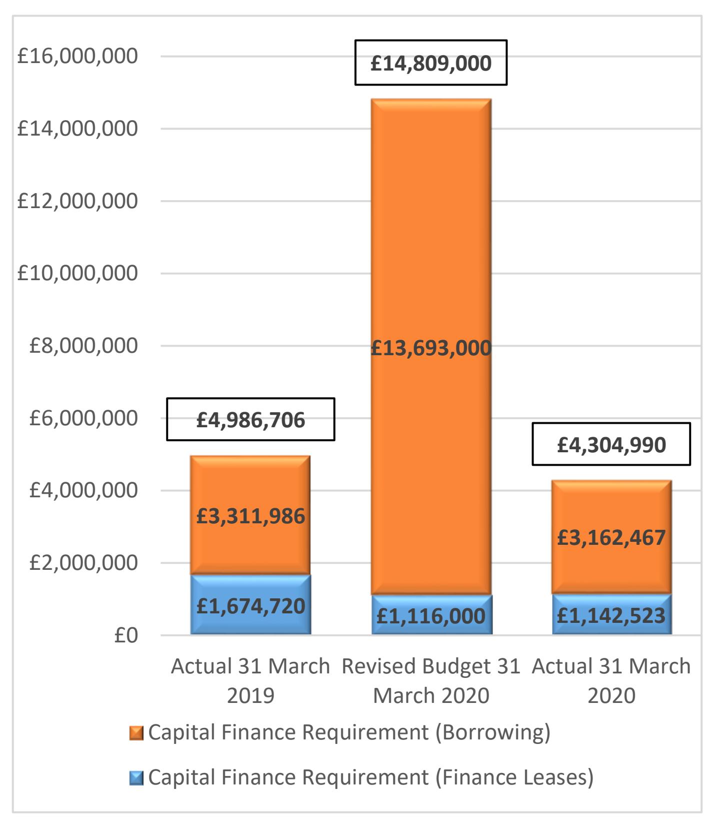
The Funding of the Capital Programme

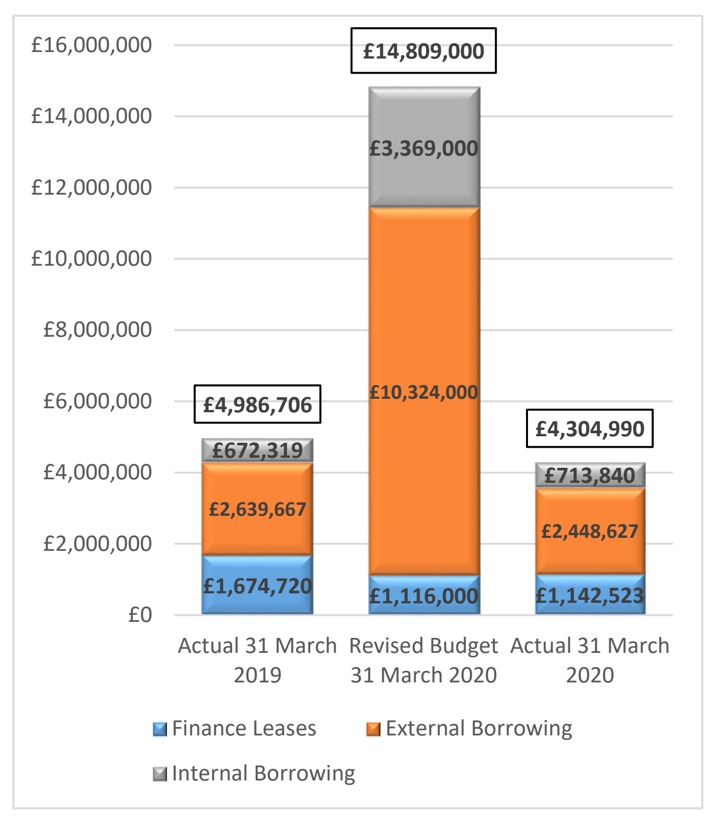
3.13 The budgeted and actual sources of funding for the Capital Programme are shown below:



The Capital Financing Requirement (Borrowing Need) and its Financing

3.14 The actual and Budgeted Borrowing Need and its financing for 2018/19 and 2019/20 is shown below:





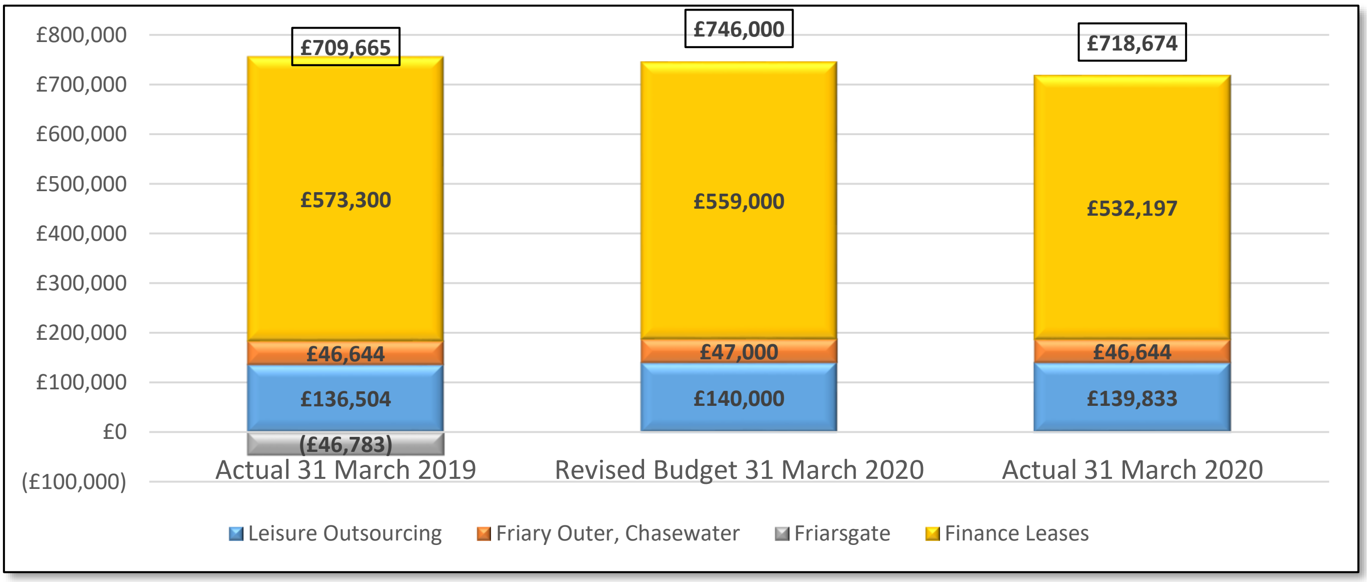
3.15 The Liability Benchmark (the lowest risk level of borrowing) is shown at **APPENDIX B** and was **(£22,652,000)** and compares to the Revised Budget of **(£3,938,000)** as shown at **APPENDIX B**.

3.16 The Liability Benchmark is higher than budgeted. This is due to higher useable reserves and working capital and no external borrowing being undertaken to fund investment in property.

3.17 It indicates that the Council does not need to externally borrow to fund its Capital Financing Requirement.

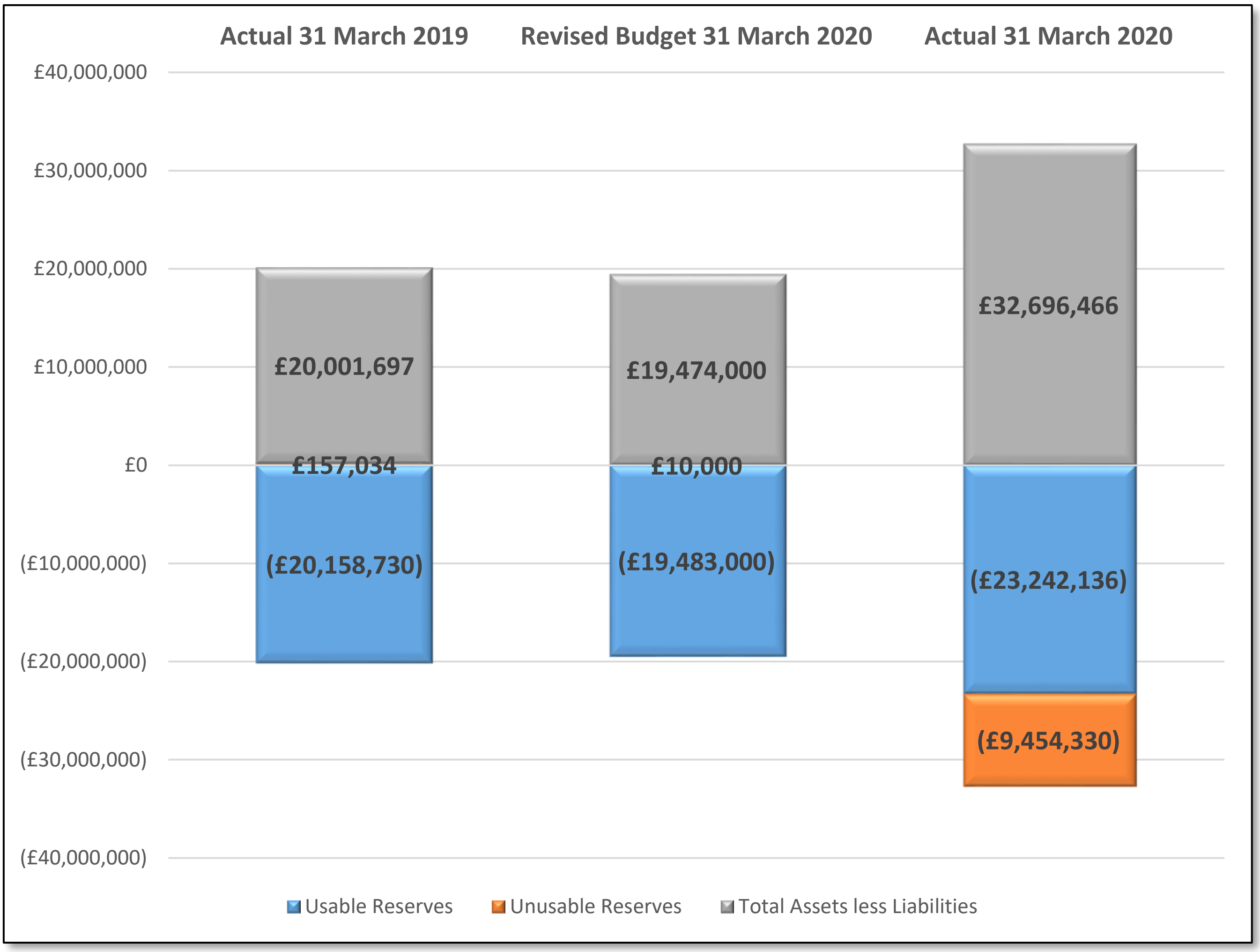
Minimum Revenue Provision in 2019/20

3.18 The Minimum Revenue Provision charged to revenue in 2018/19, budgeted in 2019/20 and the actual in 2019/20 is shown below:



The Balance Sheet

3.19 The actual Balance Sheet for 2018/19 together with the budgeted and actual Balance Sheet for 2019/20 are shown in detail at **APPENDIX B** and are summarised below:



3.20 The main reasons for the variance between the budgeted and actual Balance Sheet for 2019/20 are:

<u>Total Assets Less Liabilities – higher than the budget by **£13,222,000 (68%)**</u>

- The Actuary has reduced the Long Term Liability for Pensions by **£12,212,000**.
- There was an increase in investments of **£11,056,000** partly due to higher working capital and usable reserves.
- Non-current assets are lower by **(£13,743,000)** due primarily to no investment in property.
- Borrowing is **£7,875,000** lower than planned due to no investment in property.
- Working Capital (debtors less creditors) was **(£3,777,000)** higher than the budget.

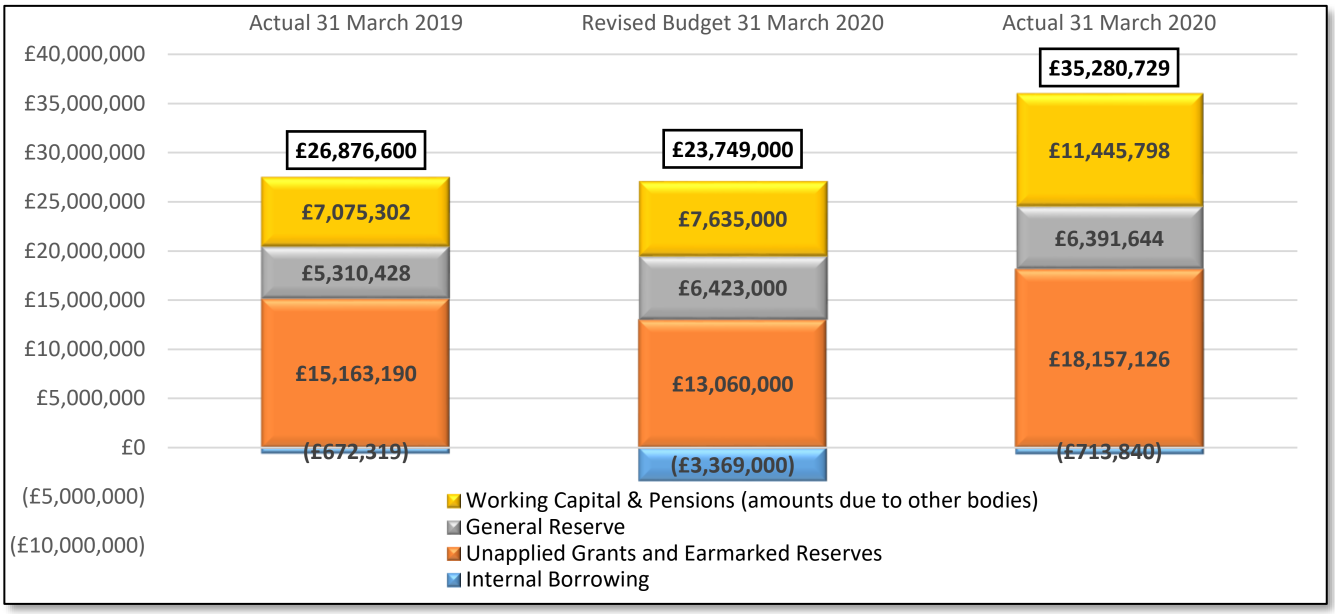
<u>Usable Reserves – higher than budget by **(£3,759,000) (42%)**</u>

- An increase in the level of earmarked reserves of **(£2,007,000)** due to lower capital spend funded from this source.
- A higher level of capital receipts and Burntwood Sinking Fund of **(£662,000)** due to higher Right to Buy sale and lower capital spend funded from these sources.
- A higher level of unapplied and capital grants of **(£1,121,000)** due mainly to new CIL receipts.

<u>Unusable Reserves – higher than budget by **(£9,690,000) (5%)**</u>

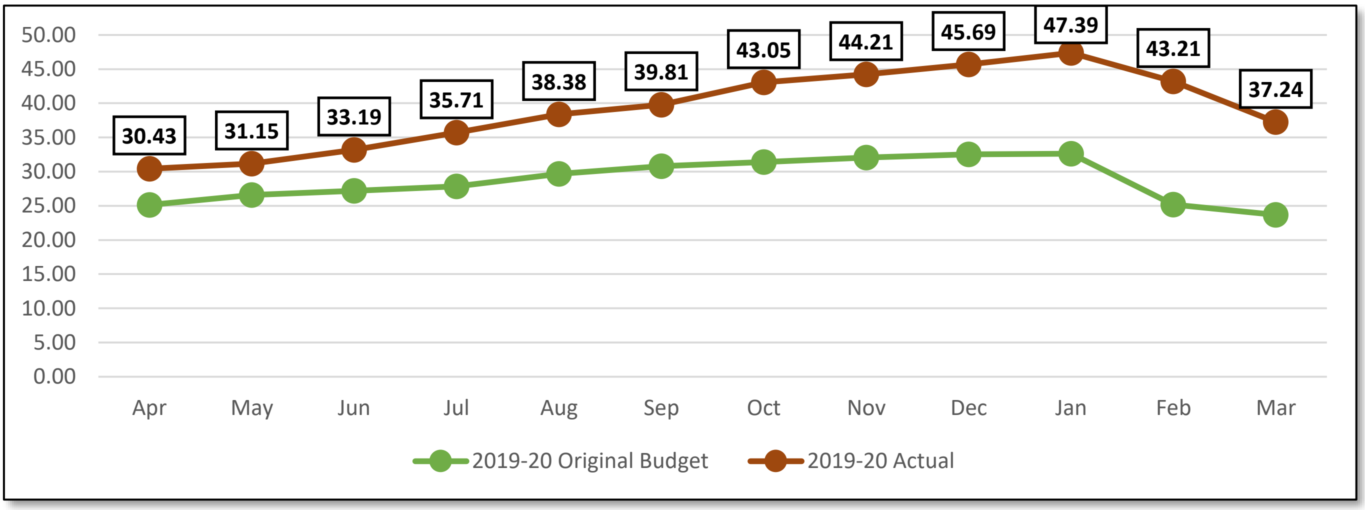
- There was a reduction in the Pension Reserve of **(£12,212,000)** to offset the reduction in the long term liability.

3.21 The level of investments and the sources of cash are shown in the chart below:



Cash Flow Forecasts

3.22 The graph below shows the average investment levels (in £m) throughout the 2019/20 financial year compared to the Revised and Original budgets:



3.23 The Treasury Management Performance for 2019/20 for both investment income and borrowing are shown below:

Treasury Management	2019/20			
	Revised Budget		Actual	
	Investment Income	Borrowing	Investment Income	Borrowing
Average Balance	£34.29m	£5.54m	£39.1m	£2.5m
Average Rate	1.19%	2.36%	1.09%	2.15%
Gross Investment Income	(£408,000)		(£434,784)	
CCLA Transfer to Reserves	£40,000		£47,387	
External Interest		£54,070		£54,483
Internal Interest		£4,000		£5,977
Minimum Revenue Provision (less Finance Leases)		£187,930		£186,477
Net Treasury Position	**(£368,000)**	**£246,000**	**(£387,397)**	**£241,472**
	(£122,000)		**(£145,925)**	

Investment Strategy

3.24 The Council undertakes investments for three broad purposes:

- It approves the support of public services by lending or buying shares in other organisations – **Service Investments.**
- To earn investment income – **Commercial Investments**.
- It has surplus cash, as a result of its day to day activities, when income is received in advance of expenditure or where it holds cash on behalf of another body ready for payment in the future – **Treasury Management Investments**.

3.25 The Government has recognised in recent Ministry of Housing, Community and Local Government (MHCLG) guidance, as a result of increased commercial activity, that the principles included in Statutory Guidance requiring that all investments should prioritise security and liquidity over yield must also be applied to service and commercial investments.

3.26 The MHCLG Guidance requires the approval by Council of an Investment Strategy Report to increase the transparency around service and commercial investment activity. The Council approved its Investment Strategy Report on **19 February 2019**.

Service Investments

3.27 There were three investments of a service nature budgeted to take place in 2019/20. The investment and net return included in the Approved Budget is detailed below:

	Budget	Actual	Variance
Equity in the Local Authority Company	**£225,000**	**£0**	**(£225,000)**
Net Income	£0	£0	£0
Net Return	0.00%	0.00%	
Investment in Burntwood Leisure Centre (extra funded by Freedom)	**£1,395,000**	**£1,422,888**	**£27,888**
VAT Benefit	(£19,000)	(£19,000)	£0
Net Income (after loan repayments)	(£38,000)	(£38,000)	£0
Net Return (excluding VAT Benefit)	2.72%	2.67%	
ICT Cloud	**£25,000**	**£34,200**	**£9,200**
Net Income	(£30,000)	£0	£30,000
Net Return	120.00%	0.00%	
Total Investment	**£1,645,000**	**£1,457,088**	**(£187,912)**
Total Net Income	(£68,000)	(£38,000)	£30,000
Net Return	**4.13%**	**2.61%**	

3.28 The investment in Burntwood Leisure Centre has taken place and is generating net income. The net return from the ICT Cloud project is unlikely to be achieved following agreement to a project change.

Commercial Investments

3.29 The only commercial investment currently planned relates to the Investment in Property and the investment and net return in the Approved Budget is detailed below:

	Budget	Actual	Variance
Investment in Property	**£10,500,000**	**£0**	**(£10,500,000)**
Net Income	£0	£0	£0
Net Return (previous year end)	**0.00%**	**0.00%**	**0.00%**

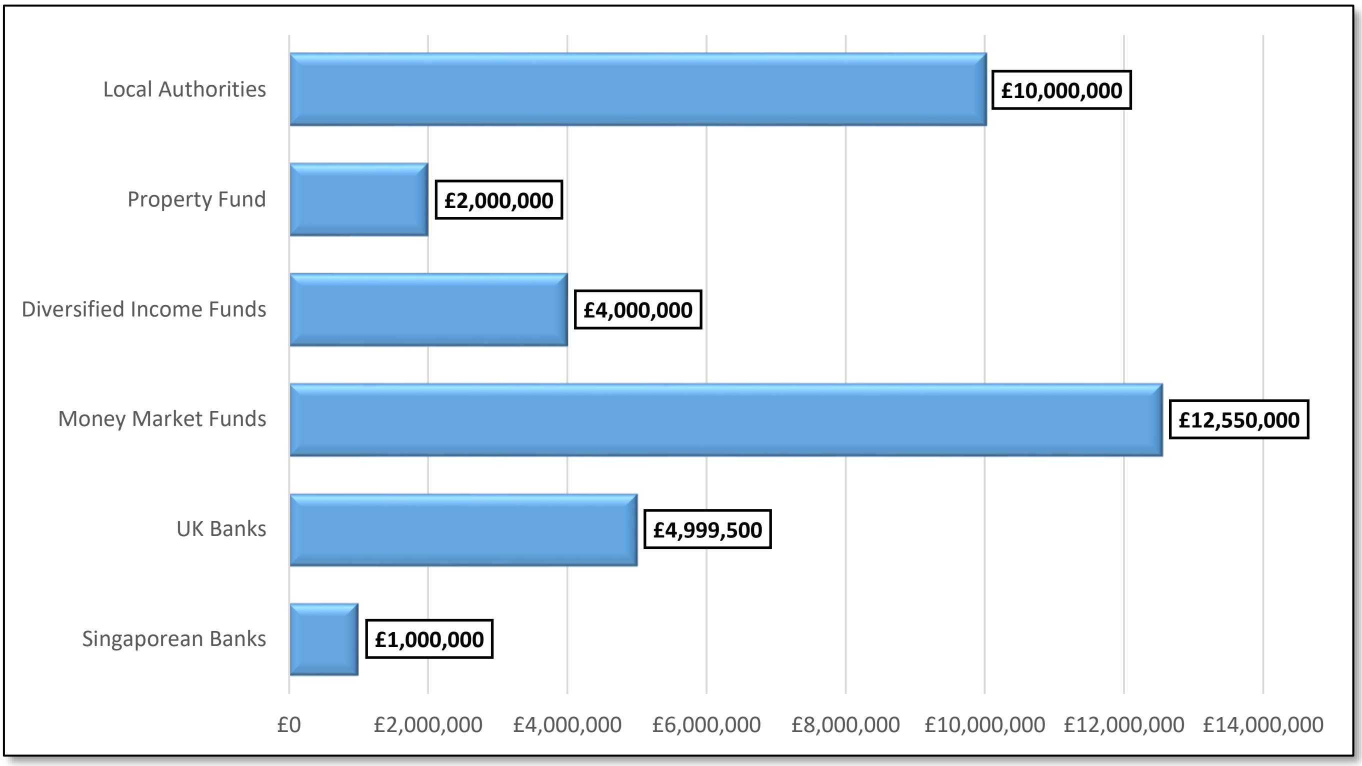
3.30 To date, no property investment has taken place and therefore the budgeted net income is not currently being generated.

3.31 The approach to the Investment in Property will need to be reviewed following updated Government/CIPFA Guidance and the Public Works Loans Board consultation.

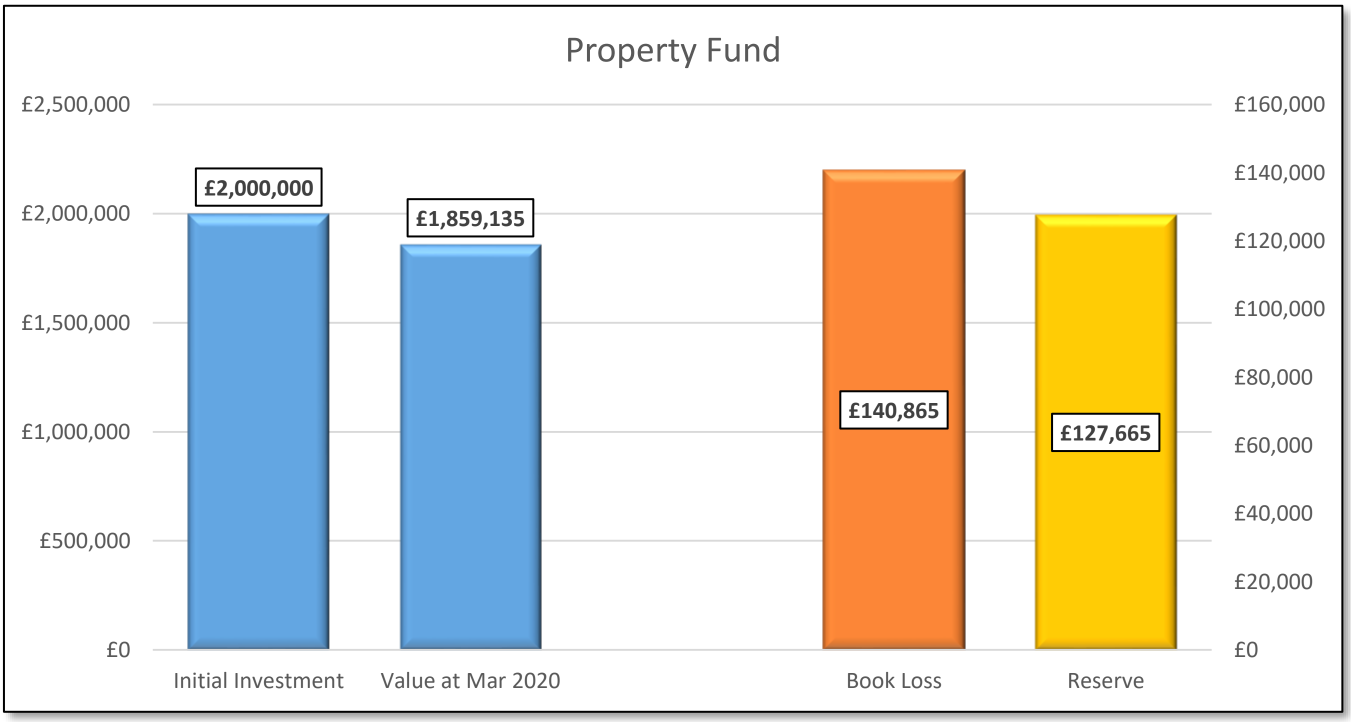
Treasury Management Investments

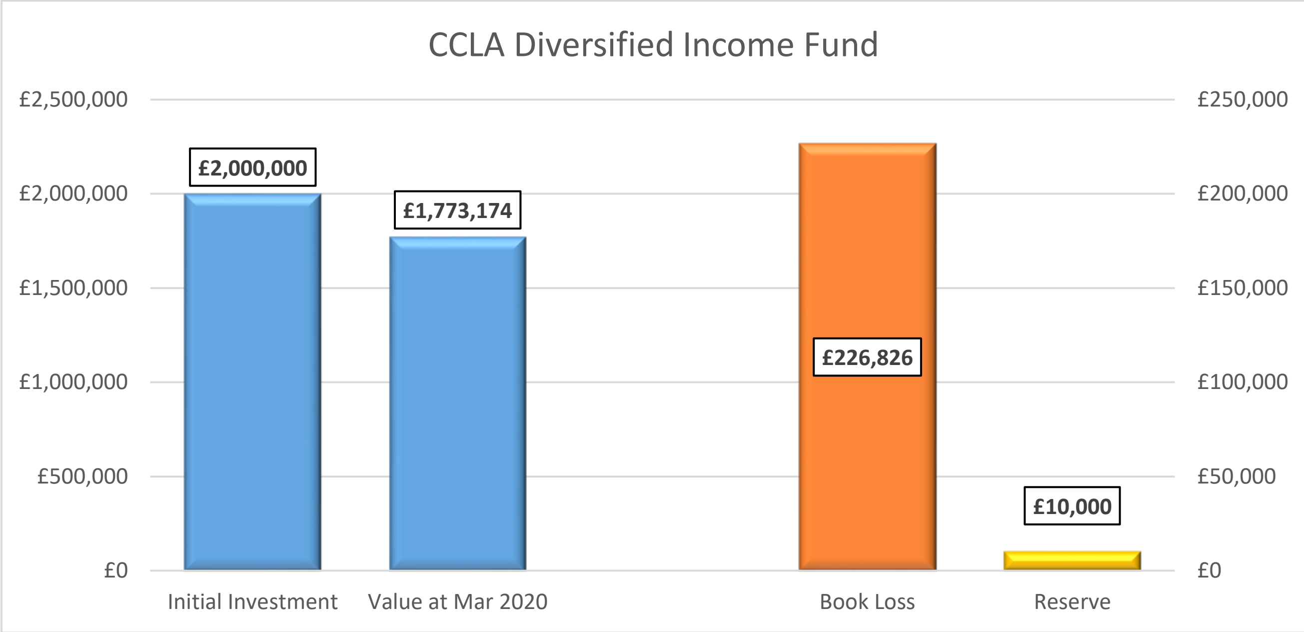
The Security of Our Investments

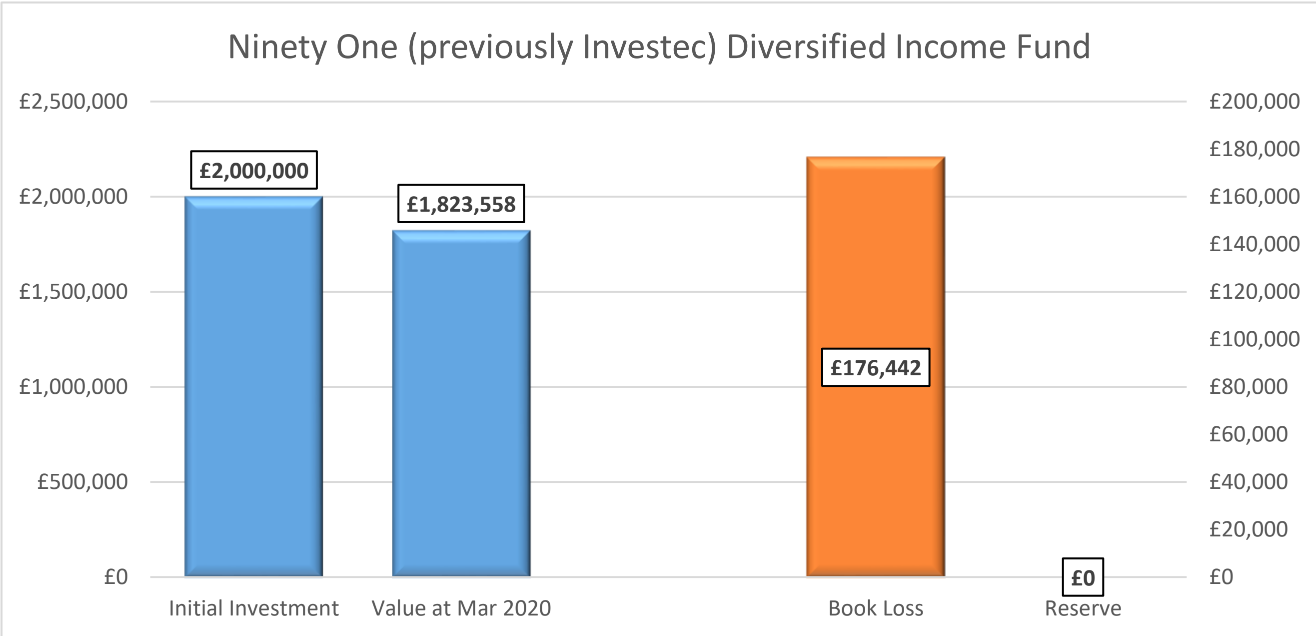
3.32 The investments the Council had at the 31 March 2020 of **£34.55m** (with the property fund and diversified income funds valued at original investment of **£2m**) by type and Country are summarised below and in detail at **APPENDIX C**



3.33 The current value of the Property Fund and Diversified Income Fund investments, together with the value of the earmarked reserve at the end of 2019/20 intended to offset reductions in value, is shown below:

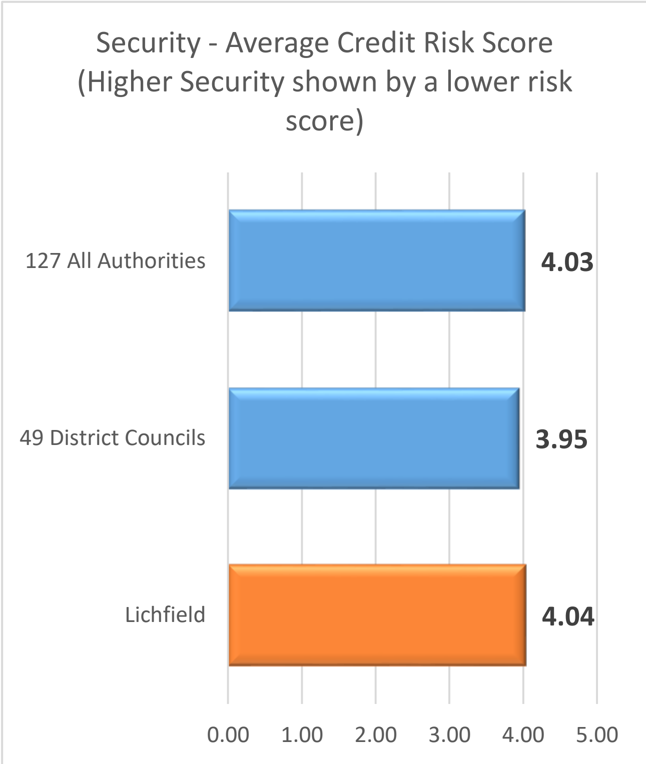


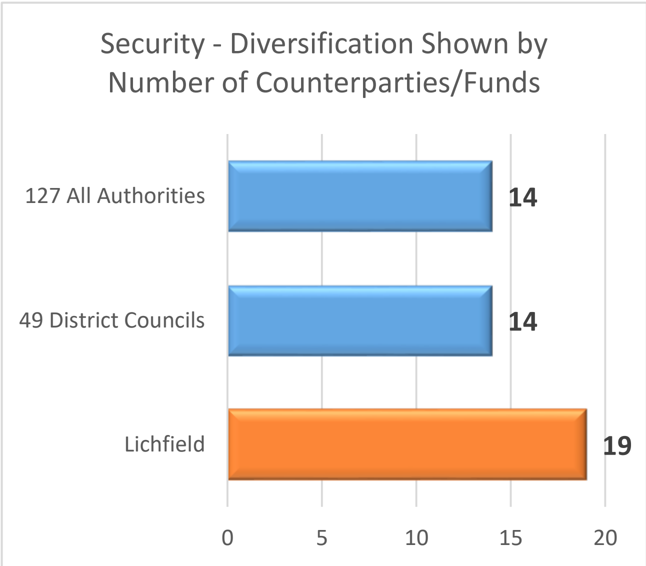


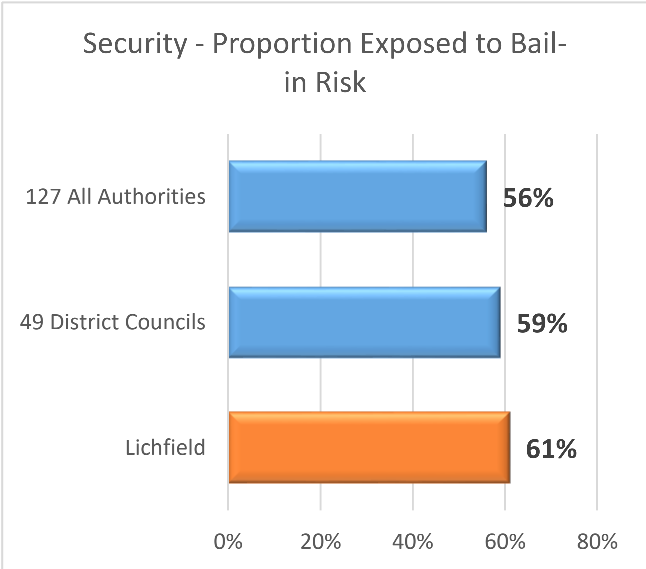


3.34 It is important to note that whilst all three of the Strategic Fund investments show 'book' losses at 31 March 2020 the valuations occurred at the height of the pandemic when asset prices were very volatile. In April and May, the valuations related to the two Diversified Income Fund investments have increased and therefore the 'book' losses have reduced although the financial markets currently remain volatile.

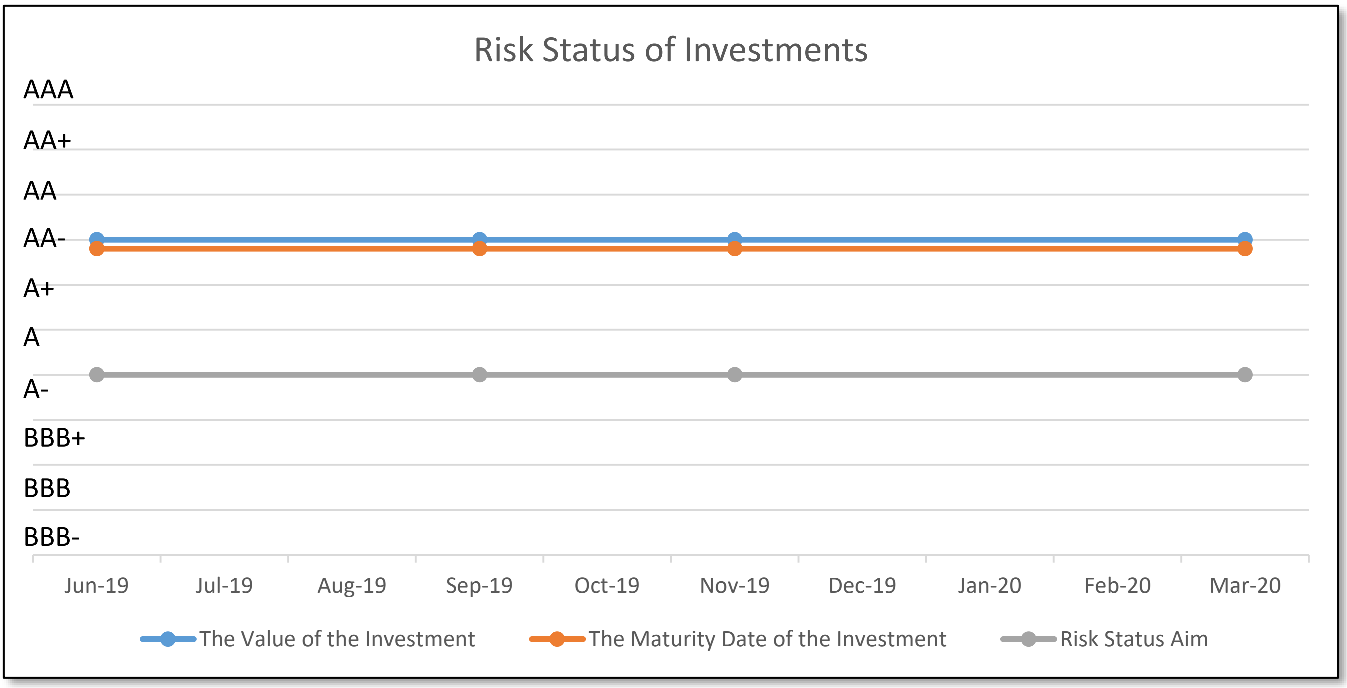
3.35 The Council's portfolio size (with the property fund and diversified investment funds valued at their current values of £5.4m), average credit score, diversification and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:





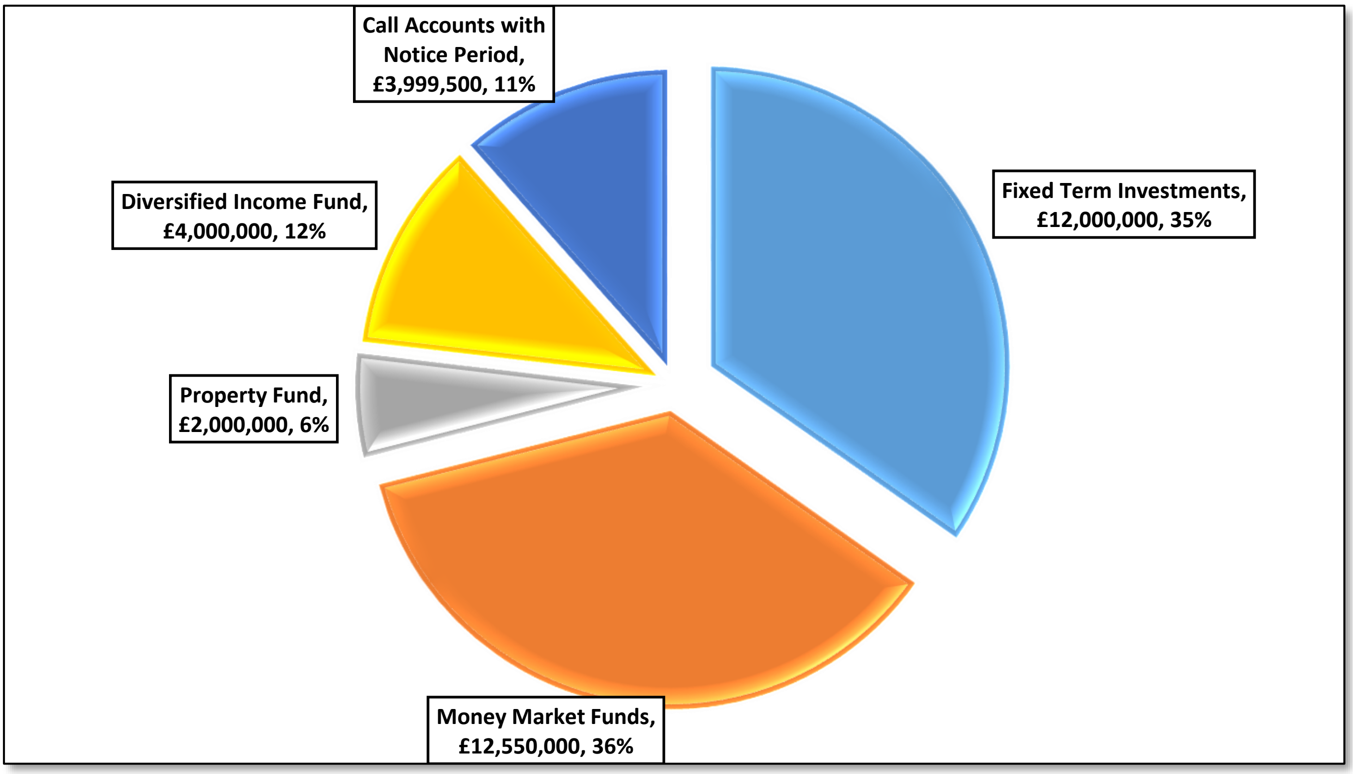


3.36 Our aim for the risk status of our investments was **A- or higher**. The risk status based on the length of the investment and the value for a 12 month period is summarised in the graph below:

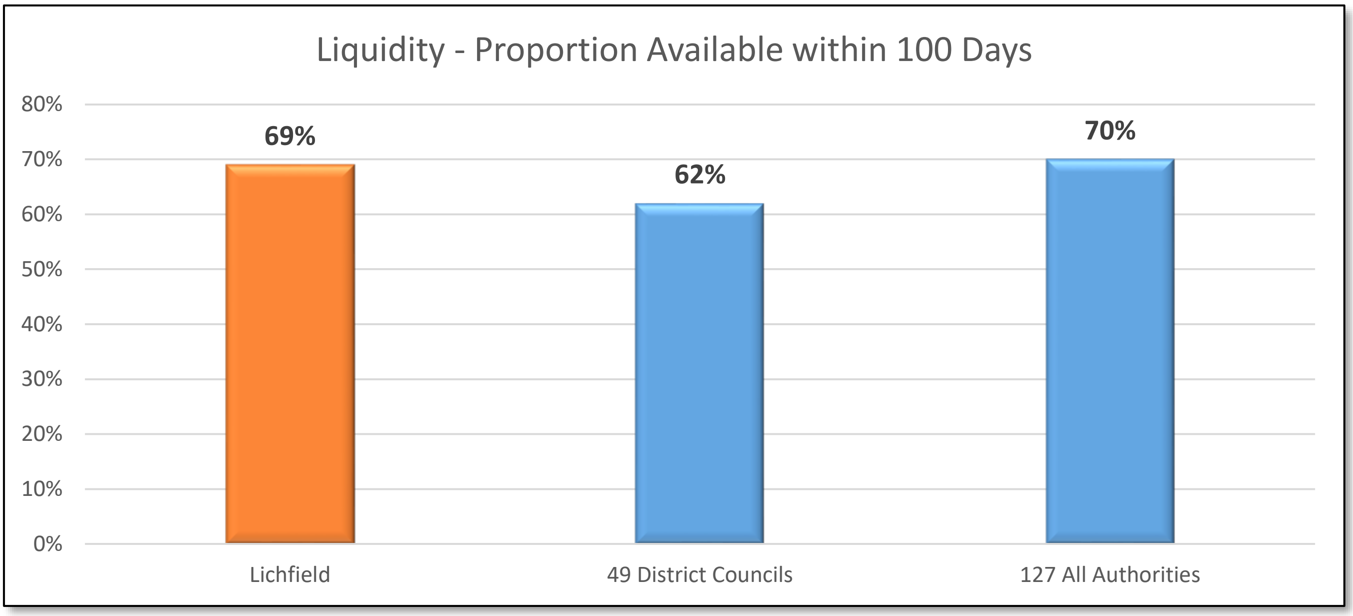


The Liquidity of our Investments

3.37 The Council has not had to temporarily borrow during 2019/20 and retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown below:

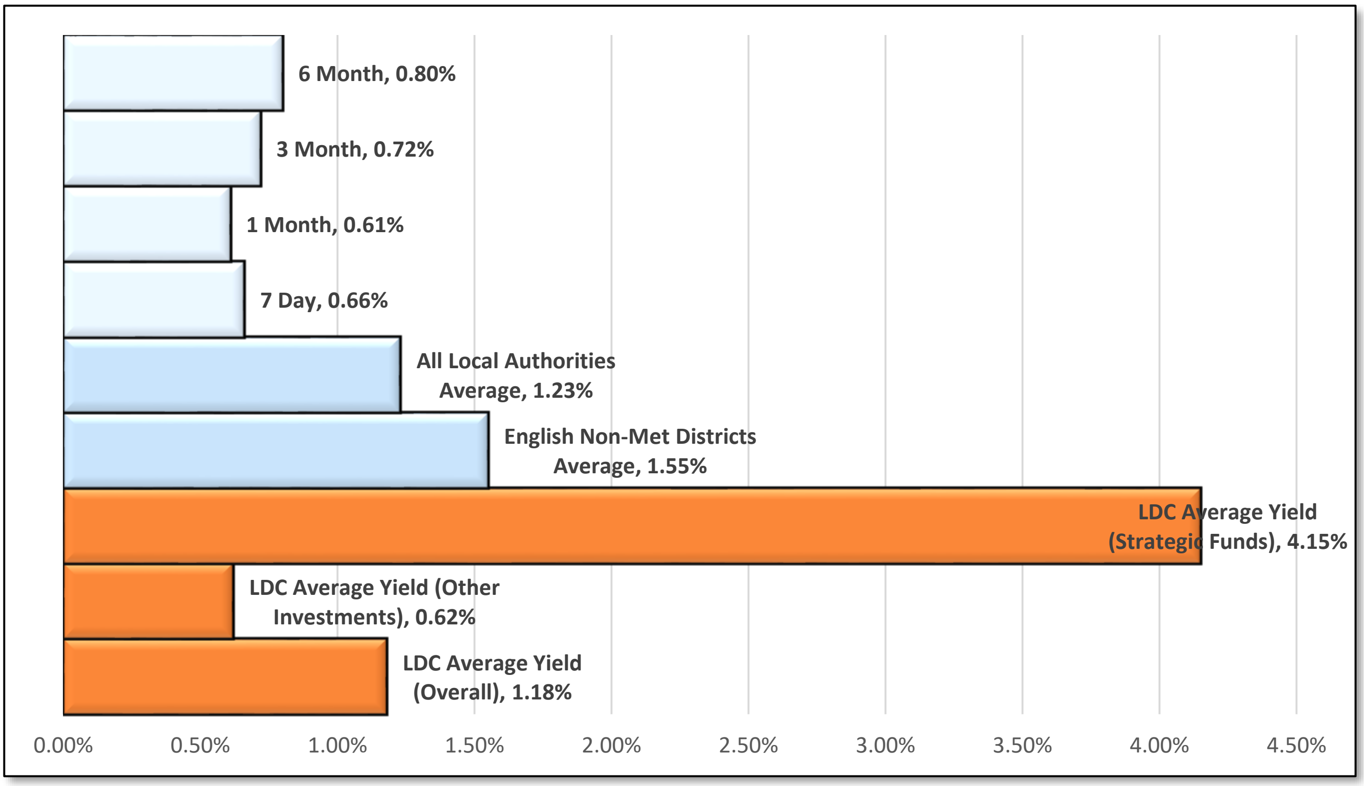


3.38 The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is below:



<u>The Return or Yield of our Investments</u>

3.39 The yield the Council was achieving as at 31 March 2020 compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) and all Arlingclose clients is shown below:



3.40 Investment activity generated **(£434,784)** of gross investment income.

External Borrowing

3.41 The Council currently has two external loans with the Public Works Loans Board with **£2,448,627** outstanding and these are shown in detail at **APPENDIX C**.

Alternative Options	There are no alternative options.

Consultation	Consultation is undertaken as part of the Strategic Plan and with Leadership Team.

Financial Implications

Prudential indicators (PI) 2019/20:

- We can confirm that the Council has complied with its Prudential and Local Indicators for 2019/20; these were originally approved by Council at its meeting on 19 February 2019 and were fully revised and approved by Council on 18 February 2020.
- In compliance with the requirements of the CIPFA Code of Practice this report provides members with a Summary Report of the Treasury Management Activity during 2019/20.
- None of the other Prudential and Local Indicators have been breached. The Prudential and Local Indicators are summarised in the table below :

Capital Strategy Indicators

Prudential Indicators

Indicators	2018/19 Actual	2019/20 Original	2019/20 Revised	2019/20 Actual	Compliant
Capital Investment					
Capital Expenditure (£m)	£4.910	£11.618	£15.659	£2.297	✓
Capital Financing Requirement (£m)	£4.987	£10.301	£14.809	£4.305	✓
Gross Debt and the Capital Financing Requirement					
Gross Debt	(£4.315)	(£9.598)	(£11.439)	(£3.041)	✓
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	No	No	✓
Total Debt					
Authorised Limit (£m)	£4.751	£21.598	£23.473	£4,315[1]	✓
Operational Boundary (£m)	£4.751	£13.006	£14.881	£4,315	✓
Proportion of Financing Costs to Net Revenue Stream (%)	5%	6%	4%	4%	✓

Local Indicators

Indicators	2018/19 Actual	2019/20 Original	2019/20 Revised	2019/20 Actual	Compliant
Replacement of Debt Finance or MRP (£m)	(£0.710)	(£0.720)	(£0.746)	(£0.719)	✓
Capital Receipts (£m)	(£0.760)	(£1.056)	(£0.855)	(£1.005)	✓
Liability Benchmark (£m)	£14.209	£5.017	£3.938	£22.652	✓
Treasury Management Investments (£m)	£26.150	£23.689	£23.749	£34.550[2]	✓

Treasury Management Indicators

Prudential Indicators

	Lower Limit	Upper Limit	2019/20 Actual	Compliant
Refinancing Rate Risk Indicator				
Under 12 months	0%	100%	7%	
12 months and within 24 months	0%	100%	7%	
24 months and within 5 years	0%	100%	25%	
5 years and within 10 years	0%	100%	33%	✓
10 years and within 20 years	0%	100%	25%	
20 years and within 30 years	0%	100%	1%	
30 years and within 40 years	0%	100%	0%	
40 years and within 50 years	0%	100%	0%	
50 years and above	0%	100%	0%	

Indicators	2018/19 Actual	2019/20 Original	2019/20 Revised	2019/20 Actual	Compliant
Principal Sums invested for periods longer than a year (£m)	£2.000	£6.000	£6.000	£6.000	✓

[1] This is the highest level of debt outstanding during the financial year and is compared to the Authorised Limit and Operational Boundary to assess compliance.

[2] This figure is purely investments at year end unlike the figure at 3.21 which includes accounting adjustments.

Local Indicators					
Indicators	2018/19 Actual £m	2019/20 Original £m	2019/20 Revised £m	2019/20 Actual £m	Compliant
Balance Sheet Summary and Forecast					
Borrowing Capital Financing Requirement	£3.312	£9.152	£13.694	£3.162	✓
Internal or (over) Borrowing	£0.672	£0.703	£3.370	£0.714	✓
(Investments) or New Borrowing	(£26.150)	(£23.689)	(£23.749)	(£34.550)	✓
Liability Benchmark	(£14.209)	(£5.017)	(£3.938)	(£22.652)	✓

	Target	2019/20 Actual	Compliant
Security			
Portfolio average credit rating	A-	AA-	✓
Liquidity			
Temporary Borrowing undertaken	£0.000	£0.000	✓
Total Cash Available within 100 days (maximum)	90%	68%	✓

Please note – the figures in blue differ from those approved by Cabinet on 2 June 2020 following the receipt of updated financial information and guidance. These updated figures were approved by Council on 14 July 2020.

Contribution to the Delivery of the Strategic Plan	The MTFS underpins the delivery of the Strategic Plan.
Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.
Crime & Safety Issues	There are no additional Crime and Safety Issues.
Environmental Impact	There are no additional Environmental Impacts.
GDPR/Privacy Impact Assessment	There are no additional GDPR/Privacy Impact Assessment Impacts.

	Risk Description	How We Manage It	Severity of Risk
A	Planned Capital Receipts are not received.	The budget for capital receipts will be monitored as part of the Council's normal budget monitoring procedures.	Green - Tolerable
B	Achievement of The Council's key Council priorities.	Close monitoring of performance and expenditure; maximising the potential of efficiency gains; early identification of any unexpected impact on costs including Central Government Policy changes, movement in the markets, and changes in the economic climate.	Green - Tolerable
C	The affordability and risk associated with the Capital Strategy.	Recruit an estates management team to provide professional expertise and advice in relation to the Property Investment Strategy and to continue to take a prudent approach to budgeting.	Yellow - Material

Background Documents

- CIPFA Code of Practice for Treasury Management in the Public Services
- The Prudential Code for Capital Finance in Local Authorities
- The Treasury Management Strategy Statement (TMSS) 2019/20 – Audit and Member Standards Committee 6 February 2019.
- Mid-Year Treasury Management Report – Audit and Member Standards Committee 14 November 2019.
- The Treasury Management Strategy Statement (TMSS) 2020/21 – Audit and Member Standards Committee 5 February 2020.

Relevant web link

APPENDIX A

Capital Programme Performance in 2019/20

Project	Original Budget	Revised Budget	Actual	Variance
Accessible Homes (Disabled Facilities Grants)	1,104,000	1,200,000	790,795	(409,205)
Armitage War Memorial	40,000	0	0	0
Armitage with Handsacre Village Hall heating upgrade	0	5,000	4,822	(178)
Artificial grass at Armitage	0	13,000	10,000	(3,000)
Burntwood LC CHP Unit	0	235,000	12,049	(222,951)
Burntwood Leisure Centre Enhancement Work	235,000	0	0	0
DCLG Monies	212,000	0	0	0
Decent Homes Standard	197,000	0	0	0
Energy Insulation Programme	10,000	38,000	0	(38,000)
Fradley Village Heating & CCTV	0	5,000	4,521	(479)
Fradley Youth & Community Centre Cladding & Porch	0	15,000	13,875	(1,125)
Friary Grange - Short Term Refurbishment	0	174,000	55,092	(118,908)
Home Repair Assistance Grants	15,000	28,000	6,768	(21,232)
King Edwards VI School	0	101,000	0	(101,000)
Leisure Review: Capital Investment	0	30,000	57,888	27,888
New Build Parish Office/Community Hub	92,000	0	0	0
Play Equipment at Hill Ridware Village Hall	71,000	30,000	30,000	0
Replacement Leisure Centre	0	38,000	7,000	(31,000)
St. Stephen's School, Fradley	0	22,000	0	(22,000)
Unallocated S106 Affordable Housing Monies	400,000	270,000	0	(270,000)
Westgate Practice Refurbishment	0	120,000	120,000	0
Enabling People Total	**2,376,000**	**2,324,000**	**1,112,810**	**(1,211,190)**
Bin Purchase	0	150,000	210,589	60,589
Canal Towpath Improvements (Brereton & Ravenhill)	211,000	211,000	174,624	(36,376)
Cannock Chase SAC	13,000	44,000	43,759	(241)
Darnford Park	13,000	0	0	0
Env. Improvements - Upper St John St & Birmingham Road	7,000	7,000	0	(7,000)
Equity in Council Dev Co.	0	225,000	0	(225,000)
Loan to Council Dev Co.	900,000	0	0	0
Shortbutts Park, Lichfield	23,000	23,000	28,100	5,100
Stowe Pool Improvements	550,000	0	0	0
The Leomansley Area Improvement Project	0	3,000	0	(3,000)
Vehicle Replacement Programme	441,000	146,000	148,141	2,141
Shaping Place Total	**2,158,000**	**809,000**	**605,213**	**(203,787)**
Birmingham Road Site - Coach Park	238,000	861,000	11,359	(849,641)
Birmingham Road Site - Short Term Redevelopment	353,000	473,000	251,429	(221,571)
Car Parks Variable Message Signing	32,000	32,000	0	(32,000)
Erasmus Darwin Lunar Legacy	0	3,000	3,000	0
Multi Storey Car Park Refurbishment Project	0	300,000	0	(300,000)
Old Mining College - Refurbish access and signs	0	13,000	0	(13,000)
St. Chads Sculpture	50,000	50,000	45,000	(5,000)
Developing Prosperity Total	**673,000**	**1,732,000**	**310,788**	**(1,421,212)**
Depot Sinking Fund	11,000	0	0	0
District Council House Repair Programme	103,000	0	0	0
IT Cloud	25,000	25,000	34,200	9,200
IT Hardware	0	0	198,458	198,458
IT Infrastructure	105,000	105,000	5,880	(99,120)
IT Innovation	167,000	60,000	29,300	(30,700)
Property Investment Strategy	6,000,000	10,500,000	0	(10,500,000)
Property Planned Maintenance	0	104,000	0	(104,000)
Good Council Total	**6,411,000**	**10,794,000**	**267,838**	**(10,526,162)**
Approved Budget	**11,618,000**	**15,659,000**	**2,296,649**	**(13,362,351)**

Funding Source	Original Budget	Revised Budget	Actual	Variance
Capital Receipts	976,000	600,000	335,838	(264,162)
Borrowing Need - Borrowing and Finance Leases	6,140,000	10,568,000	36,958	(10,531,042)
Capital Grants and Contributions	2,769,000	2,160,000	1,257,831	(902,169)
Reserves, Existing Revenue Budgets and Sinking Funds	1,733,000	2,331,000	666,021	(1,664,979)
Capital Programme Total	**11,618,000**	**15,659,000**	**2,296,649**	**(13,362,351)**

APPENDIX B

The Council's Balance Sheet

	Type	2018/19 Actual £000s	2019/20 Actual £000s	2019/20 Revised Budget £000s	Variance To Revised Budget £000s
Non-Current Assets	ASSET	48,376	46,000	59,743	(13,743)
Equity Investment in Local Authority Company	ASSET	0	0	225	(225)
Long Term Debtors	DEBT	288	141	288	(147)
Investments	INV	26,808	34,737	23,681	11,056
Borrowing	BOLE	(2,640)	(2,449)	(10,324)	7,875
Finance Leases	BOLE	(1,675)	(1,143)	(1,115)	(28)
Working Capital	CRED	(8,409)	(11,872)	(8,095)	(3,777)
Pensions	CRED	(42,747)	(32,718)	(44,930)	12,212
TOTAL ASSETS LESS LIABILITIES		**20,001**[3]	**32,696**	**19,474**	**13,222**
Unusable Reserves					
Revaluation Reserve	REV	(9,419)	(9,425)	(9,419)	(6)
Capital Adjustment Account	CAP	(33,970)	(32,269)	(35,741)	3,472
Deferred Credits	CRED	(47)	(47)	(47)	0
Pension Scheme	CRED	43,621	32,718	44,930	(12,212)
Benefits Payable During Employment Adjustment Account	CRED	219	332	219	(113)
Collection Fund	CRED	(315)	(1,307)	0	(1,307)
Pooled Fund Adjustment Account	CRED	68	544	68	476
Usable Reserves					
Unapplied Grants and Contributions	UGER	(2,194)	(2,938)	(1,817)	(1,121)
Usable Capital Receipts	UGER	(2,029)	(2,698)	(2,259)	(439)
Burntwood Leisure Centre Sinking Fund	UGER	(236)	(223)	0	(223)
Earmarked Reserves - Unrestricted	UGER	(6,591)	(6,794)	(5,321)	(1,473)
Earmarked Reserves - Restricted	UGER	(3,798)	(4,197)	(3,663)	(534)
General Fund Balance	GEN	(5,310)	(6,392)	(6,423)	31
TOTAL EQUITY		**(20,001)**	**(32,696)**	**(19,474)**	**(13,222)**
Reserves Available to cover Investment Losses		**(11,901)**	**(13,185)**	**(11,744)**	**(1,441)**
Summary					
Capital Funding	CAP	(33,970)	(32,269)	(35,741)	3,472
Revaluation Reserve	REV	(9,419)	(9,425)	(9,419)	(6)
Borrowing and Leasing	BOLE	(4,315)	(3,591)	(11,439)	7,848
Non-Current Assets	ASSET	48,376	46,000	59,968	(13,968)
Investments	INV	26,876	34,737	23,749	10,988
Unapplied Grants & Earmarked Reserves	UGER	(14,848)	(16,850)	(13,060)	(3,790)
General Reserve	GEN	(5,310)	(6,392)	(6,423)	31
Long Term Debtors	DEBT	288	141	288	(147)
Working Capital & Pensions	CRED	(7,678)	(12,350)	(7,923)	(4,427)
Total		**0**	**0**	**0**	**0**
Internal Borrowing		**672**	**715**	**3,369**	**(2,654)**
Liability Benchmark					
Capital Financing Requirement (Borrowing)		3,312	3,163	13,468	(10,305)
Working Capital		(7,322)	(12,572)	(7,923)	(4,649)
Usable Reserves		(20,158)	(23,242)	(19,483)	(3,759)
Minimum Level of Investments		10,000	10,000	10,000	0
Total		**(14,168)**	**(22,652)**	**(3,938)**	**(18,714)**

[3] The Mid Year Treasury Management Report to Committee on 14 November 2019 showed Total Assets less Liabilities and Total Equity of £21.350m which was the figure prior to Statement of Accounts External Audit adjustments related to Pension valuations of £1.349m

Investments in the 2019/20 Financial Year

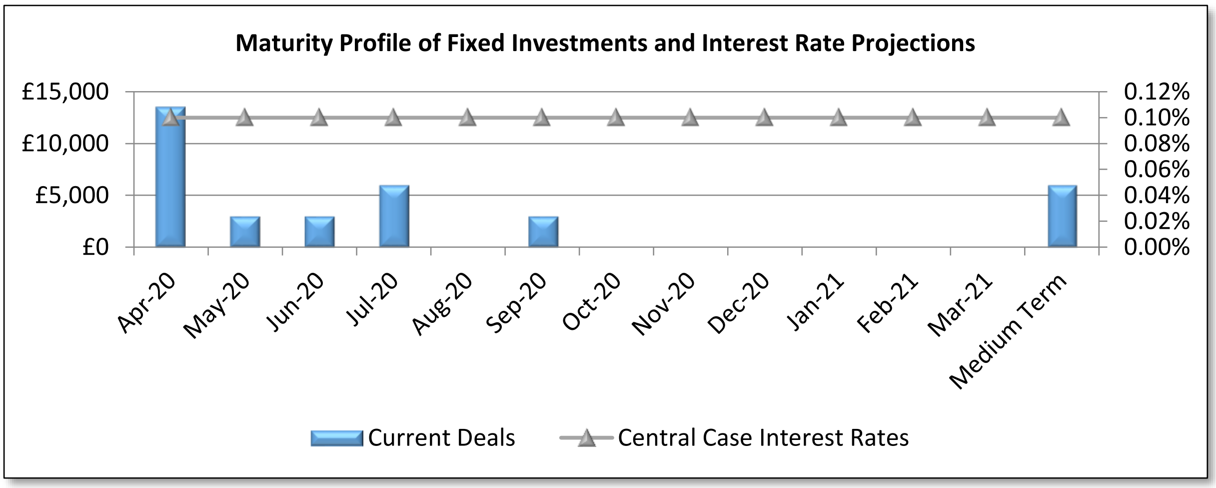
The table below shows a breakdown of our investments at the end of March 2020:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
Money Market Funds						
Invesco Aim	£3,010,000	01-Apr-20	Instant Access	0.56%	0	N/A
Legal & General	£2,390,000	01-Apr-20	Instant Access	0.54%	0	N/A
Federated	£3,500,000	01-Apr-20	Instant Access	0.38%	0	N/A
Aberdeen	£650,000	01-Apr-20	Instant Access	0.75%	0	N/A
CCLA MMF	£3,000,000	01-Apr-20	Instant Access	0.59%	0	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.91%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	3.02%	N/A	No
Investec Diversified Income Fund	£2,000,000	N/A	N/A	3.40%	N/A	No
Fixed Term Investments						
Brentwood Borough Council	£2,000,000	29-Jul-20	120	0.93%	LOCAL	
Ashford Borough Council	£2,000,000	07-Jul-20	98	0.76%	LOCAL	
Broxtowe Borough Council	£2,000,000	11-May-20	41	0.72%	LOCAL	
Surrey Heath Borough Council	£2,000,000	15-Jun-20	76	0.83%	LOCAL	
United Overseas Bank	£1,000,000	18-Jun-20	79	0.83%	AA-	
Monmouthshire Council	£2,000,000	28-Sep-20	181	0.91%	LOCAL	
Call Accounts with Notice Period						
Santander	£1,000,000	27-Sep-20	180	0.95%	A	
Lloyds	£1,000,000	04-Jul-20	95	0.70%	A+	
Goldman Sachs International Bank	£1,000,000	04-Jul-20	95	0.89%	A	
HSBC	£999,500	01-May-20	31	0.33%	A+	
Certificates of Deposit						
Standard Chartered	£1,000,000	09-Apr-20	9	0.85%	A	
Total Investments	**£34,549,500**					
Other Accounting Entries	£731,229					
Total Investments (Balance Sheet)	**£35,280,729**					

External Borrowing

Source	Loan Amount	Maturity Date	Interest Rate	Outstanding Balance as at 31 March 2020
Public Works Loan Board	£1,522,000	08-Apr-40	2.59%	£1,248,040
Public Works Loan Board	£1,395,000	31-May-28	1.71%	£1,200,587

The maturity profile of these investments at 31 March 2020 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:



RISK MANAGEMENT UPDATE

Cabinet Member for Finance & Procurement, Customer Services and Revenues and Benefits

Date:	22 July 2020
Agenda Item:	5
Contact Officer:	Rebecca Neill
Tel Number:	01543 308030
Email:	Rebecca.Neill@lichfielddc.gov.uk
Key Decision?	**NO**
Local Ward Members	

Lichfield district council
www.lichfielddc.gov.uk

AUDIT & MEMBER STANDARDS COMMITTEE

1. Executive Summary

1.1 To provide the Committee with their routine risk management update.

2. Recommendations

2.1 That Members note the risk management update and receive assurance on actions taking place to manage the Council's most significant risks.

3. Background

3.1 The purpose of risk management is to effectively manage potential opportunities and threats to the Council achieving its objectives. Part of the Audit & Member Standards Committee's terms of reference is 'to monitor the effectiveness of the Council's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management'. This report supports the Committee in achieving this objective.

3.2 The strategic risk register is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its strategic plan. This assessment ensures that there are the right measures in place to control the potential risks to our business objectives. Risks are assessed based on their likelihood of occurrence and their potential impact. Each of these are rated on a scale of 1 (Low), 2 (Medium), 3 (Significant) and 4 (High). By multiplying the two scores together, each risk receives a score.

3.3 The Council's approach to risk is detailed within the risk policy - LINK HERE

3.4 At the Committee's last risk management briefing, the Committee were informed that the 'corporate risk register' was to be reviewed - to align it to the new strategic plan and to incorporate the 3 lines of assurance model. This work has now been completed. The corporate risk register has been re-named the 'strategic risk' register to clarify it as strategic and organisation wide; as well as to avoid any confusion with 'corporate' services. The new Strategic Risk Register is detailed at **Appendix 1**.

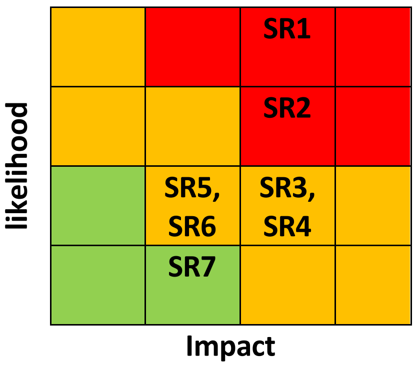
3.5 The global pandemic Covid-19 has had a significant effect on the Council's operations, since the last risk update to the Committee. This risk became an issue which has needed to be addressed dynamically with support of the Council's resilience / business continuity systems (in partnership with Staffordshire County

Council's Civil Contingencies Unit). While restrictions continue to be gradually lifted, Covid-19 remains a significant factor in the Council's risk management arrangements going forward. The Strategic Risk Register has been updated to reflect this.

3.6 In compiling the new register, previous corporate risks have been reviewed by the Leadership Team and where these remain relevant, they have been brought forward into the new register. Linkages to the previous corporate risk register are as below:

Previous Corporate Risk	**New Strategic Risk**
COR1 - A failure to respond to changing demographics.	Subsumed into SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.
COR2 - Economic growth/Performance of the local economy/Integrity of the Local Plan.	SR5: Failure to adequately respond to the wider socio-economic environment over which the Council may have little control, but which may impact on the growth and prosperity of the local area.
COR3 - The financial resources available are not sufficient to support all of the planned priorities for the Council and areas that rely on significant income generation may not achieve their targets.	SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.
COR4 - Capacity to deliver all of the outcomes required in the Councils Strategic Plan with the particular workforce and organisational development challenges we currently face.	SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.
COR5 - Governance & statutory obligations.	SR4: Failure to meet governance and / or statutory obligations e.g. breach of the law.
COR6 - How ICT supports business outcomes and our reliance on IT to achieve our strategic ambitions.	SR6: Failure to innovate and build on the positives / opportunities / learning arising from the Covid-19 situation to maximise outcomes for the Council.
COR7 - Impact of Stakeholder strategies on our Strategic Plan.	Subsumed into SR5: Failure to adequately respond to the wider socio-economic environment over which the Council may have little control, but which may impact on the growth and prosperity of the local area.
COR8 - Failure to manage a major incident.	SR2 - Resilience of teams to effectively respond to a further serious disruption to services.

3.7 Following Leadership Team's risk workshop, the Council's top 7 strategic risks are as below, together with their position on the matrix:



SR1: Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.
SR2: Resilience of teams to effectively respond to a further serious disruption to services.
SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.
SR4: Failure to meet governance and / or statutory obligations e.g. breach of the law.

SR5: Failure to adequately respond to the wider socio-economic environment over which the Council may have little control, but which may impact on the growth and prosperity of the local area.
SR6: Failure to innovate and build on the positives / opportunities / learning arising from the Covid-19 situation to maximise outcomes for the Council.
SR7: Threat to the Council's ICT systems of a cyber-attack.

3.8 SR1 and SR2 are currently outside of appetite (within the red zone) and are therefore being actively managed to bring them back within tolerance.

3.9 Due to the need to concentrate on business critical functions during the Covid-19 crisis, the work to review of the effectiveness of our sub strategic (service / operational) and project risk arrangements, including the use of Pentana as our system for recording risks, has been delayed. This work will be picked up again in quarter two.

Alternative Options	1. None.
Consultation	1. Leadership Team have been consulted on the Strategic Risk Register.
Financial Implications	1. Risk management processes consider value for money at all times of the process. Failure to manage risks could lead to the Council being faced with costs that could impact on its ability to achieve its objectives
Contribution to the Delivery of the Strategic Plan	1. Sound risk management ensures that risks affecting the delivery of the strategic plan are identified and managed.
Equality, Diversity and Human Rights Implications	1. None.
Crime & Safety Issues	1. None.
GDPR/Privacy Impact Assessment	1. N/A

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Failure to manage known risks proactively	Strategic risks are closely monitored by the Audit & Member Standard Committee and Leadership Team. Reports to Audit & Member Standards Committee provide assurance that active steps are being taken to control risks.	Green (tolerable)

Background documents

Relevant web links

APPENDIX 1

Lichfield district council
www.lichfielddc.gov.uk

Strategic Risk Register – June 2020

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council, developing prosperity, shaping place, enabling people	**SR1 Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance** The risk is influenced by: • The spending review. • Local Government Finance Reform including New Homes Bonus, Business Rates and the Fair Funding Review. • The financial impact of the Covid-19 pandemic in the current year and beyond. **Owner:** Head of Finance & Procurement (Section 151 Officer).	16 (L4xl4)	• Prudent estimates for Business Rates and New Homes Bonus based on modelling provided by Local Government Finance experts. • Risk assessed minimum level of reserves set at £1.6m. • Routine budget monitoring reported to Leadership Team, Cabinet and Strategic (OS) Committee. • Requirements of the new CIPFA Financial Management Code, information contained in the CIPFA Resilience Index and benchmarking reports from LG Futures. • In terms of the Covid-19 pandemic – introduction of enhanced monthly income monitoring and receipt of financial assistance from Government.	12 (L4xl3)	4 (L2xl2)	• Update of the Medium Term Financial Strategy **Responsibility: Head of Finance and Procurement / commenced July 2020 and approval in February 2021**	**1st Line:** • Approved Medium Term Financial Strategy including the Capital Strategy covering 5 years. • A longer term financial plan covering a 25 year horizon for revenue budgets. • Approved Treasury Management Strategy. • Production of monthly budget reports to Managers. **2nd Line:** • Leadership team review of 3, 6, 8 and 12 month reports to Cabinet, Strategic (OS) Committee. • Mid-year and outturn Treasury Management reports to Audit and Member Standards Committee. **3rd Line:** • External Audit – going concern test and sign off of financial statements 2019/20. • Internal Audit of Accountancy and Budgetary Control 2018/19 -substantial assurance.

Strategic Risk Register – June 2020

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council, developing prosperity, shaping place, enabling people	**SR2 Resilience of teams to effectively respond to a further serious disruption to services** (e.g. multiple layer disruption arising from flooding, coupled with a local outbreak / second wave of Covid-19, other pressures - such as seasonal flu). **Owner:** Leadership Team	8 (L2xI4)	• Mutual aid assistance • Local Resilience Forum. • Tested business continuity arrangements in place. • Strong links with the Staffordshire CCU and wider Local Resilience Forum. • Actively engaged in ongoing Local Resilience Forum response and recovery work streams. • Experienced (from the 1st wave of Covid-19) Leadership Team and supporting teams in place to respond.	9 (L3xI3) ↑	6 (L2xI3)	• Links to actions arising from recovery strategy e.g. Encourage digital contact, harness and encourage the spirit and commitment shown by the Council and the Community in response to recovery **Leadership Team / Dec 2020**	**1st Line:** • Day to day business continuity plans in place. • Training programme. **2nd Line:** • Annual Report to Leadership Team. • CCU test of arrangements feedback. **3rd Line:** • Internal Audit of business continuity 2019/20 – reasonable assurance.
A good council, developing prosperity, shaping place, enabling people	**SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.** **Owner:** Leadership Team	6 (L2xI3)	• Regular review of progress against delivery plan outcomes and prioritisation process agreed between Leadership Team and Cabinet. • Robust project management. • People strategy. • Communications to all staff.	6 (L2xI3) ↔	2 (L1xI2)	• Finalisation of people strategy and Workforce development plan to take account of Covid-19 **Head of Governance & Performance December 2020** • Finalise PDR processes following Pentana pilot **Head of Governance &**	**1st Line:** • Day to day business / service planning, financial planning and performance management. **2nd Line:** • Delivery Plan reported 6 monthly to Cabinet and shared with Overview & Scrutiny. • Quarterly updates to LT on people strategy. **3rd Line:**

Strategic Risk Register – June 2020

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
			• PDRs linked to Strategic and Delivery Plans. • Recruitment activity. • PDR completion leading to identifying training and development needs. • Monitoring resource demands.			**Performance – April 2021**	• Internal Audits of People Strategy and Workforce Development 2019/20 – reasonable assurance, Performance Management 19/20 – substantial assurance.
A good council	**SR4: Failure to meet governance and / or statutory obligations e.g. breach of the law** (e.g. Health & Safety, GDPR, procurement, Safeguarding), lack of openness / transparency in decision making, breach of the constitution. This could lead to fines as well as reputational damage. **Owner:** Head of Corporate Services	9 (L3xI3)	• Regularly reviewed constitution, policies and procedures. • Meta compliance policy training, testing and acceptance systems. • Training and awareness for all staff and members. • Effective Overview and Scrutiny and Audit & Member Standards Committee oversight. • Codes of Conduct. • Internal audit. • Roles of Section 151 Officer and Monitoring Officer. • Shared legal services. • New procurement team.	6 (L2xI3) ⬌	6 (L2xI3)	• Regular Health & Safety Reporting and action planning to Leadership Team – **Head of Corporate Services - September 2020** • Finalisation of GDPR Action Plan **– Head of Governance & Performance & Head of Corporate Services - December 2020**	**1st Line:** • Day to day processes and Local Code of Governance • Forward plans/committee work plans/ delivery plan and service planning. • Use of Mod Gov and publication scheme. **2nd Line:** • Annual reports to Audit and Member Standards Committee. • Regular reports to leadership team. • Transparency data publication. **3rd Line:** • RIPA, ICO and Ombudsman reports/returns. • External audit of Annual Governance Statement as part of the financial statements.

Lichfield district council www.lichfielddc.gov.uk

Strategic Risk Register – June 2020

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
							• Internal Audits of Ethics 2019/20 – adequate assurance, Health and Safety 2019/20 – adequate assurance, GDPR follow up 2019/20 – limited assurance, Transparency code follow up 2019/20 reasonable assurance, Safeguarding Inc. modern slavery 2019/20 – reasonable assurance, Committee Reporting 2019/20 – substantial assurance, Legal Compliance (shared service agreement) 2019/20 – reasonable assurance, Equalities 2019/20 – substantial assurance.
A good council, developing prosperity, shaping place,	**SR5: Failure to adequately respond to the wider socio-economic environment over which the Council may have little control, but which may impact on the growth and prosperity of the local area**, for example, the UK withdrawal from the European Union / Covid-19 crisis, results in an increase in	9 (L3xI3)	• Financial assistance from Government to businesses and the public. • Prosperity is a key theme in the new Strategic Plan. • Economic Development Strategy is in place. • Council's effective presence on the Local Enterprise Partnerships.	4 (L2xI2) ⬌	4 (L2xI2)	• Formulation of strategy and action plan for economic growth and resilience in response to Covid-19 – **Head of Economic Growth and Development August 2020** • Delivery of immediate actions to support high	**1st Line:** • Day to day delivery of economic development, housing and health and wellbeing strategies. **2nd Line:** • Leadership team review of 3, 6, 8 and 12 month Money Matters reports to Cabinet, Strategic (OS) Committee. • Health and Wellbeing Strategy delivery reports.

Lichfield district council
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Strategic Risk Register – June 2020

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
	unemployment, business closures coupled with emergence of higher expectation of ongoing support from the Council. Increased demand on Council services such as benefits via increased Universal Credit claims, at the same time that Council suffering reduced income. **Owner:** Leadership Team		• Strong partnership working e.g. Lichfield District Board, Staffs CC, Birmingham Chambers. Lichfield City BID, Burntwood Business Community LGA, DCN, • New burdens funding. • Partnership influences built into business case considerations. • Work with redundancy task force • Continue to develop and improve the business contact and relationships locally.			street economy and business (including visitor economy and hospitality sector) post relaxation of Covid-19 lockdown measures – **Head of Economic Growth and Development July 2020**	**3rd Line:** • Internal Audit of Economic Development Partnership Arrangements 2017/18 – adequate assurance, Tourism 2019/20 – reasonable assurance, Housing Benefits – overpayments 2017/18 – adequate assurance, Housing Benefits – verification and performance 2016/17 – substantial assurance.
A good council, enabling people	**SR6: Failure to innovate and build on the positives / opportunities / learning arising from the Covid-19 situation to maximise outcomes for the Council**, e.g. technological solutions **Owner:** Leadership Team	9 (L3xI3)	• ICT service plan. • ICT hardware replacement programme. • Migration to HIS and implementing of O365. • Refurbishment and reorganisation of office spaces. • Cyber security e-learning. • Engagement Strategy. • Capture best practice	4 (L2xI2) ⬆	1 L1xI1	• Test and further deployment of hybrid meeting rooms (MS Teams Rooms), **Information & Communications Technology Manager / Jan 2021** • Acceleration of agile working processes, terms and conditions. **Head of Governance &**	**1st Line:** • ICT hardware replacement programme providing the right equipment for mobile and flexible working. • Ongoing monitoring of customer (internal and external) feedback. **2nd Line:** • Monitoring of Lichfield Connects contact levels, trends and reporting on complaints

Strategic Risk Register – June 2020

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
			• Reinforce a culture of innovation. • People strategy. • Virtual committee meetings. • Business cases required for all major projects. • Drive to find ongoing efficiencies as part of service / financial planning process. • Customer promise.			**Performance / October 2020** • Links to actions arising from recovery strategy e.g. Encourage digital contact, harness and encourage the spirit and commitment shown by the Council and the Community in response to recovery **Leadership Team / Dec 2020**	and compliments to Leadership Team. **3rd Line:** • Local Government Ombudsman.
A good council	**SR7: Threat to the Council's ICT systems of a cyber-attack** following dramatic increase in remote working which if successful could result in loss of data / loss of access to applications – which may incur fines / reputational damage. **Owner:** Assistant Chief Executive	3 (L1xI3)	• Use of firewalls and virus protection to manage cyber security, including penetration testing. • Strong access level controls (including remote access). • Training and regular awareness raising to staff of risks. • Digital strategy.	2 (L1xI2) **NEW RISK**	2 (L1xI2)	• Planned revision of business continuity and disaster recovery plans for the end of the calendar year **Information & Communications Technology Manager / Dec 2020** • Migration to HIS and MS Office 365 by the end of the calendar	**1st Line:** • Day to day operation of ICT Training programme for all staff. • Up to date versions of software and implement all IT security patches. **2nd Line:** • Regular monitoring and reporting on security issues to Leadership Team. • External penetration testing.

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Strategic Risk Register – June 2020

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
			• PSN compliance checklist. • Revision of Service Business Continuity Plans to incorporate lessons learnt from COVID-19.			year which will bring additional resilience and security features **Information & Communications Technology Manager / Sep 2020**	**3rd Line:** • Internal Audit of business continuity 2019/20 – significant assurance (DR plan noted as an action), Cyber Security 2019/20 – reasonable assurance, IT Governance 2019/20 – adequate assurance, IT Application Controls – follow up 2019/20 – reasonable assurance).

Key to 3 lines of assurance:	
1st Line	Day to day operations of internal control systems
2nd Line	Management oversight and monitoring controls
3rd Line	Independent assurance from Internal / external audit and other independent assurance sources (e.g. HSE, BFI)

Other Horizon Scanning Risks:
Inability of key contractors and supply chain to provide services as per agreed contracts / specification is compromised - potential for delays, failure to deliver and increased costs. **This risk is currently being managed at Operational level.**
Payments of Covid-19 related business grants and discretionary grants are fraudulent and the cost cannot be reclaimed from central government, so the Council bears the cost reducing the funds available to deliver already stretched council services. **This risk is currently being managed at Operational level.**

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Informing the audit risk assessment Lichfield District Council 2019/20

Contents

Purpose

The purpose of this report is to contribute towards the effective two-way communication between auditors and the Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit Committee's oversight of the following areas:

- fraud
- laws and regulations
- going concern
- related parties
- accounting estimates.

This report includes a series of questions on each of these areas and the response we have received from the Council's management. The Audit Committee should consider whether these responses are consistent with the its understanding and whether there are any further comments it wishes to make.

Fraud

Matters in relation to fraud

ISA(UK&I)240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud
- process for identifying and responding to risks of fraud, including any identified specific risks
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the Council's management.

Fraud risk assessment

Question	Management response
Has the Council assessed the risk of material misstatement in the financial statements due to fraud? What are the results of this process?	The risk of material misstatement of the accounts due to undetected fraud is low. Although there is an on-going risk of fraud being committed against the Council, clear and effective arrangements are in place to prevent and detect fraud. No material instances of fraud have been identified in 2019/20.
How are the Audit Committee satisfied that the overall control environment is robust. In particular what processes does the Council have in place to identify and respond to risks of fraud in the organisation?	The Council has in place strong controls over the sales and purchase ledger in order to prevent fraud. Internal audit are used to carry out work on overall fraud risk areas including Council Tax and Housing benefit. Internal audit also give an opinion on their work on controls..
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	There are no material instances of fraud that have been identified during the year. There are some areas that are inherently at risk from fraud such as: • Council Tax • Single person discount Lichfield District Council is a participant in the National Fraud Initiative and review matches as they become available (NFI data sets and app check). Lichfield is working with other Local Authorities in a joint procurement of a credit reference agency to identify potential fraud in Council Tax. Capita has been selected as the successful company and mobilisation is to take place in spring 2020.
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	Not aware of any area where there is a potential of override of controls or inappropriate influence over the financial reporting process.
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	Not aware of any areas where there is a potential for misreporting override of controls or inappropriate influence over the financial reporting process.

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Fraud risk assessment (continued)

Question	Management response
How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What arrangements are in place to report fraud issues and risks to the Audit Committee?	The Audit and Member Standards Committee receives an update report from Internal Audit which is a summary of the work completed by Internal Audit. This highlights the number of recommendations made. It also highlights implementation reviews completed and highlights where there are recommendations not implemented. The Audit and Member Standards Committee receive copies of all finalised internal reports and finalised implementation reviews carried out. Any frauds identified will be reported to the Audit and Member Standards Committee.
How does the Council communicate and encourage ethical behaviour of its staff and contractors?	Code of Practice is available on the Council's intranet along with the whistleblowing policy. All employees are required to read this as part of their induction process.
How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?	The Whistleblowing Policy encourages employees to report any suspicions of fraud or irregularity, and explains the procedures to follow. This policy is available to all staff via the Council's intranet, and is included as part of the induction programme for new staff.
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	The Council sets out related party transactions within the annual accounts. Declarations and conflicts of interest are recorded on an annual basis through a return required to be submitted by members. Any additional interests are required to be declared before meetings and on an ad hoc basis throughout the year.
Are you aware of any instances of actual, suspected, or alleged fraud either within the Council as a whole or within specific departments since 1 April 2019?	None.
Are you aware of any whistleblower reports or reports under the Bribery Act since 1 April 2019? If so how does the Audit Committee respond to these?	We are not aware of any whistleblowing reports or reports under the Bribery Act since 1 April 2019.

Laws and regulations

Matters in relation to laws and regulations

ISA(UK&I)250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the noncompliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations? How does management gain assurance that all relevant laws and regulations have been complied with?	The Monitoring Officer is responsible for ensuring the Council is compliant with laws and regulations. The Constitution notes that these responsibilities cover: • complying with the law of the land (including any relevant Codes of Conduct); • complying with any General Guidance issued, from time to time, by the Monitoring Officer; • making lawful and proportionate decisions; and • generally, not taking action that would bring the Council, their offices or professions into disrepute. This officer has access to all Council committee reports. The Monitoring Officer raises awareness on legal requirements at meetings where needed. In addition in terms of any specific legal issues the monitoring officer would get involved at an early stage. Further information on how the Monitoring Officer carries out these responsibilities are detailed in the Constitution.
How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	The S151 officer is responsible for preparing the accounting statements in accordance with relevant legal and regulatory requirements. The Monitoring Officer (or representative) attends Audit and Member Standards Committee meetings and advises members on any areas of concern.
Have there been any instances of non-compliance or suspected non-compliance with law and regulations since 1 April 2019, or earlier with an on-going impact on the 2019/20 financial statements?	The Monitoring Officer is not aware of any instances of non compliance with laws or regulations that would have an impact on the financial statements.

Impact of laws and regulations (continued)

Question	Management response
What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	No new litigation claims in year. The process is consistent with the prior year. The Monitoring Officer is responsible for identifying and evaluating claims in the first instance. Up to 1 January 2020, if the Council could not deal with claims in-house then an external solicitor would have been contacted. Post 1 January 2020, any claims will be sent to South Staffordshire District Council Legal Shared Services for legal advice.
Is there any actual or potential litigation or claims that would affect the financial statements?	None that would affect the financial statements.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate noncompliance?	None.

Going concern

Matters in relation to laws and regulations

ISA(UK&I)570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

Going concern is a fundamental principle in the preparation of financial statements. Under the going concern assumption, a council is viewed as continuing in operation for the foreseeable future with no necessity of liquidation or ceasing trading. Accordingly, the Council’s assets and liabilities are recorded on the basis that assets will be realised and liabilities discharged in the normal course of business. A key consideration of going concern is that the Council has the cash resources and reserves to meet its obligations as they fall due in the foreseeable future.

We have discussed the going concern assumption with key Council officers and reviewed the Council's financial and operating performance. Below are key questions on the going concern assumption which we would like the Audit Committee to consider.

Going concern considerations

Question	Management response
Does the Council have procedures in place to assess the Council's ability to continue as a going concern?	A review of future revenue streams and a cash flow forecast is undertaken as part of the budget setting process, management assesses whether it will have enough cash to continue to operate and whether there are any known events that might occur that could prevent this.
Is management aware of the existence of other events or conditions that may cast doubt on the Council's ability to continue as a going concern?	Management is not aware of any events or conditions that may cast doubt on the entity's ability to continue as a going concern.
Are arrangements in place to report the going concern assessment to the Audit Committee? How has the Audit Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?	In terms of the going concern we have a four year Strategic Plan 2016- 2020 (which has been replaced as of 18 February by a new Strategic Plan 2020-2024) and this went through a number of Committees including Full Council for approval. Therefore whilst we don't specifically report on the going concern assessment to Audit and Member Standards Committee we need to take account of the Council's overall Governance process of which Audit and Member Standards Committee is one element. All Audit and Member Standards Committee Members will have been part of the process for its compilation and approval. We have also incorporated reference to the new Strategic Plan in the Statement of Accounts via the narrative statement and AGS. The Council has a balanced budget in 2020/21. There are funding gaps 2021/22 onwards. However, there are sufficient reserves to balance the budget up to 2025/26. In addition, the Council will be working on efficiency savings to close the gaps.
Are the financial assumptions in that report (e.g., future levels of income and expenditure) consistent with the Council's Business Plan and the financial information provided to the Council throughout the year?	The Medium Term Financial Strategy is agreed annually and reflects the investment needs required to deliver the Strategic Plan. The Medium Term Financial Strategy makes clear reference to the Strategic Plan as the basis for the financial considerations in setting the Medium Term Financial Strategy. The financial assumptions are therefore consistent with the Strategic Plan. Monitoring Reports in year to Cabinet and Strategic (Overview and Scrutiny) Committee are consistent with the agreed budget.

Going concern considerations (continued)

Question	Management response
Are the implications of statutory or policy changes appropriately reflected in the Business Plan, financial forecasts and report on going concern?	The Medium Term Financial Strategy considered explicitly the government changes in terms of grants. The plan sets out the likely implications of the Government's Resources Review and other changes to local government finance.
Have there been any significant issues raised with the Audit Committee during the year which could cast doubts on the assumptions made?	No, Internal Audit have not raised any significant assurance weaknesses in controls or procedures.
Does a review of available financial information identify any adverse financial indicators including negative cash flow? If so, what action is being taken to improve financial performance?	The available financial information does not identify any adverse financial indicators including negative cash flow.
Does the Council have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Council's objectives? If not, what action is being taken to obtain those skills?	There are sufficient staff in post with appropriate skills and where vacancies have occurred consideration is given to the recruitment of temporary resources.

Related parties

Matters in relation to Related Parties

Local Authorities are required to comply with International Accounting Standard 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council (i.e. subsidiaries);
- associates and/or joint ventures;
- an entity that has an interest in the Council that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side i.e. if a transaction is immaterial from the Council's perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK&I) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related party considerations have been set out below and management has provided its response.

Related parties considerations

Question	Management response
What controls does the Council have in place to identify, account for, and disclose related party transactions and relationships?	A number of arrangements are in place for identifying the nature of a related party and reported value including: • Maintenance of a Register of interests for Members • Annual declaration of interest • Councillors and officers do not participate in decisions where they are a related party • Annual accounts disclosures for related parties and transactions are reviewed for completeness by senior finance officers
Who have the Council identified as related parties?	No changes are expected to those related parties disclosed in the 2019/20 financial statements.

Accounting estimates

Matters in relation to Accounting Estimates

Local Authorities need to apply appropriate estimates in the preparation of their financial statements. ISA (UK&I) 540 sets out requirements for auditing accounting estimates. This objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the Council identified the transactions, events and conditions that may give rise to the need to an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the Council are using as part of their accounts preparation: these are detailed in appendix 1 to this report.

The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

Accounting estimates considerations

Question	Management response
Are the management aware of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgment?	The Check, Challenge and Appeal Process and the paucity of information will mean there will be significant estimates and judgement on the level of the appeals provision at 31 March 2021.
Are the management arrangements for the accounting estimates, as detailed in Appendix 1 reasonable?	Yes- Accounting estimates are made by members of the finance team with sufficient skill and knowledge. The finance team at LDC is experienced and there have been no issues in prior year audits surrounding estimates. Accounting treatment used by the Council is in line with IFRS and the Code of Practice. The Council has an estates team who are able to validate the estimates for the valuation and asset lives of non current assets.
How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate?	Experienced finance staff are responsible for making the estimates and are done so in line with accounting standards. Assurance is also provided by internal and external audit.

Appendix 1 - Accounting estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property plant & equipment valuations.	Valuations are made by Gerald Eve inline with RICS guidance on the basis of 5 year valuations with interim reviews.	Senior Accountancy Assistant notifies the valuer of the program of rolling valuations or of any conditions that warrant an interim re-valuation.	Used Gerald Eve.	Valuations are made inline with RICS guidance – reliance on expert.	No
Estimated remaining useful lives of PPE.	The following asset categories have general asset lives: ■ Buildings 50 years ■ Equipment/vehicles 5 years ■ Plant 12 years ■ Infrastructure 40 years.	Consistent asset lives applied to each asset category.	Used Gerald Eve for property related assets. Managers provide estimates for vehicles, plant and equipment assets.	The method makes some generalisations. For example, buildings tend to have a useful life of 50 years. Although in specific examples based upon a valuation review, a new building can have a life as short as 25 years or as long as 70 years depending on the construction materials used. This life would be recorded in accordance with Gerald Eve's estimates.	No
Depreciation & Amortisation	Depreciation is provided for on all fixed assets with a finite useful life on a straight-line basis.	Consistent application of depreciation method across all assets.	No	The length of the life is determined at the point of acquisition or revaluation according to: ■ A full year's charge is made in the year of acquisition. ■ Assets that are not fully constructed are not depreciated until they are brought into use.	No
Impairments	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.	Used Gerald Eve..	Valuations are made inline with RICS guidance - reliance on expert.	No

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Overhead allocation.	The finance team apportion central support costs to services based on fixed bases.	All support service cost centres are allocated according to the pre agreed bases.	No	Apportionment bases are reviewed each year to ensure equitable.	No
Measurement of Financial Instruments.	Council values financial instruments at fair value based on the advice of their treasury management advisors and other finance professionals.	Take advice from finance professionals.	Yes	Take advice from finance professionals.	No
Provisions for liabilities.	has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.	Charged in the year that the Council becomes aware of the obligation.	No	Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received by the Council.	No

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Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Bad Debt Provision.	A provision is estimated using a proportion basis of an aged debt listing.	The finance team and Corporate Debt Team review the aged debt listing and the likelihood of debt being collected before calculating the BDP.	No	Consistent proportion used across aged debt as per the Code.	No
Accruals	The finance team collate accruals of Expenditure and Income. Activity is accounted for in the financial year that it takes place, not when money is paid or received.	Activity is accounted for in the financial year that it takes place, not when money is paid or received.	No	Accruals for income and expenditure have been principally based on known values. Where accruals have had to be estimated the latest available information has been used	No
Non adjusting events - events after the Balance Sheet date	S151 Officer makes the assessment. If the event is indicative of conditions that arose after the balance sheet date then this is an unadjusting event. For these events only a note to the accounts is included, identifying the nature of the event and where possible estimates of the financial effect.	Directors and Heads of Service notify the S151 Officer.	This would be considered on individual circumstances.	This would be considered on individual circumstances.	N/A

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DRAFT

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This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.
This draft has been created from the template dated DD MMM YYYY

Indicative External Audit Plan

Year ending 31 March 2020

Lichfield District Council
January 2020

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Lichfield District Council ('the Authority') for those charged with governance. It is subject to the completion of our planning work.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Lichfield District Council. We draw your attention to both of these documents on the PSAA website. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Member Standards committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Member Standards Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based.

Significant risks	Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as: • Valuation of land and buildings • Valuation of net pension fund liability We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.
Materiality	• We have determined planning materiality to be £0.85m (PY £0.88m) for the Authority, which equates to 2% of your prior year gross expenditure for the year. • We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £25k for senior officers' remuneration disclosures. • We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £42.3k (PY £44k).
Value for Money arrangements	Our value for money risk assessment remains in progress. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's report.
Audit logistics	Our interim visit will take place in January and February 2020 and our final visit will take place in June and July 2020. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A. Our fee for the audit will be £42,912 (PY: £39,912) for the Authority, subject to the Authority meeting our requirements set out on p
Independence	We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

2. Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents.

The Council is currently forecasting that it will deliver its planned budget position for 2019/20.

In January 2020 the UK government and the EU ratified the Withdrawal Agreement and the UK's membership of the EU formally ceased on 31 January. The existence of a 'transition period' to 31 December 2020 means that there will be little practical change for the Local Authority until at least 2021. However, the nature of the future relationship between the UK and the EU is still to be determined and considerable uncertainty persists. The Local Authority will need to ensure that it is prepared for all outcomes, including those with any impact on contracts, on service delivery and on its support for local people and businesses.

Financial reporting and audit – raising the bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing as detailed in Appendix 1.

Our work in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of local government financial transactions which require greater audit scrutiny.

Financial Statements & Value for Money

We have commenced our detailed planning for 2019/20 and have started the process of meeting with your Executive team. We have started initial discussion around key risk areas including valuation of properties and disclosure requirements around IFRS 16.

Our value for money risk assessment remains in progress.

We will keep the Audit and Member Standards Committee updated with our assessment.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.

- As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee, as set further in our Audi Plan, has been agreed with the Head of Finance and Procurement (s151 Officer) and is subject to PSAA agreement.

- We continue to liaise with your finance team on a regular basis in order to ensure key risks areas are kept under appropriate consideration.
- We will meet with your wider management team in considering our value for money assessment.

3. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Lichfield District Council, mean that all forms of fraud are seen as unacceptable. Therefore we do not consider this to be a significant risk for Lichfield District Council.
Management over-ride of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

3. Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings (Rolling revaluation)	The Authority revalue's its land and buildings on a rolling five-yearly basis, and investment properties every year. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£50 million) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate management's processes and assumptions for the calculation of the estimate**,** the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the CIPFA code are met; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • test revaluations made during the year to see if they had been input correctly into the Authority's asset register and accounted for correctly; and • evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2020.

3. Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£42 million, in 2018-19, in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Staffordshire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2020.

4. Other risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
International Financial Reporting Standard (IFRS) 16 Leases – (issued but not adopted)	The public sector will implement this standard from 1 April 2020. It will replace IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as a right of use asset and a liability to make the lease payments. In accordance with IAS 8 and paragraph 3.3.4.3 of the Code disclosures of the expected impact of IFRS 16 should be included in the Authority's 2019/20 financial statements. The Code adapts IFRS 16 and requires that the subsequent measurement of the right of use asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code.	We will: • Evaluate the processes the Authority has adopted to assess the impact of IFRS16 on its 2020/21 financial statements and whether the estimated impact on assets, liabilities and reserves has been disclosed in the 2019/20 financial statements. • Assess the completeness of the disclosures made by the Authority in its 2019/20 financial statements with reference to The Code and CIPFA/LASAAC Local Authority Leasing Briefings.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2020.

5. Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions
- We consider our other duties under the Local Audit and Accountability Act 2014 (the Act) and the Code, as and when required, including:
    - Giving electors the opportunity to raise questions about your 2019/20 financial statements, consider and decide upon any objections received in relation to the 2019/20 financial statements
    - Issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State
    - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act or
    - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern” (ISA (UK) 570). We will review management's assessment of the going concern assumption and material uncertainties, and evaluate the disclosures in the financial statements.

6. Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

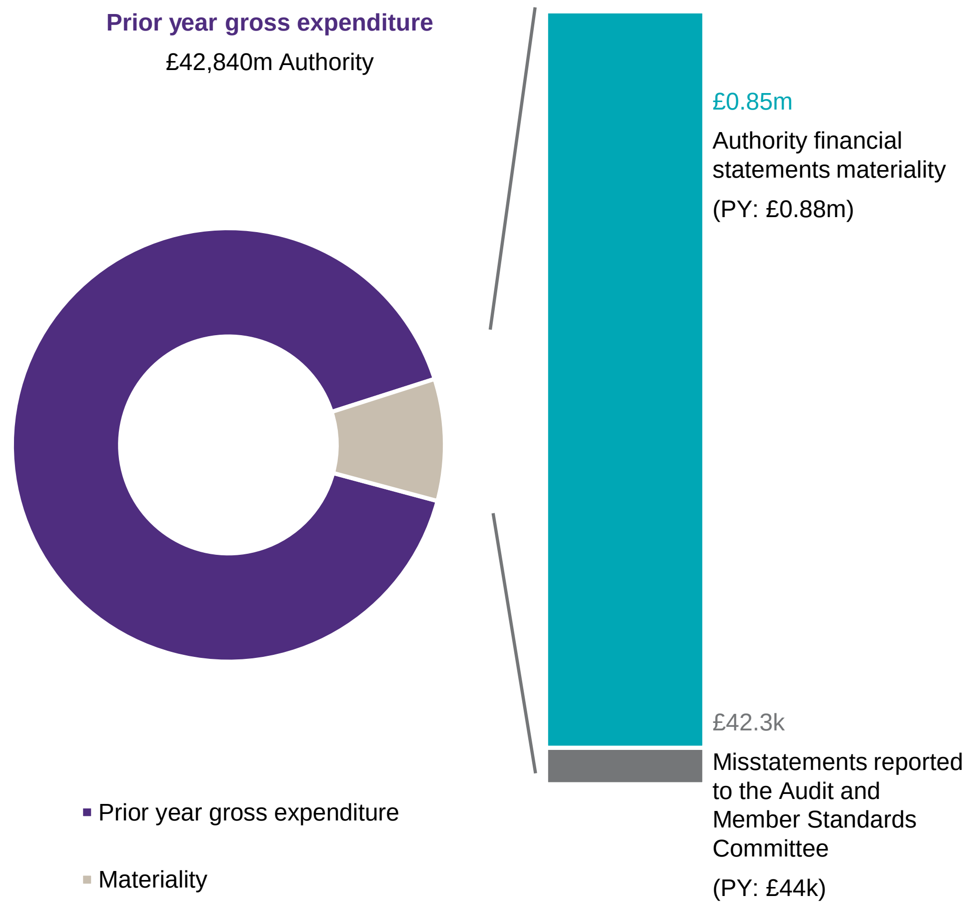
We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £0.85m (PY £0.88m) for the Authority, which equates to 2% of your prior year gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £25k for the disclosure of Senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit and Member Standards Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Member Standards Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £42.3k (PY £44k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Member Standards Committee to assist it in fulfilling its governance responsibilities.



7. Value for Money arrangements

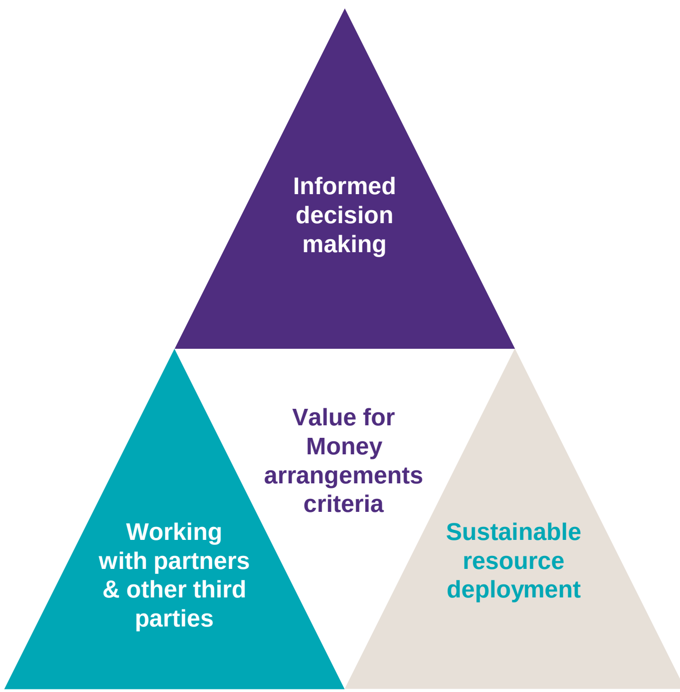
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.

Our Risk Assessment Remains in Progress

The Council is currently forecasting that it will outturn for the General Fund with a contribution of £1,113,560 to general reserves and this is £964,700 higher than estimated in the original budget, mainly as a result of one-off items including additional Business Rates grants £336,660, earmarked reserves being returned £276,500 and higher treasury income £116,000.

The Council has set a balanced budget for 2020/21, with a £462k contribution to reserves. The MTPF however recognises that there are significant risks in the medium term, with a funding gap of £613k in 2021/22, £959k in 2022/23 and £1,507k in 2023-24, based on current assumptions and mitigations.

The CIPFA Financial Resilience Index, which looks at a range of factors that may affect resilience and sustainability, and relies on information on earmarked reserves, shows that the Council are at the lower risk end of the spectrum compared to it's nearest neighbours based on level and use of reserves.

The Council is introducing a more commercial approach to managing its finances and this is resulting in the ability to develop longer term financial projections.

Our value for money risk assessment remains in progress. However, based on the assessment completed to date, we do not anticipate any significant VFM audit risks that will impact the audit for 2019-20.

We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's report.

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8. Audit logistics & team

Audit and Member Standards Committee February 2020

Audit and Member Standards Committee April 2020

Audit and Member Standards Committee July 2020

Audit and Member Standards Committee September 2020

Planning and risk assessment

Audit Plan

Interim audit February 2020

Interim Progress Report

Year end audit June / July 2020

Audit Findings Report

Audit opinion

Annual Audit Letter

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John Gregory, Key Audit Partner

John's role will be lead to our relationship with you and be a key contact for the s151 Officer and the Audit and Member Standards Committee. John will take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority as well as ensuring that Grant Thornton's full service offering is at your disposal.

Javed Akhtar, Audit Manager

Javed's role will be to manage the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority.

Ellie West, Audit Incharge

Ellie's role will be the day to day contact for the Authority's finance staff, will take responsibility for ensuring there is effective communication and understanding by finance of audit arrangements. Ellie will focus on the on the technical matters raised by you throughout the audit.

Client responsibilities

Where clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

9. Audit fees

Planned audit fees 2019/20

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. Within the public sector, where the FRC has recently assumed responsibility for the inspection of local government audit, the regulator requires that all audits achieve a 2A (few improvements needed) rating.

Our work across the sector in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved. We have also identified an increase in the complexity of local government financial transactions. Combined with the FRC requirement that 100% of audits achieve a 2A rating this means that additional audit work is required. We have set out below the expected impact on our audit fee. The table overleaf provides more details about the areas where we will be undertaking further testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee for 2019/20 at the planning stage, as set out below and with further analysis overleaf, has been agreed with the Head of Finance and Procurement (s151 Officer) and is subject to PSAA agreement.

	Actual Fee 2017/18	Actual Fee 2018/19	Proposed fee 2019/20
Council Audit	£45,990	£39,912	£42,912

Assumptions:
In setting the above fees, we have assumed that the Authority will:
- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards:
In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with staff of appropriate skills, time and abilities to deliver an audit to the required professional standard.

Audit fee variations – Further analysis

Planned audit fees

The table below shows the planned variations to the original scale fee for 2019/20 based on our best estimate at the audit planning stage. Further issues identified during the course of the audit may incur additional fees. In agreement with PSAA (where applicable) we will be seeking approval to secure these additional fees for the remainder of the contract via a formal rebasing of your scale fee to reflect the increased level of audit work required to enable us to discharge our responsibilities. Should any further issues arise during the course of the audit that necessitate further audit work additional fees will be incurred, subject to PSAA approval.

Audit area	£	Rationale for fee variation
Scale fee	35,412	
Raising the bar	2,500	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
Pensions – valuation of net pension liabilities under International Auditing Standard (IAS) 19	1,750	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we plan to increase the level of scope and coverage of our work in respect of IAS 19 this year to reflect the expectations of the FRC and ensure we issue a safe audit opinion. Specifically, we have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE Valuation – work of experts	1,750	As above, the FRC has also determined that auditors need to improve the quality of audit challenge on PPE valuations across the sector. We have therefore increased the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations.
New Standards	1,500	You are required to respond effectively to new accounting standards and we must ensure our audit work in these new areas is robust. This year we will both be responding to the introduction of IFRS16. IFRS16 requires a leased asset, previously accounted for as an operating lease off balance sheet, to be recognised as a 'right of use' asset with a corresponding liability on the balance sheet from 1 April 2020. There is a requirement, under IAS8, to disclose the expected impact of this change in accounting treatment in the 2019/20 financial statements. We know the Council has appreciated our responsiveness in the past and we would wish to continue to be able to do this in the future.
Revised scale fee (to be approved by PSAA)	**£42,912**	

10. Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council’s Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in December 2017 and PSAA’s Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified:

Service	£	Threats	Safeguards
Audit related:			
Housing Benefit subsidy certification	14,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £14,000 in comparison to the total fee for the audit of £45,875 and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related:			
N/A	-	N/A	N/A

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Authority’s policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Member Standards Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit. None of the services provided are subject to contingent fees.

The firm is committed to improving our audit quality – please see our transparency report - https://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/annual-reports/interim-transparency-report-2019.pdf

Appendices

Appendix A: Audit Quality – national context

What has the FRC said about Audit Quality?

The Financial Reporting Council (FRC) publishes an annual Quality Inspection of our firm, alongside our competitors. The Annual Quality Review (AQR) monitors the quality of UK Public Interest Entity audits to promote continuous improvement in audit quality.

All of the major audit firms are subject to an annual review process in which the FRC inspects a small sample of audits performed from each of the firms to see if they fully conform to required standards.

The most recent report, published in July 2019, shows that the results of commercial audits taken across all the firms have worsened this year. The FRC has identified the need for auditors to:

- improve the extent and rigour of challenge of management in areas of judgement
- improve the consistency of audit teams' application of professional scepticism
- strengthen the effectiveness of the audit of revenue
- improve the audit of going concern
- improve the audit of the completeness and evaluation of prior year adjustments.

The FRC has also set all firms the target of achieving a grading of '2a' (limited improvements required) or better on all FTSE 350 audits. We have set ourselves the same target for public sector audits from 2019/20.

Other sector wide reviews

Alongside the FRC, other key stakeholders including the Department for Business, energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. A number of key reviews into the profession have been undertaken or are in progress. These include the review by Sir John Kingman of the Financial Reporting Council (Dec 2018), the review by the Competition and Markets authority of competition within the audit market, the ongoing review by Sir Donald Brydon of external audit, and specifically for public services, the Review by Sir Tony Redmond of local authority financial reporting and external audit. As a firm, we are contributing to all these reviews and keen to be at the forefront of developments and improvements in public audit.

What are we doing to address FRC findings?

In response to the FRC's findings, the firm is responding vigorously and with purpose. As part of our Audit Investment Programme (AIP), we are establishing a new Quality Board, commissioning an independent review of our audit function, and strengthening our senior leadership at the highest levels of the firm, for example through the appointment of Fiona Baldwin as Head of Audit. We are confident these investments will make a real difference.

We have also undertaken a root cause analysis and put in place processes to address the issues raised by the FRC. We have already implemented new training material that will reinforce the need for our engagement teams to challenge management and demonstrate how they have applied professional scepticism as part of the audit. Further guidance on auditing areas such as revenue has also been disseminated to all audit teams and we will continue to evolve our training and review processes on an ongoing basis.

What will be different in this audit?

We will continue working collaboratively with you to deliver the audit to the agreed timetable whilst improving our audit quality. In achieving this you may see, for example, an increased expectation for management to develop properly articulated papers for any new accounting standard, or unusual or complex transactions. In addition, you should expect engagement teams to exercise even greater challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. As a result you may find the audit process even more challenging than previous audits. These changes will give the Audit and Member Standards Committee – which has overall responsibility for governance - and senior management greater confidence that we have delivered a high quality audit and that the financial statements are not materially misstated. Even greater challenge of management will also enable us to provide greater insights into the quality of your finance function and internal control environment and provide those charged with governance confidence that a material misstatement due to fraud will have been detected.

We will still plan for a smooth audit and ensure this is completed to the timetable agreed. However, there may be instances where we may require additional time for both the audit work to be completed to the standard required and to ensure management have appropriate time to consider any matters raised. This may require us to agree with you a delay in signing the announcement and financial statements. To minimise this risk, we will keep you informed of progress and risks to the timetable as the audit progresses.

We are absolutely committed to delivering audit of the highest quality and we should be happy to provide further detail about our improvement plans should you require it.

ADDENDUM

Commercial in confidence

External Audit Plan update

Year ending 31 March 2020

Lichfield District Council

24 April 2020

Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of Lichfield District Council ('the Authority') as reported in our Audit Plan dated January 2020, for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far as we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020, however we will liaise with management to agree appropriate timescales. We continue to be responsible for forming and expressing an opinion on the Authority's financial statements and VfM arrangements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk relating to Covid-19, as described overleaf; and
- Reviewed the materiality levels we determined for the audit. We did not identify any changes to our materiality assessment as a result of the risk identified due to Covid-19.

Changes to our VfM approach

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.

Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

Significant risks identified – Covid-19 pandemic

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid-19	The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to: • Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation; • Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates; • Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach; • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise; • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic; • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely; • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances; • Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; and • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.

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WS13 6YY

16 January 2020

Dear Anthony

Audit scope and additional work 2019/20

In recent conversations, we have discussed the increased regulatory focus facing all audit suppliers and the impact this will have on the scope of our work for 2019/20 and beyond. You will have also recently received a letter via email from Tony Crawley of PSAA explaining the changing regulatory landscape. In his letter, Mr Crawley highlights: "*significantly greater pressure on firms to deliver higher quality audits by requiring auditors to demonstrate greater professional scepticism when carrying out their work across all sectors – and this includes local audit. This has resulted in auditors needing to exercise greater challenge to the areas where management makes judgements or relies upon advisers, for example, in relation to estimates and related assumptions within the accounts. As a result, audit firms have updated their work programmes and reinforced their internal processes and will continue to do so to enable them to meet the current expectations*."

I promised I would set out in more detail the likely impact of this on our audit, and I am pleased to do in this letter. Should further matters arise during the course of the audit they could also have fee and timetable implications that we would need to address at that point.

Across all suppliers, and sectors (public and private), the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, as well as to undertake additional and more robust testing. There is a general 'raising of the quality bar' following a number of recent, high-profile company failures that have also been attributed to audit performance. Alongside the FRC, other key stakeholders including the Department for Business, Energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. The FRC has been clear to us that it expects audit quality in local audit to meet the same standards as in the corporate world and the current level of financial risk within local audit bodies supports this position.

As a firm, we are absolutely committed to meeting the expectations of the FRC and other key stakeholders with regard to audit quality and public sector financial reporting. To ensure the increased regulatory focus and expectations are fully met, we anticipate that, as first seen in 2018/19, we will need to commit more time in discharging our statutory responsibilities, which will necessitate an increase in costs. I set out below the implications of this for your Council's audit.

Increased challenge and depth of work – raising the quality bar

The FRC has raised the threshold of what it assesses as a good quality audit. The FRC currently uses a four-point scale to describe the quality of the files it reviews, as follows:

Score	Description
1 or 2a	Acceptable with Limited Improvements Required
2b	Improvements required
3	Significant Improvements Required

Historically, the FRC's definition for 2b was 'acceptable but with improvements required' and, as such, both the Audit Commission and PSAA considered a '2b' to represent an acceptance level of audit quality for contract delivery purposes. The FRC has now set a 100% target for all audits (including local audits) to achieve a '2a'. Its threshold for achieving a '2a' is challenging and failure to achieve this level is reputationally damaging for individual engagement leads and their firm. Non-achievement of the standard can result in enforcement action, including fines and disqualification, by the FRC. Inevitably, we need to increase the managerial oversight to manage this risk. In addition, you should expect the audit team to exercise even greater challenge of management in areas that are complex, significant or highly judgmental. We will be required to undertake additional work in the following areas, amongst others:

- use of specialists
- information provided by the entity (IPE)
- journals
- management review of controls
- revenue
- accounting estimates
- financial resilience and going concern
- related parties and similar areas.

As part of our planning, we have also reflected on the level of materiality which is appropriate for your audit. As outlined above, the profile of local audit has increased considerably over the past year. The reviews led by Sir John Kingman, Sir Donald Brydon and Sir Tony Redmond are focusing attention on the work of auditors everywhere. Parliament, through the work of its Scrutiny Committees, has made clear its expectations that auditors will increase the quality of their work.

As a result, you may find the audit process for 2019/20 and beyond even more challenging than previous audits. This mirrors the changes we are seeing in the commercial sectors.

Property, plant and equipment (PPE or 'Fixed Assets')

The FRC has highlighted that auditors need to improve the quality of audit challenge on Property, Plant and Equipment (PPE) valuations across the sector. We will therefore increase the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations.

Pensions (IAS 19)

The FRC has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Specifically, for the following areas, we will increase the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting. Our planned additional procedures include:

- verification of the accuracy and completeness of the data provided to the actuary by both the admitted body and the administering authority.
- checking the value of the Pension Fund Assets at 31 March per the Council's financial statements against the share of assets in the Pension Fund statements
- review and assess whether the significant assumptions applied by the actuary are reasonable and are followed up on areas identified by either our review or PwC as outliers.

- ensuring that the instructions from the audit team to the Pension Fund auditor include enquiries in respect of service organisation reports as well as testing in respect of material level 3 pension assets (please note that this is outside the scope of PSAA's fee variation process).

Complex accounting issues and new accounting standards

You are required to respond effectively to new accounting standards and we must ensure our audit work in these new areas is robust. This year we will both be responding to the introduction of IFRS16. IFRS16 requires a leased asset, previously accounted for as an operating lease off balance sheet, to be recognised as a 'right of use' asset with a corresponding liability on the balance sheet from 1 April 2020. There is a requirement, under IAS8, to disclose the expected impact of this change in accounting treatment in the 2019/20 financial statements.

We understand that you expect the impact of the new standard to be relatively insignificant for the Council, but we will nevertheless need to undertake sufficient work on your own assessment to be able to confirm this and the appropriateness of the actions you have taken, and this is what is allowed for in our proposed fee.

Impact on the audit and associated costs

You will note we did not raise additional fees across the sector as a whole in 2018/19 in respect of the additional work required in response to the implementation of IFRS9 and IFRS15. This was a goodwill decision we took in support of the strong relationship we have with the sector. However, the volume of additional work now being required, as set out above, means we are no longer able to sustain that position. This is an issue not just across public services but also in the private sector where fees are being increased by all of the major suppliers by more than 20%.

We benefit from effective and constructive working relationships which we have established during our engagement with you to date. This allows us to absorb some of the impact of these changes. Using our strong working knowledge of you and efficiencies that we are continuously seeking to implement as part of our focus on continued collaborative working with you, we have sought to contain the impact as much as possible to below the market average.

We have assessed the impact of the above as follows for 2019/20, with the comparative position for the two previous years shown. Please note these are subject to approval by PSAA in line with PSAA's normal process. Should other risks arise during the course of the audit which we have not envisaged, we may need to make a further adjustment to the fee.

Area	Cost £		
	2019/20	2018/19	2017/18
Increased challenge and depth of work	2,500	NIL	NIL
PPE	1,750	1,500	NIL
Pensions	1,750	3,000	NIL
New standards/ developments	1,500	NIL	NIL
Total	**7,500**	**4,500**	**NIL**

This would give a scale fee for the statutory accounts audit for 2019/20 of £35,412 plus VAT plus a variation of £7,500 plus VAT.

Please note that PSAA's arrangements require a separation of fees and remuneration, which means that Grant Thornton does not receive 100% of the current fees charged.

The additional work we are now planning across the whole of our portfolio will inevitably have an impact on the audit timetable and whether or not your audit can be delivered to appropriate quality standards by the 31 July 2020. Grant Thornton remains the largest trainer of CIPFA qualified accountants in the UK and is committed to continue to resource its local audits with suitably specialised and experienced staff but the pool of such staff is relatively finite in the short-term. I will be happy to explain the impact of the further work we are planning to undertake on our delivery timetable for your audit, which at this stage is planned to be delivered by 31 July 2020.

Future changes to audit scope

As I have previously mentioned in meetings and at the audit and risk committee, the National Audit Office is currently consulting on revisions to the Code of Audit Practice and has also indicated its intention to consult on the accompanying Auditor Guidance Notes. This defines the scope of audit work in the public sector. The most significant change is in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

a) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;

b) Governance: how the body ensures that it makes informed decisions and properly manages its risks; and

c) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

Under each of these criteria, statutory guidance will set out the procedures that auditors will need to undertake. An initial review of arrangements will consist of mandatory procedures to be undertaken at every local public body plus any local risk-based work. The consultation closed on 22 November 2019. A new Code will be laid before Parliament in April 2020 and will apply from audits of local bodies' 2020/21 financial statements onwards.

Until the consultation is finalised and more details emerge of what is expected of auditors, it is difficult to cost the impact. However, as soon as the requirements are finalised and it is clear exactly what the expectations will be, I will share with you further thoughts on the potential impact on the audit and associated costs.

I hope this is helpful and allows you to plan accordingly for the 2019/20 audit. Should you wish to discuss this further, please do not hesitate to contact me. We will be sharing our detailed Audit Plan with you in due course. We look forward to working with you again this year,

Yours sincerely

John Gregory
Engagement Lead and Key Audit Partner

For and on behalf of Grant Thornton UK LLP

AUDIT & MEMBER STANDARDS COMMITTEE WORK PROGRAMME FOR 2020/21

Item	22 July 2020	12 November 2020	3 February 2021	25 March 2021	27 April 2021	Deferred Reason
FINANCE						
Annual Governance Statement					√	*Deferred from April will now form part of the Statement of Accounts
Annual Treasury Management Report	√					
Mid-Year Treasury Management Report		√				
Review of Accounting Policies				√		*Deferred from March will now form part of the Statement of Accounts
Statement of Accounts		√				This will be dependent on the progress on the completion of the Statement of Accounts together with completion of the External Audit. **These project risks may necessitate additional meetings being scheduled in addition to those that are already planned.**
Treasury Management Statement and Prudential Indicators			√			
Audit & Member Standards Committee Practical Guidance			√			Only relevant if there is updates to guidance so may not be needed
CIPFA Financial Management Code		√				
INTERNAL AUDIT						
Chair of the Audit Committee's Annual Report to Council	*				√	*Deferred from April 2020 – See End of Work Programme
Annual Report for Internal Audit (including year-end progress report)	*				√	*Deferred from March 2020 – See End of Work Programme
Internal Audit Plan, Charter & Protocol 2020/21	*				√	*Deferred from March 2020 – See End of Work Programme
Internal Audit Progress Report		√	√		√	
Quality Assurance and Improvement Programme /Public Sector Internal Audit Standards	*					*Deferred from April 2020 – See End of Work Programme
Risk Management Update	√*	√	√		√	*Deferred from April
Counter Fraud Update Report including Counter Fraud & Corruption and Whistleblowing Policies and Anti-Money Laundering Policy		√*				*Deferred from April

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AUDIT & MEMBER STANDARDS COMMITTEE WORK PROGRAMME FOR 2020/21

Item	22 July 2020	12 November 2020	3 February 2021	25 March 2021	27 April 2021	Deferred Reason
LEGAL AND DEMOCRATIC						
Annual report on Exceptions and Exemptions to Procedure Rules				√		Annual Review
Overview of the Council's Constitution in respect of Contract Procedure Rules					√	Annual Review
GDPR/Data Protection Policy		√				
Annual Report of the Monitoring Officer - Complaints			√			Annual Report (Allows for full year reporting)
RIPA reports policy and monitoring	*			√		*Deferred from April 2020 – See End of Work Programme Annual Report
Review of the Effectiveness of the Audit & Member Standards Committee			√			
The Rules on Confidentiality		√				
Terms of Reference						
EXTERNAL AUDITOR						
Audit Findings Report for Lichfield District Council 2019/2020		√				These will be dependent on the progress on the completion of the Statement of Accounts together with completion of the External Audit. **These project risks may necessitate additional meetings being scheduled in addition to those that are already planned.**
The Annual Audit Letter for Lichfield District Council		√				
Certification Work for Lichfield District Council for Year Ended 31 March 2020		√				TBC depending on when we agree the work will be performed
Planned Audit Fee 2020/21		√				
Informing the Audit Risk Assessment - Lichfield District Council	√*		√			*Deferred from March
Audit Plan for Lichfield District Council 2019/20	√*					*Deferred from March

AUDIT & MEMBER STANDARDS COMMITTEE WORK PROGRAMME FOR 2020/21

Item	22 July 2020	12 November 2020	3 February 2021	25 March 2021	27 April 2021	Deferred Reason
Audit Committee LDC Progress Report and Update – Year Ended 31 March 2021			√			
Audit & Member Standards Committee Training Session by Grant Thornton		√*			√	*Deferred from April
Annual Audit Fee Letter	√*					*Deferred from March

<u>List of reports pre-circulated to the Committee as only noting and endorsement are required, not approval</u>

	ITEM	MEETING DATE OF ENDORSEMENT CONFIRMATION
	INTERNAL AUDIT	
(1)	Chair of the Audit Committee's Annual Report to Council	**22 July 2020**
(2)	Annual Report for Internal Audit (including year-end progress report)	**22 July 2020**
(3)	Internal Audit Plan, Charter & Protocol 2020/21	**22 July 2020**
(4)	Quality Assurance and Improvement Programme/Public Sector Internal Audit Standards	**22 July 2020**
	LEGAL & DEMOCRATIC	
(5)	RIPA Reports Policy and Monitoring	**22 July 2020**
	FINANCE	
(6)	Annual Governance Statement	**22 July 2020**

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