

# AUDIT AND MEMBER STANDARDS COMMITTEE

3 FEBRUARY 2022

## PRESENT:

Councillors Spruce (Chair), Norman, Robertson, Silvester-Hall, White and M Wilcox

Observer:

Officers in Attendance: Will Stevenson, Anthony Thomas, Christie Tims, Andrew Wood

Also Present: Kirsty Lees (External Auditor), Councillor Rob Strachan (Cabinet Member for Finance, Procurement and Revenues & Benefits)

## 88 APOLOGIES FOR ABSENCE

There were apologies from Councillor Joanne Grange and Councillor Wai-Lee Ho.

## 89 DECLARATIONS OF INTEREST

There were no declarations of interest.

## 90 MINUTES OF THE PREVIOUS MEETING

The Minutes of the Meeting held on 11 November 2021, previously circulated, were taken as read and approved as a correct record.

## 91 TREASURY MANAGEMENT STATEMENT AND PRUDENTIAL INDICATORS

The Committee received a report on the Treasury Management Strategy Statement (TMSS) 2022/23 from Mr Anthony Thomas (Head of Finance & Procurement).

Anthony Thomas outlined the financing and investment strategy for the forthcoming financial year including the Capital Strategy and Capital Programme. It was confirmed that this was based on the current guidance notes and an update would be provided when new guidance is published. Mr Thomas clarified that the version of this report that goes to Cabinet and Council would be amended slightly to reflect the most up to date information.

Members enquired about the Local Authority Trading Company Lichfield Housing Limited detailed in the report. It was explained that the plan had been drawn up based on the current data and circumstances relevant to the company, with an aim to begin with limited scope and existing resources. However, if the plan and scope of the company change with time then this may need to be reviewed.

In response to questions about the level of borrowing and financial reserves, the committee were informed that reserves are currently increasing to cover the potential costs of incoming local government finance reform. When clarity is eventually provided on this issue, it may be possible to release an element of those reserves.

It was also explained that in terms of risk, the recent 'material (yellow) risk' assessment of the Capital Strategy was currently closer to being lowered in risk than raised to a higher level.

**RESOLVED:** Members considered the Treasury Management Strategy Statement and subject to the points raised with the Head of Finance & Procurement, did not highlight any changes or recommendations to Cabinet.

## 92 INTERNAL AUDIT PROGRESS REPORT

Andrew Wood (Audit Manager – Shared Service) presented the Internal Audit Progress Report for the period to 31 December 2021 (to Quarter 3).

Members raised questions about procurement efforts relating to the Covid-19 pandemic and the potential risks that may have arisen. Mr Thomas explained that the procurement scale and need of the District Council was comparatively small when contrasted with the County Council and all resources were secured through the existing supply routes. He was also confident that due processes had been followed consistently and there had been no accumulation of waivers or lapse in process. In addition to this, the new procurement team hired by the authority were able to bring additional challenge, rigour and assurance to the process.

The committee was assured that the high priority recommendations listed in the report were on target to be completed by September 2022, with some recommendations already partially implemented.

Regarding the climate change audit, the development of any action plan will be followed closely to evaluate what targets are set out and when they may be achieved. Mr Wood also outlined his intention to review the progress of the council compared to other authorities, to ensure projects are formulated and delivered in a robust manner.

Members praised the level of progress already achieved as part of the Audit Plan. It was requested that future reports detail the percentage return rate of customer satisfaction responses, in order to ensure they act as a robust performance measure. Mr Wood agreed that this would be detailed in future reports.

Christie Tims (Chief Operating Officer) made clear that cyber security remains one of the biggest threats to the authority, and additional funding has been secured to provide training to members on cyber security awareness and provide additional support to council staff. Mr Thomas noted that the current direction of travel the council is taking, with increased remote working, naturally increases the level of risk in this area. The committee was assured that business continuity plans have been kept up to date to ensure essential funds would be provided to those in need under all circumstances.

**RESOLVED:** The Committee noted contents of the Internal Audit Progress Report 31 December 2021 (to Quarter 3).

## 93 RISK MANAGEMENT UPDATE

Mr Wood outlined that the strategic risk scores have been recently reviewed and adjusted. As a result, SR2, SR4 and SR5 are now at their respective target scores and there are currently no scores above the risk appetite of the council. A new 'Strategic Risk 8' has been added in relation to Being a Better Council following discussions and agreement by Leadership Team.

The committee queried the level of risk identified by SR1. They were assured that SR1 combines many components to identify this particular risk. The Medium Term Financial Strategy (MTFS) represents a smaller part of that risk and though capital investment need is a risk going forward, it is only part of the overall calculation for SR1.

Members also highlighted how the Strategic Risk Register could benefit from additional commentary in order to highlight that it is an aspect in constant flux. Mr Wood agreed to include this in future reports.

**RESOLVED:** The Committee noted the contents of the Risk Management Update.

#### **94 AUDIT COMMITTEE EFFECTIVENESS**

Mr Wood presented the Report into Audit Committee Effectiveness, identifying fraud risks, regulatory requirements, governance and treasury management as the main areas to be covered in member training for the following year.

Members thoroughly discussed the possibility of appointing a suitably qualified independent member to the committee as set out in the report. Whilst the committee recognised such an appointment would have the advantages of independence and a fresh perspective, it was also noted that an independent member may be unaware of the wider strategic ambitions of the council. It was suggested that this should be revisited in the next municipal year, after membership of the committee is agreed by a meeting of the full council. It was agreed that Mr Wood would bring a report to Committee in relation to the appointment of an independent member of the committee at its first meeting following full council.

**RESOLVED:** The Committee noted the contents of the Audit Committee Effectiveness Report and endorsed any actions to improve its effectiveness as appropriate.

#### **95 AUDIT COMMITTEE LDC PROGRESS REPORT AND UPDATE - YEAR ENDED 31 MARCH 2022**

Kirsty Lees (External Auditor) introduced herself as the new manager for the Lichfield District Council external audit and presented her report to the committee. It was stated that whilst the audit for 2021-2022 has not yet started, the Auditor's Annual Report is near completion. Members were made aware that subject to consultation, the deadline for publishing audited local authority accounts will be extended to the 30th November 2022 for this year. Asked if it was possible to work to an alternative 30th September 2022 deadline, Ms Lees stated that LDC was currently 'at the front of the queue' in those terms.

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

#### **96 WORK PROGRAMME**

Members were informed that the following items have been deferred to the next meeting:

- Annual report on Exceptions and Exemptions to Procedure Rules 20/21
- GDPR/Data Protection Policy
- Annual Report of the Monitoring Officer – Complaints
- The Annual letter for Lichfield District Council from the Local Government Ombudsman

(The Meeting closed at 7.54 pm)

CHAIR