

# AUDIT AND MEMBER STANDARDS COMMITTEE

20 JULY 2023

## PRESENT:

Councillors Ho (Chair), Whitehouse (Vice-Chair), Robertson, J Smith, P Taylor, S Taylor

### 1 APOLOGIES FOR ABSENCE

Apologies were received from councillor Keith Vernon. Apologies were also received on behalf of councillor Dave Robertson, who was running late and joined the meeting during Item 7.

### 2 DECLARATIONS OF INTEREST

There were no declarations of interest received.

### 3 MINUTES OF THE PREVIOUS MEETING

With the agreement of the committee, Item 3 was moved later in the agenda – being discussed between Items 8 and 9. The minutes of the meeting held on 19 April 2023, previously circulated, were taken as read and approved as a correct record. Proposed by councillor Ho, seconded by councillor Robertson.

### 4 ANNUAL TREASURY MANAGEMENT REPORT

Anthony Thomas (Assistant Director Finance & Commissioning) presented the Annual Treasury Management Report to the committee. The funding of the Capital Programme in 2022/23 includes lower funding from capital receipts because the use of funding from other sources, that have more restrictions, was prioritised. Mr Thomas noted that the report confirms that the council is compliant with all prudential indicators 2022/2023. These will be presented to full council later in the year for formal approval. He explained that the most significant variance that always appears is the pension fund liability/asset - the valuation on this, swings significantly, influenced by changes in interest rates. Small changes in assumptions and discount rates have significant impact on the values of the accounts. Mr Thomas explained to members that these figures are primarily impacted by market-based factors outside of the councils' control.

Avtar Sohal (External Auditor – Grant Thornton) added that with higher interest rates, many councils are now showing pension assets rather than a liability. As a result, judgements have to be made on how much of that asset to recognise in your accounting statements.

**RESOLVED:** The committee reviewed the report and issues raised within. The committee reviewed the actual 2022/23 Prudential Indicators contained within the report

### 5 CIPFA RESILIENCE INDEX

Anthony Thomas presented the CIPFA Resilience Index report to the committee. He explained that index compares the council against its nearest statistical neighbours and all District Councils. He noted that the only area where risk has increased, is change in reserves. This is broadly because the council's reserves have either not grown at the same rate or depleted at a quicker rate than other comparative authorities.

In response to member questions, Mr Thomas explained that calculations around government funding utilise a number of factors such as need and deprivation when calculating funding figures. He stated that following the approval by Council to utilise reserves for place shaping activity, whilst the council was likely to see an overall reduction in reserves, given the indicators are based on relative performance, the actions of other councils would dictate where Lichfield ultimately sits on the overall risk spectrum.

**RESOLVED:** The committee noted the results of the CIPFA Resilience Index for 2023.

## **6 INTERNAL AUDIT PROGRESS REPORT**

Andrew Wood (Audit Manager) presented the Internal Audit Progress Report to the committee. He confirmed that the team aim to complete 90% of the audit plan by 31 March 2024. He explained that internal audit is a shared service with Tamworth Borough Council and that doing this achieves savings and ensures continued best practice. As of 30 June 2023, 11% of the plan has been completed due to exceptional circumstances, but the team can draw down further support from BDO and resources if required.

**RESOLVED:** The committee noted Internal Audit's Annual Report, including results for the quarter to 30 June 2023.

## **7 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME /PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

Andrew Wood presented the report to committee. He highlighted that the report includes an agreed external quality assessment action plan. The EQA Action Plan for 2023/24 was developed in consultation with the Section 151 Officers at both Lichfield District and Tamworth Borough Councils. A number of these actions have been completed. The recommendations raised were categorised as being either 'Review' or 'Consider'. As of 30 June 2023, 3 out of 7 'Review' recommendations had been completed, alongside 3 out of 5 'Consider' recommendations.

**RESOLVED:** The Committee noted Internal Audit's compliance with the PSIAS (Appendix 1), QAIP (Appendix 2) and External Quality Assessment Action Plan (Appendix 3)

## **8 RISK MANAGEMENT UPDATE**

Andrew Wood presented the Risk Management Update report. He explained that the council operates a three lines of defence model, as set out in the report and has recently been tasked with looking at 'leisure services insourcing' risk.

In response to questions on SR7, Mr Wood explained that this was an element that naturally changes over time. The current political circumstances facing council and wider nation feed into this. The council is notified by the National Cyber Security Centre about potential attacks in the UK. SR7 moves as attacks are identified and mitigated. The importance of maintaining communication with I.T. and Leadership Team is key to ensuring multi-factor-authentication is implemented and firewalls are patched on time. As the type of attacks change over time, the council must continue mitigating those changes.

Mr Thomas added that the council has utilised Razor Blue to provide specialists skills and capacity to the I.T. team. There is also a strategy to move onto cloud-based systems, reducing the risk of servers that need to be regularly updated. This strategy removes risks from the council and places them with teams who are better placed to manage those risks.

Members highlighted SR1, including the risk of residents defaulting on mortgages due to rising interest rates and the impact this could have on council tax revenue. Mr Thomas stated that whilst collection rates have not deteriorated yet, he could not pre-empt what will happen in the coming months. He highlighted a £50,000 budget that has been built in to deal with cost of living pressures. He confirmed that collection rates are included within the Money Matters report and any changes would be quickly identified as part of that.

**RESOLVED:** The committee noted the risk management update and received assurance on actions taking place to manage the Council's most significant risks.

## **9 COMPLIMENTS, COMPLAINTS, MP AND FOI ENQUIRIES REPORT 2022/2023**

Lizzie Barton (Assistant Director Resident and Business Services) presented the Compliments, complaints, MP and FOI enquiries report to the committee. She explained that complaints help indicate issues within the council and where training could prove beneficial. MP enquiries were highlighted as needing further work, using these in the same way complaints are used to shape the utilisation of services. She confirmed that this report will go to Cabinet, in order to form a central plank in how the council evaluates its performance.

Members suggested adding "and the Chair of the Audit & Member Standards Committee" to recommendation 2.3. A change of font, in order to better aid dyslexic accessibility, was also suggested by members.

Members agreed that MP enquiries need to be addressed, highlighting the imbalance in MP and non-MP enquiries.

Laura Brentnall (Compliance and Data Protection Officer) confirmed that FOI requests now have an internal deadline 10 days. If not completed within this timeframe, this is flagged with a tier 4 manager and those not completing FOIs on time, will be identified to Leadership Team. She explained that efforts to reduce the number of FOI requests, would not be achieved by not reduce by blocking access to information, but by working on a completely new way of engaging with residents to make data more accessible - not through reducing it but instead through increasing our transparency.

**RESOLVED:** The committee agreed to the following recommendations:

- 2.2 Committee to comment on and approve the publication of the customer feedback annual review 2022/23, subject to any feedback by committee.
- 2.3 Committee to delegate any amends to the Leader of the Council in consultation with the assistant director for customer, resident & business services, and the Chair of the Audit & Member Standards committee.
- 2.4 Committee to note that future customer feedback annual reviews will also be considered by Cabinet.

## **10 RIPA REPORTS POLICY AND MONITORING**

Laura Brentnall presented the RIPA & Policy Monitoring report to the committee. She explained that some services want to potentially use and engage RIPA. It was therefore important to seek feedback and approval from the committee before any such utilisation.

In response to questions on covert surveillance and social media, Laura explained that a one-off review of social media that is already open is acceptable, whereas daily reviews would be classified as covert surveillance. Members suggested the policy could be strengthened by requiring any use of a covert human intelligence source to be included in the report. This would remind officers of the significance of this step.

**RESOVLED:** The committee noted the RIPA monitoring report for the 2022/23 financial year. The committee approved the updated Corporate Policy and Procedure for RIPA as set out in Appendix 1

#### **11 AUDIT PLAN (INCLUDING PLANNED AUDIT FEE 2022/23)**

Avtar Sohal presented Audit Plan to the committee. He highlighted that there is always a risk of fraud in revenue and expenditure. When it comes to reporting, the external auditors consider anything over £41,500 as a reportable error. On the value for money arrangements, he noted that they are behind, but confirmed that the intention is to combine the 2021/22 and 2022/23 reports together. Mr Sohal stated that they were hoping to sign off the audit opinions by the end of this calendar year.

Members raised concern about the lack of a value for money statement for the previous year. Mr Sohal stated that if there was a material or significant problem identified in the value for money arrangements, he would be required to report it as soon as he was made aware of it. At this stage, there has been no significant weakness uncovered in the arrangements so far. He confirmed that it was the fault of the external auditors that so much had slipped into the following years work. The fee outlined is based on 2022/23 only.

**RESOLVED:** The committee noted the contents of the Audit Plan.

#### **12 INFORMING THE AUDIT RISK ASSESSMENT - LICHFIELD DISTRICT COUNCIL**

Mr Sohal presented the report to the committee. He confirmed that this was brought to members to demonstrate what management are saying regarding responses. Mr Sohal confirmed that there was nothing to be drawn attention to, that would create a significant risk in their audit delivery.

**RESOLVED:** The committee noted the contents of the Informing the Audit Risk Assessment report.

#### **13 WORK PROGRAMME**

Members noted the contents of the work programme for 2023-24. Mr Thomas and Mr Sohal agreed that the statement of accounts would likely need to be moved to the November 2023 meeting. Mr Wood reminded members to complete their skills assessment surveys.

(The Meeting closed at 7.22 pm)

CHAIR