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Lichfield
District Council

**District Council House, Frog Lane
Lichfield, Staffordshire WS13 6YU**

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Tuesday, 9 April 2024

Dear Sir/Madam

AUDIT COMMITTEE

A meeting of the Audit Committee has been arranged to take place **WEDNESDAY, 17TH APRIL, 2024 at 6.00 PM IN THE COUNCIL CHAMBER** District Council House, Lichfield to consider the following business.

Access to the Council Chamber is via the Members' Entrance.

The meeting will be live streamed on the Council's [YouTube channel](#)

Yours faithfully

Kerry Dove
Chief Operating Officer

To: Members of Audit Committee

Councillors Ho (Chair), Whitehouse (Vice-Chair), Marshall, Robertson, J Smith, P Taylor, Vernon and Woodward



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AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Minutes of the Previous Meeting 5 - 8
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Report of the Senior Business Advisor
5. **Audit Committee Effectiveness** 33 - 40
Report of the Audit Manager
6. **Chair of the Audit Committee's Annual Report to Council** 41 - 50
Report of the Audit Committee Chair/Audit Manager
7. **Annual Report for Internal Audit (including year-end progress report)** 51 - 80
Report of the Audit Manager
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Report of the Audit Manager
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Report of the ICT Manager
11. **Audit Committee LDC Progress Report and Update - Year Ended 31 March 2024** 133 - 142
Report of the External Auditors
12. Work Programme 143 - 146
13. **Exclusion of Press and Public**



RESOLVED: "That as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972"

IN PRIVATE

14. Private Meeting of Committee Members with External Auditors



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AUDIT COMMITTEE

21 MARCH 2024

PRESENT:

Councillors Ho (Chair), Whitehouse (Vice-Chair), Marshall, Robertson, J Smith, P Taylor, Vernon and Woodward

45 APOLOGIES FOR ABSENCE

There were no apologies for absence.

46 DECLARATIONS OF INTEREST

No declarations of interest were received.

47 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held 1st February 2024 were taken as read and approved as a correct record.

48 INTERNAL AUDIT PLAN, CHARTER & PROTOCOL 2024/25

Andrew Wood (Audit Manager) presented the report to the committee. He highlighted that there have been no material changes in the areas covered. At present 40 I.T. audit days have been allocated within the plan, with the possibility of more being allocated if required.

Members asked about the reduction of audits mentioned in section 3.4 and requested more information on this. Mr Wood noted that this was partly in relation to the shared service agreement. He agreed that there had been a reduction in the number of audit days resourced both locally and nationally. There was now a greater focus on the strategic risks of council, where previously sundry debtors or council tax were examined every year. He assured the committee that he was not expecting the number of I.T. audit days to decrease and would, if anything, increase. It was confirmed an I.T. auditor had been procured.

Anthony Thomas (Assistant Director Finance & Commissioning) assured the committee that as Section 151 officer, he had the legal power to demand the level of resourcing necessary to complete the work required and External Audit will review Internal Audit as part of their Value for Money Assessment.

Members asked if there was sufficient capacity within the organisation to respond to the audit recommendations. Mr Wood believed that there was resourcing available to fulfil those recommendations. Keeping these recommendations within the awareness of managers was crucial however, and recent organisational and staff change had created additional obstacles for a time in this respect. Members reiterated their willingness to interview officers responsible for outstanding audit recommendations. Mr Wood confirmed he would be having regular meetings with the Chair and Vice-Chair going forward on this issue.

Members recommended swapping the upcoming audit reports on tourism and waste reform project planning and management. Mr Wood agreed he was happy to look at this.

Members highlighted the importance of Internal Audit and Audit Committee safeguarding objectivity, in both fact and appearance. Page 81 of the report also refers to 'professional scepticism', recommending that internal auditors must be inquisitive.

RESOLVED: The committee considered and approve the 2024/25 proposed internal audit plan, charter, and protocol.

The Committee noted the updated Global Internal Audit Standards for implementation by January 2025 and the effects on Public Sector organisations.

49 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE

Andrew Wood presented the report to the committee.

The meeting was briefly adjourned to provide members with an updated copy of Appendix E (Self-assessment of good practice).

Members agreed deferring agreement on the self-assessment to the next committee meeting but were happy to proceed with questions on this and the rest of the report.

Members noted that whilst the committee has appropriate audit procedures in place, there were a few areas where the committee was potentially being scored too highly. they have not taken the opportunity to have a private meeting with the external auditors. Members also highlighted that there were still not any independent members appointed to the Audit Committee. Audit training based on the skills audit conducted earlier in the year was recommended by members.

It was noted that the member skills audit was conducted before members had had opportunity to get to grips with the documents and materials involved. Members agreed a new skills assessment may be required sooner rather than later.

Members raised that previously, the committee used to meet privately beforehand with the head of internal audit and external auditors to discuss any issues and suggested reinstating this. Members confirmed that they would welcome more training.

Mr Wood confirmed he would review the scoring involved and resubmit this at the next meeting.

RESOVLED: The committee agreed to defer the self-assessment to the next Audit Committee meeting in April 2024 alongside the training plan.

50 AN OVERVIEW OF OUTSTANDING AND OVERDUE AUDIT RECOMMENDATIONS

Andrew Wood presented the report to the committee. He confirmed that extensive work has been completed with Leadership Team to address previous concerns on this item. Appendix 1 details the current high priority recommendations and responses.

Members proposed alternative wording to recommendation 2.3:

"To delegate the Audit Committee Chair, in consultation with members of the Audit Committee, to request attendance at Committee of managers where audit recommendations are outstanding to provide assurance that the recommendations are being prioritised and implementation is being progressed."

Members highlighted 9 medium level recommendations were dated prior to 2019/2020. Mr Wood explained that changes to systems and processes between then and now have now likely rendered those recommendations out of date.

Members stated that the number of outstanding recommendations relating to the DWP Searchlight Review in LWMTS may mean the committee needs to request the attendance of managers responsible to concentrate minds and ensure recommendations are appropriately prioritised. Members agreed this could provide additional authority to Internal Audit.

It was confirmed that if a recommendation was disagreed with by a manager, this would then become the responsibility of the Audit Manager if justifiable. If the Audit Manager did not consider this disagreement to be justifiable, it would then be escalated to the Section 151 Officer or Chief Executive, who would then become the relevant holders of those recommendations.

RESOLVED: The committee noted the report and provided observations on the content.

The committee determined whether senior management are requested to attend Committee to provide assurance that audit recommendations are reviewed by all management and both prioritised and implemented accordingly in a timely and agreed manner.

The committee delegated the Audit Committee Chair, in consultation with members of the audit committee, to request attendance at Committee of managers where audit recommendations are outstanding to provide assurance that the recommendations are being prioritised and implementation is being progressed.

51 WORK PROGRAMME

The committee agreed to defer the self-assessment to the next Audit Committee meeting in April 2024 alongside the training plan. The committee noted the contents of the work programme.

(The Meeting closed at 7.46 pm)

CHAIR

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Proposed Accounting Policies, Critical Accounting Judgements, Key Sources of Estimation Uncertainty, and Going Concern for the 2023/24 Statement of Accounts



Lichfield
District Council

Cabinet Member for Finance and Commissioning

Date:	17 April 2024
Agenda Item:	4
Contact Officer:	Jane Irving
Tel Number:	01543 687547
Email:	Jane.irving@lichfielddc.gov.uk
Key Decision?	NO
Local Ward Members	All wards.

**AUDIT
COMMITTEE**

1. Executive Summary

- 1.1 Best practice recommends that the proposed Accounting Policies to be used to prepare the Council’s Statement of Accounts, should be approved by Audit Committee.
- 1.2 This report, therefore, sets out the Council’s proposed Accounting Policies to be adopted in completing the 2023/24 Statement of Accounts.
- 1.3 The report also details any changes that have been made to the Council’s 2022/23 Accounting Policies to ensure that they are relevant to the preparation of the Council’s 2023/24 Statement of Accounts.
- 1.4 This report, therefore, also highlights the Critical Accounting Adjustments, the Key Sources of Estimation Uncertainty and the Going Concern Concept that will be used in the production of the 2023/24 Statement of Accounts.
- 1.5 The details of three recent consultations from the Department of Levelling Up, Housing and Communities (DLUHC), National Audit Office (NAO) and CIPFA to address the Local Audit backlog and embed timely audit reporting are also provided.

2. Recommendations

- 2.1. It is recommended that the Audit Committee approves the Council’s proposed Accounting Policies that will form part of the 2023/24 Statement of Accounts.
- 2.2. It is also recommended that the Committee approves the Council’s approach to the Critical Accounting Judgements, Key Sources of Estimation Uncertainty and Going Concern that will be reviewed by the External Auditors in completing the 2023/24 Statement of Accounts.
- 2.3. To delegate to the Assistant Director – Finance and Commissioning (Section 151) the ability to make further changes to the accounting policies to reflect the subsequent release of new or updated guidance.
- 2.4. To note the three consultations from the Department of Levelling Up, Housing and Communities (DLUHC), National Audit Office (NAO) and CIPFA to address the Local Audit backlog and embed timely audit reporting.

3. Background

Accounting Policies

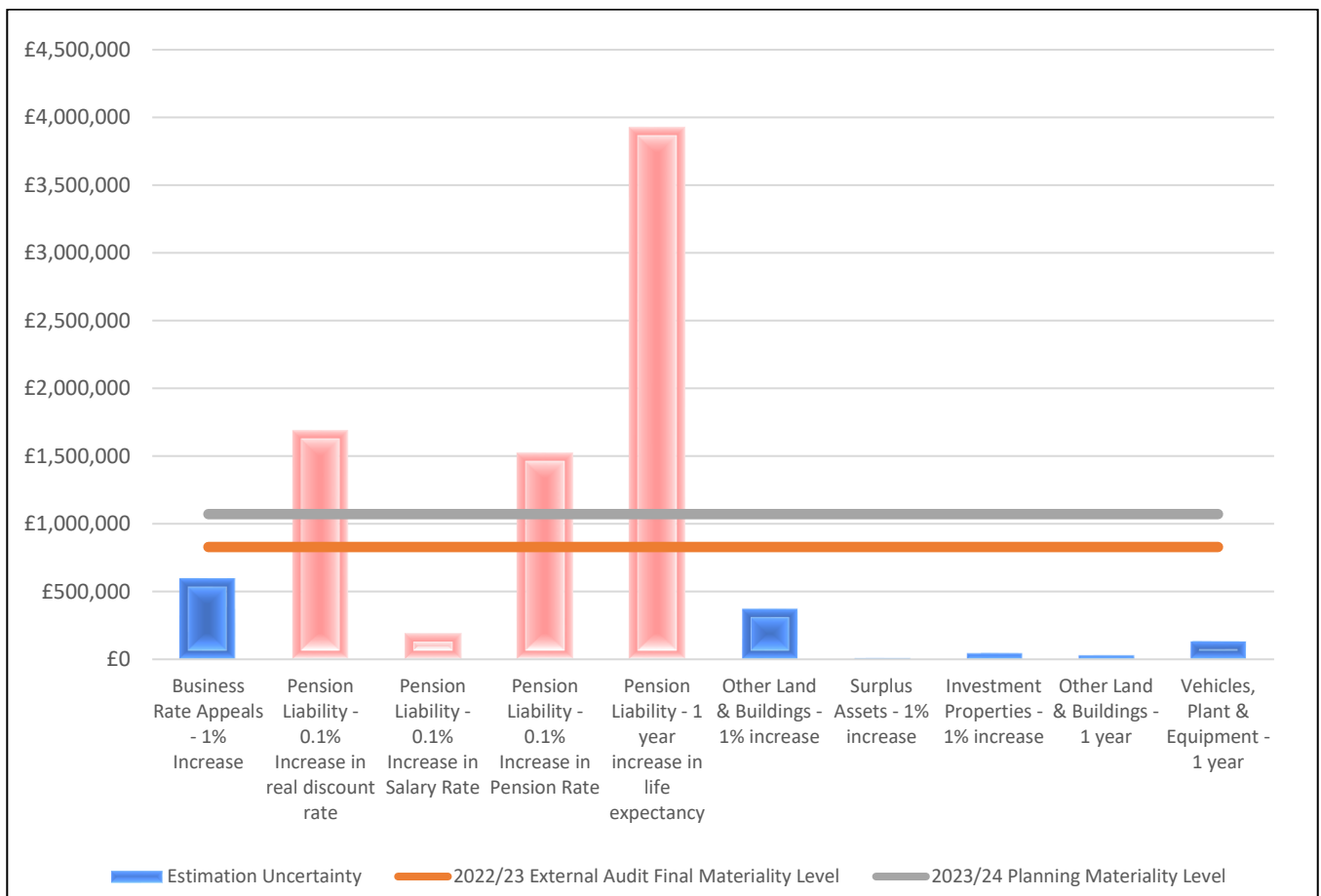
- 3.1. The preparation of the Statement of Accounts is governed by the Accounts and Audit Regulations 2015. The format of the Accounts reflects the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS), which is a set of evolving accounting rules used internationally to guide the formation of financial statements in the public and private sector. The evolving state means that new accounting standards are formed on a regular basis along with reinterpretations of existing standards. The Accounting Policies are therefore reviewed annually to ensure that they remain current and relevant.
- 3.2. Under Section 151 of the Local Government Act 1972, the appointed Chief Finance Officer is charged with the proper administration of the Council's financial affairs and as such must select suitable Accounting Policies and make judgements and estimates that are reasonable and prudent. However, it is considered good practice for the Audit Committee to have a chance to consider these Accounting Policies that are going to be applied to the Accounts in advance of their use.
- 3.3. The Council's Accounting Policies are the specific principles, conventions, rules, and practices that are applied in the production and presentation of the annual Statement of Accounts. These policies have to be disclosed by way of a note to the Accounts. Only those policies that are directly relevant and material to the Council have been included.
- 3.4. The full list of Accounting Policies as produced in the Code of Practice for 2023/24 is shown in a table at **Appendix A**. For those Policies that are not adopted by the Council, a reason is provided within that table.
- 3.5. The Council's proposed Accounting Policies for the 2023/24 Statement of Accounts is shown at **Appendix B**.
- 3.6. The Council has reviewed these Accounting Policies in line with the 2023/24 Code of Practice and one new policy has been added related to Joint Ventures as explained below:
 - The Council has entered into an agreement for the redevelopment of part of a shopping precinct in the town centre of which it is the current freeholder. The arrangement includes property transfers and the creation of a Limited Liability Partnership (Darwin Prospects LLP).
 - The LLP will be classified as a Joint Venture since the Council has rights to the net assets of the partnership but is not exposed to any net liabilities – i.e., it has limited liability.
 - The Council will need to adopt an accounting policy for investments in Joint Ventures. This must be applied consistently, although it may be different to the policies for other investments related to subsidiaries (such as LWMTS) and associates. The policy chosen is to hold it at fair value.
 - In line with the accounting for the property when held on the Council's balance sheet, the Council has opted to account for the LLP at fair value through other comprehensive income (OCI). The investment will be revalued each year end, with revaluation increases and decreases taken to the Financial Instruments Revaluation Reserve via OCI.
- 3.7. Other, minor, amendments to the accounting policies are highlighted in blue.

Critical Accounting Judgements

- 3.8. The Code of Practice requires that the judgements that the Chief Finance Officer has made in applying the Council's Accounting Policies must be disclosed either with the Accounting Policies or in a separate note to the Accounts. The relevant judgements are those that have the most significant effect on the Accounts and hence these are known as Critical Accounting Judgements. Judgements that are made in arriving at estimates are not included here, rather these are included under a separate note, 'Key Sources of Estimation Uncertainty', discussed later in this report.
- 3.9. Disclosure of such Critical Judgements is made to enable users of the Statement of Accounts to better understand how the Accounting Policies are applied and to make comparisons between authorities regarding the basis on which these judgements are made. It is also important that these disclosures include the judgements made to exclude material items which could impact on providing a 'true and fair' view.
- 3.10. These arrangements have the effect of requiring the Council to justify the view that they have taken regarding significant transactions and balances by providing an appropriate explanation of the factors that were considered and any assumptions made when making the judgement, together with the outcome.
- 3.11. The Critical Accounting Judgements in the 2022/23 Statement of Accounts can be seen at **Appendix C**. These will be updated for 2023/24 as part of the process of completing the Statement of Accounts.
- 3.12. In 2022/23 there were three critical accounting judgements included in the Statement of Accounts:
- **The treatment of assets, liabilities, income, and expenditure in the Joint Waste Service** - Income and expenditure is shared between Lichfield District and Tamworth Borough Council based on the number of properties in each area. The assets and liabilities related to the lease type arrangement for the waste fleet are shown on Lichfield District Council's Balance Sheet.
 - **The Pension Risk related to the Freedom Leisure Contract** - *As part of the contract, all leisure centre staff were transferred to Freedom Leisure via TUPE arrangements. Freedom Leisure has been admitted to the Staffordshire County Council pension fund and pension arrangements between Lichfield District Council, Staffordshire County Council and Freedom Leisure are managed using a pass-through agreement. This agreement assigns the majority of pension risk to Lichfield District Council. As the Council acts as guarantor for the pension commitments of these former employees, an annual assessment is carried out by management of the risk and potential financial consequences should the Council be called to settle these liabilities. To manage this risk, the Council maintains an earmarked reserve.*
 - **Business Rates (NNDR) Appeals** - the assumptions around the outcome of appeals against NNDR valuations (either received to date or expected to be received in future years) represent a material and critical judgement applied to the accounts. The appeals provision is empirically derived from experience of the 2010 List as well as appeals determinations so far as made against the 2017 List and national appeals estimates.
- 3.13. For 2023/24, the second judgment will no longer be required because as of 1 April 2023 the leisure centres were transferred from Freedom Leisure and into the Council's wholly owned subsidiary LWMTS Limited.
- 3.14. In addition, the Council has considered whether Group Accounts would be needed for 2023/24 to incorporate LWMTS Limited and Darwin prospects LLP, into the Council's main accounts.
- 3.15. Following a detailed assessment, submitted, and agreed with the External Auditors, the conclusion reached is that a set of Group Accounts, including LWMTS Ltd, would not be materially different to the Council's own set of accounts because most of the income is 'intra group' i.e., from the Council to LWMTS Limited. This assessment is based on LWMTS Limited's Approved Business Plan for 2023/24 and forecast year end position, which showed that there were no projected material variances to this Plan.
- 3.16. The Council has also concluded that Group Accounts are not required in relation to Darwin Prospects LLP. The LLP will be classified as a Joint Venture since the Council has rights to the net assets although during 2023/24 no material financial transactions have taken place.

Key Sources of Estimation Uncertainty

- 3.17. The Code of Practice requires the Chief Finance Officer to disclose the assumptions that have been made in the Statement of Accounts about the future and other major sources of Estimation Uncertainty. These should be disclosed in a separate note to the Statement of Accounts. This disclosure is limited to those estimates that have a significant risk of resulting in a material adjustment within the next financial year.
- 3.18. Disclosures are restricted to assets and liabilities whose carrying amount is dependent on estimates that are in turn dependent on difficult, subjective, or complex judgements for which there is a risk that correction or re-estimation with material effect in the next financial year might be required.
- 3.19. Estimation Uncertainty disclosures deal with situations where the Council has incomplete or imperfect information which will only be enhanced by future events. The minimum disclosure requirements are:
- The nature of the assets and liabilities affected
 - Their carrying amount at the end of the financial year.
- 3.20. However, International Accounting Standard (IAS) 1 'Presentation of Financial Statements' adds further information that might be needed depending on materiality of the assets/liabilities and the degree of uncertainty attaching to them, and this is supported by the Code of Practice:
- The nature of the assumption or other Estimation Uncertainty relating to the assets or liabilities
 - The sensitivity of the carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity
 - The expected resolution of an uncertainty and the range of possible outcomes for the carrying amounts of the assets/liabilities within the next financial year
 - An explanation of changes made to past assumptions concerning the assets/liabilities if the uncertainty existing at the start of the financial year remains unresolved at the end of the year.
- 3.21. Those estimates considered potentially material for 2023/24 and determined by using 2022/23 figures at **Appendix D** (the pension liability includes all components) and comparing them to the final external audit materiality level for 2022/23 of **£829,000** and planning level for 2023/24 of **£1,072,000** are shown below:



- 3.22. The approach and sources of estimates and assurance for each of these key sources are explained below:
- **Business Rate Appeals** – the source of estimates for 2017 and 2023 appeals are the Net Rates Payable and Government/Local Appeals allowances with assurance provided through financial planning experts and benchmarking.
 - **Pension Liability** - the source of estimates is the Pension Fund Actuary and assurance is provided by Staffordshire County Council’s Pensions Committee and Senior Pensions Officers.
 - **Non-Current Assets** - estimates are provided by the Valuer and assurance is via the Property Team.

- 3.23. Other estimates related to Bad Debt Provisions are at this stage not considered to be material for 2023/24.

Going Concern

- 3.24. The concept of a ‘Going Concern’ assumes that an authority, its functions, and services will continue in operational existence for the foreseeable future. Given potential legacy issues from Covid 19, combined with increasing inflation linked to Russia’s war with Ukraine, there remains a requirement to conform with professional standards within the Local Authority Code of Accounting Practice, for a separate discussion confirming the Council’s position with regards to its Going Concern status.
- 3.25. In accordance with the Code, the Council’s Statement of Accounts is prepared assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.
- 3.26. The main factors which underpin the going concern assessment are:
- the Council’s current financial position
 - the Council’s projected financial position
 - the Council’s governance arrangements
 - the regulatory and control environment applicable to the Council as a local authority.

The Council’s Current Financial Position

- 3.27. The current financial position of the Council is healthy not withstanding pressures in relation to inflation, and the ‘domino effect’ this creates across not only Council expenditure, but critical ly the ability of individuals to purchase goods and services. Other factors giving rise to a positive ‘going concern assessment’ based on the current financial position include:
- the adequacy of risk assessed provisions for doubtful debts
 - the range of reserves set aside to help manage expenditure
 - an adequate risk assessed working balance (Minimum Level) to meet unforeseen expenditure.
 - the CIPFA Resilience Index, OFLOG metrics and the External Audit Value for Money Assessment.

The Council’s Projected Financial Position

- 3.28. The Council’s Medium Term Financial Strategy (MTFS) is updated annually and reflects a five-year assessment of the Council’s spending plans and associated funding. It includes the ongoing implications of approved budgets and service levels and the revenue costs of the Council’s Capital Programme, as well as the management of debt and investments. Full Council approved the MTFS in February 2024, including a balanced budget for 2024/25.

The Council’s Governance Arrangements

- 3.29. The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Head of Paid Service, the Monitoring Officer, and the Section 151 Officer in addition to the current political arrangements.
- 3.30. An overview of this governance framework is provided within the Annual Governance Statement (AGS) which is included within the Statement of Accounts and is presented to the Audit Committee each year. The latest one relates to 2023/24 and is being presented to this same Committee. This includes a detailed review of the effectiveness of the Council’s governance arrangements, with a conclusion that these are generally effective.

The Regulatory and Control Environment

- 3.31. As a local authority, the Council must operate within a highly legislated and controlled environment. An example of this is the requirement for a balanced budget each year combined with the legal requirement for councils to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and central government control, there are other factors such as the role undertaken by External Audit as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.
- 3.32. Against this backdrop it is considered unlikely that a local authority would be 'allowed to fail' with the likelihood being, when faced with such a scenario, that central government would intervene supported by organisations such as the Local Government Association to bring about the required improvements or help maintain service delivery. Increasingly, councils across the country have had their finances adversely impacted due to a combination of factors, notably, poor commercial decisions, rising demand and increasing inflation. A few s114 Notices have been issued by s151 Officers. Good financial management by the District Council ensures that we are currently not in such a position, but we cannot be complacent given the risks that prevail in the wider economy. For instance, inflationary pressures continue to present some financial risks to the Council; however, such risks and their mitigations have been incorporated into the balanced budget for 2024/25. Such risks continue to be monitored regularly.

Conclusion

- 3.33. It is considered that having regard to the Council's arrangements and such factors as highlighted in this section, that the Council remains a going concern.**

Request for Views: Three Consultations in February and March 2024

- 3.34. On 8 February 2024, the Department of Levelling Up, Housing and Communities (DLUHC), National Audit Office (NAO) and CIPFA issued a Joint statement on update to proposals to clear the backlog and embed timely audit. The proposals maintain auditor independence and enable compliance with International Standards on Auditing (UK) (ISAs (UK)).
- **Phase 1:** Reset involving clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 30 September 2024.
 - **Phase 2:** Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
 - **Phase 3:** Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.
- 3.35. The three system partners consulted on the various proposals during February and March:
- **DLUHC's - Addressing the local audit backlog in England Consultation** ran until 7 March 2024. The proposals were to introduce statutory backstop dates for the publication of accounts up until 2027/28.
 - **NAO's - Code of Audit Practice Consultation** ran until 7 March 2024. The proposals were to allow auditors to issue a single value for money (VfM) opinion for all unaudited accounts until 2022/23, amend the audit report to include status of work completed and the type of opinion issued by the statutory deadline. The proposals make it clear the only instances when an opinion does not have to be issued by the statutory deadline.
 - **CIPFA LASAAC's - Consultation on short term England only measures in the Code** ran until 28 March 2024 and explored two options: simplifying measurement for operational property, plant and equipment using indexation; and reduced pension disclosures.
- 3.36. The Council has submitted a response to each consultation, and the outcomes are awaited.

Alternative options	The alternative options that the Audit Committee may consider are either not to approve any of the proposed Accounting Policies or not to approve some of the proposed Accounting Policies. The Committee may also consider either not to approve the Council's approach to both Critical Accounting Judgements and the Key Areas of Estimation Uncertainty.			
Consultation	Consultation has taken place with the Council's external auditors, Azets.			
Financial implications	The adoption of relevant Accounting Policies, Critical Accounting Judgements, Key Area of Estimation Uncertainty and Going Concern ensures that the Statement of Accounts is fit for purpose and is underpinned by sound financial management that helps us to spend wisely, attract financial funding and become more efficient. This in turn contributes to the Building a Better Council transformation programme designed to help us achieve our financial challenges.			
Approved by Section 151 Officer	Yes			
Legal implications	None identified.			
Approved by Monitoring Officer	Yes			
Contribution to the delivery of the strategic plan	By achieving our financial challenges, we are able to target our resources to the priorities set out in the Strategic Plan.			
Equality, diversity and human rights implications	There are no equality, diversity and human rights implications.			
EIA logged by Equalities Officer	Equalities Officer confirmed not required.			
Crime & safety Issues	There are no crime and safety issues.			
Data assessment	There is no impact.			
Environmental impact (including climate change and biodiversity)	There is no environmental impact.			
GDPR / Privacy impact assessment	It has not been necessary to undertake a Privacy Impact Assessment.			
	Risk description & risk owner	Original score (RYG)	How we manage it	New score (RYG)
A	The Accounting Policies, Critical Accounting Judgments and Key Area of Estimation Uncertainty are not produced in line with best practice, the CIPFA Code and IFRS.	Likelihood: Green Impact: Yellow Severity of Risk: yellow	The Accounting Policies form part of the Statement of Accounts that is audited by our external auditors.	Likelihood: Green Impact: Green Severity of Risk: Green
B	The judgments in the Key Area of Estimation Uncertainty are not seen as sufficient or may need to change as a result of more up to date information post Committee.	Likelihood: Green Impact: Yellow Severity of Risk: yellow	We will review our judgements as the Statement of Accounts is produced and up until the external auditors sign off the Accounts. These will be updated as appropriate.	Likelihood: Green Impact: Green Severity of Risk: Green
Background documents	Code of Practice on Local Authority Accounting 2023/24.			
Relevant web links				

APPENDIX A

Accounting Policies in the Code of Practice for Local Authorities **2023/24**

Accounting Policy	Adopted by the Council	Explanation if not Adopted
General Principles	Yes	
Accruals of Income and Expenditure	Yes	
Acquisitions and Discontinued Operations	No	No such transactions have taken place
Cash and Cash Equivalents	Yes	
Prior Period Adjustments, Changes in Accounting Policies, and Estimates and Errors	No	Not anticipated to be needed at this stage
Charges to Revenue for Non-current Assets	Yes	
Council Tax and Non-Domestic Rates	Yes	
Employee Benefits	Yes	
Events After the Reporting Period	Yes	
Financial Instruments	Yes	
Foreign Currency Translation	No	No foreign currency transactions
Government Grants and Contributions	Yes	
Heritage Assets	Yes	
Intangible Assets	No	Intangible assets are immaterial
Interests in Companies and Other Entities	Yes	
Inventories and Long-term Contracts	Yes	Inventories only
Investment Property	Yes	
Joint Operations	Yes	
Leases	Yes	
Overheads and Support Services	Yes	
Property, Plant and Equipment	Yes	
Highways Network Asset	No	Not relevant for district councils
Private Finance Initiatives (PFI) and Similar Contracts	No	No such contracts
Provisions, Contingent Liabilities and Contingent Assets	Yes	Provisions and contingent liabilities only
Reserves	Yes	
Revenue Expenditure Funded from Capital Under Statute	Yes	
Vat	Yes	
Fair Value Measurement	Yes	
Joint Ventures	Yes	

Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Local Government Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as Expenditure when the services are received rather than when payments are made.
- Interest receivable on Investments and payable on Borrowings is accounted for respectively as Income and Expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Revenue from contracts with service recipients is recognised when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation
- Where Revenue and Expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Therefore, our policy is to treat all instant access bank accounts and money market funds as cash equivalents and all other investments for less than one year (including any investments with notice periods) are treated as short term investments.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts such as Building Control are debited with the following amounts to record the cost of holding property, plant and equipment assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from Revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance known as the Minimum Revenue Provision (MRP). Our MRP policy is:

- For finance leases, the MRP will match the annual principal repayment for the lease, and;
- For all other assets, the MRP is based on the initial estimated life of the asset.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by MRP in the General Fund by way of an adjusting transaction between the General Fund and the Capital Adjustment Account. This transfer is shown in the Movement in Reserves Statement.

Council Tax and Non-Domestic Rates

Accounting for Council Tax

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors. The amount credited to the General Fund under statute is a Council's precept or demand for the year, plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and payments made to them is reflected as a debtor or creditor balance as appropriate.

Accounting for Non-Domestic Rates (NDR)

The NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year from the National Non Domestic Rates (NNDR) 1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from NDR payers belongs proportionately to all the major preceptors and Government. The difference between the amounts collected on behalf of the other major preceptors, Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2023/24 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2024. The estimate for the 2010 valuation lists have been calculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date. The appeals for the 2017 and 2023 valuation lists under the new Check, Challenge and Appeal process are based on the Government's allowance for appeals included in the multiplier of 2.1p.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, eg. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme (LGPS) administered by Staffordshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Staffordshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on high quality corporate bonds).
- The assets of Staffordshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities professional estimate.
 - Unquoted securities current bid price.
 - Unitised securities current bid price.
 - Property market value.
- The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), ie the net interest cost – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Actuarial gains or losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Staffordshire Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; **are** accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Fair Value Measurement

The Authority measures some of its non-financial assets such as investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Authority measures the asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority’s financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date.

- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

When a quoted price for the transfer of an identical or a similar liability is not available and the identical item is held by another party as an asset, for example, the Authority's loans borrowed, the Authority measures the fair value of the liability from that party's perspective.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised when the Council becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

Financial liabilities are initially measured at fair value and carried at their amortised cost, using the effective interest rate method. The effective interest rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are recognised when the Council becomes party to the contractual provisions of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and the Council has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

The Code allows for three classes of financial assets:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI).

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in the Code, and is determined at the time of initial recognition. In addition, the Council has elected to classify as FVOCI certain equity investments held for strategic purposes.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments (bank deposits and Certificates of Deposit).

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less an impairment loss allowance. Annual credits to the Financing Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

The Council has made loans, as part of its policy of homelessness prevention, at less than market rates (soft loans). When such loans are made, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain

required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS.

Financial Assets at Fair Value through Other Comprehensive Income

Financial assets measured at FVOCI are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Annual credits to the Financing Income and Expenditure line in the CIES for interest receivable are the same as if the asset was classified at amortised cost, but the asset is held on the balance sheet at fair value; the resulting difference is taken to the Financial Instruments Revaluation Reserve.

On de-recognition, the associated balance in the Financial Instruments Revaluation Reserve (FIRR) representing the accumulated fair values gain or loss is recycled to Finance Income and Expenditure.

Financial Assets at Fair Value through Profit and Loss

All other financial assets are measured at FVPL. They are held on the balance sheet and their fair value and all gains and losses, whether realised or unrealised are taken to the Financing Income and Expenditure line in the CIES.

On derecognition, the financial asset is derecognised with any surplus or deficit recognised financing and investment income in the CIES. A statutory mitigation is in place until 31 March 2025 so that unrealised gains and losses on pooled investment funds are taken to the Pooled Investment Fund Adjustment Account instead of the General Fund and so have no impact on revenue resources available to fund service expenditure.

Impairment

For all financial assets measured at amortised cost or at FVOCI, other than those elected as FVOCI, the Council recognises a loss allowance representing expected credit losses on the financial instrument. The Code requires that local authorities shall not recognise a loss allowance for expected credit losses on a financial asset where the other party is central government or a local authority for which relevant statutory provisions prevent default.

The Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition, and otherwise at an amount equal to 12 month expected credit losses.

For financial assets that have become credit impaired since initial recognition, expected credit losses at the reporting date are measured as the difference between the net present value of all the contractual cash flows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cash flows that the Council expects to receive, discounted at the original effective interest rate. Any adjustment is recognised in the Surplus or Deficit on the Provision of Service as an impairment gain or loss.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The Grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Heritage Assets

The Council's Heritage Assets are located at various Council properties. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's Heritage Assets are accounted for as follows:

Statues:

- These statues are located in various parks and open spaces and a library within the District. These items are reported in the Balance Sheet at insurance valuation and estimated market value. Insurance valuations are updated on an annual basis.
- The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost.

Art Collection:

- The art collection includes paintings and is reported in the Balance Sheet at estimated market value. The art collection is deemed to have indeterminate lives and hence the Council does not consider it appropriate to charge depreciation.
- Acquisitions are made by purchase or donation. Acquisitions initially are recognised at cost and any donations are recognised at valuation with valuations provided by external Valuers and with reference to the appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

Other Items:

- The Council has a number of items of civic regalia and trophies and these are reported in the Balance Sheet at insurance valuation. Insurance valuations are updated on an annual basis. The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost.
- The Council has a grand piano and this is reported in the Balance Sheet at insurance valuation. Insurance valuations are updated on an annual basis.

Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets eg where an item has suffered physical deterioration or breakage or where doubts arise over its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment - see page 96 (Impairment) and pages X to X (Property, Plant and Equipment) in this Summary of Accounting Policies. Any disposals are accounted for in accordance with the general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see pages X to X (Property, Plant and Equipment) in this Summary of Accounting Policies).

Interests in companies and other entities

The Council has a wholly-owned subsidiary, Lichfield West Midlands Trading Services Ltd. The financial transactions are not currently considered to be material to require the Council to prepare group accounts. In the Council's own single-entity accounts, the interest is recorded as a financial asset at fair value.

Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are

revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than **£10,000**) the Capital Receipts Reserve.

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operations. In relation to its interest in a joint operation the Council as a joint operator recognises:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly.

Joint Ventures

Lichfield District Council has entered into an agreement for the redevelopment of part of a shopping precinct in the town centre of which it is the current freeholder. The arrangement includes a number of property transfers and the creation of a limited liability partnership (Darwin Prospects LLP).

IFRS 9 permits investors to make an irrevocable election on initial recognition to measure equity investments at fair value through other comprehensive income (FVOCI). This election may be made on an investment-by-investment basis, so need not be applied consistently. For investments held on 31 March 2018, the election must have been made in the 2018/19 accounts.

This means that the investment is held on the balance sheet at its fair value, but that movements in the fair value are taken to the Financial Instruments Revaluation Reserve (FIRR) instead of Finance Comprehensive Income and Expenditure Account.

This option was included in IFRS 9 recognising that some investments are held for strategic purposes meaning that changes in fair value are not indicative of performance and therefore should be excluded from profit and loss. This reflects the accounting treatment of property held for service purposes (see earlier).

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant, and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).
- Any charge for services (charged to the relevant service line of the Comprehensive Income and Expenditure Statement). Where this charge cannot be separately identified, it is assumed to be the difference between the lease payment and the total of the charges for acquisition of the interest in the property, plant and equipment and the finance charge.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements (known as Minimum Revenue Provision or MRP). Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement and also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance. This means effectively that the cost of the overheads is shown in total within 'A Good Council' in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie. repairs and maintenance) is charged as an expense when it is incurred.

De Minimis Level

Expenditure below **£10,000** is not capitalised and therefore is charged to the Comprehensive Income and Expenditure Statement.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Component Accounting Policy for Property, Plant and Equipment

International Accounting Standard 16 (IAS 16) – Property, Plant and Equipment (PPE) contains the accounting requirements for the separate recognition, depreciation and de-recognition of parts of assets (referred to as componentisation).

All historical cost based assets with short lives, land and investment properties will be excluded from our Component Accounting Policy.

Components that are required to be depreciated separately are those that have a cost that is significant in relation to the total cost of the asset, a different useful life and method of depreciation.

Policy for Componentisation

- Components of an asset will be separated where their value is significant in relation to the total value of the asset and where those components have different useful lives to the remainder of the asset for depreciation purposes.
- Where there is more than one significant component part of the same asset with the same useful life, such component parts will be grouped together for depreciation purposes.
- A component may be an individual item or similar items with similar useful lives grouped.
- Where a component is replaced or restored, the carrying amount of the old component will be de-recognised and the new component added. Where the carrying value of the de-recognised/replaced component is not known a best estimate will be determined by reference to the current cost.
- Only assets with a carrying value of **£500,000** and over will be considered for componentisation.
- Of those assets, for the purpose of determining a 'significant' component of an asset, components with a value of 15% in relation to the overall value of the asset or over **£500,000** will be considered and then only if the component has a different useful life for depreciation purposes so as to result in depreciation charges that differ materially from the depreciation charges had the asset not been componentised.
- On componentisation any Revaluation Reserve balances will remain with the structure of the building. Any future revaluation gains and losses will be applied across components as appropriate.

To enable a structured approach to component accounting the following principles are applied:

To be considered for componentisation an individual asset (or a group of similar assets) must:

- (i) Have a carrying value of at least **£500,000**, or
- (ii) Have been acquired, or
- (iii) Have undergone revaluation, or
- (iv) Undergo a change in category classification

A component must:

- (v) Have a cost of at least **£100,000**, or
- (vi) Cost at least **15%** of the overall asset (whichever is higher), and
- (vii) Have a useful life which is at least **plus or minus five years** from other components of the overall asset.

Where components are identified, they will be set up separately in the asset register and have individual values, useful lives and depreciation methods recorded.

Valuation

The five year valuation cycle remains and therefore componentisation needs to be considered for each asset in the portfolio in excess of the **£500,000** threshold.

In addition, in each financial year, a list of assets that have had capital expenditure incurred will be considered in terms of this component accounting policy and enhancement spend (at cost) will be added to the relevant assets. These assets will then be subject to revaluation as part of our normal revaluation cycle.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Where a revaluation takes place all accumulated depreciation and impairment is eliminated because these are accounting estimates of changes in value whose value is confirmed by a formal valuation reflecting the actual condition of the property at the valuation date.

Impairment

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. Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement up to the amount of the original loss adjusted for depreciation that would have been charged if the loss had not been recognised. With our valuer we will continue to complete a desktop Impairment review on an annual basis.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie. freehold land and certain Community Assets) and assets that are not yet available for use (ie. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life as estimated by Managers.
- Infrastructure – straight-line allocation over the useful life as estimated by Managers.
- A full year's charge is made in the year of acquisition and no charge is made in the year of disposal or decommissioning.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of **£10,000** are categorised as capital receipts.

Receipts are credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Surplus Assets

Surplus Assets are those assets within property, plant and equipment that are not used to supply goods and services and that do not meet the criteria of assets held for sale. These assets are measured at fair value as a current value base and not existing use value.

Provisions and Contingent Liabilities

Provisions

Provisions are made where an event 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 Comprehensive Income and Expenditure Statement 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.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Contingent Liabilities

Contingent liabilities arise when an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute (REFCuS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. Lichfield District Council is in a VAT receivable position at year end; the balance outstanding is included in **Note 16** Short Term Debtors.

Critical Accounting Judgements

In applying the accounting policies set out in **Note 1**, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

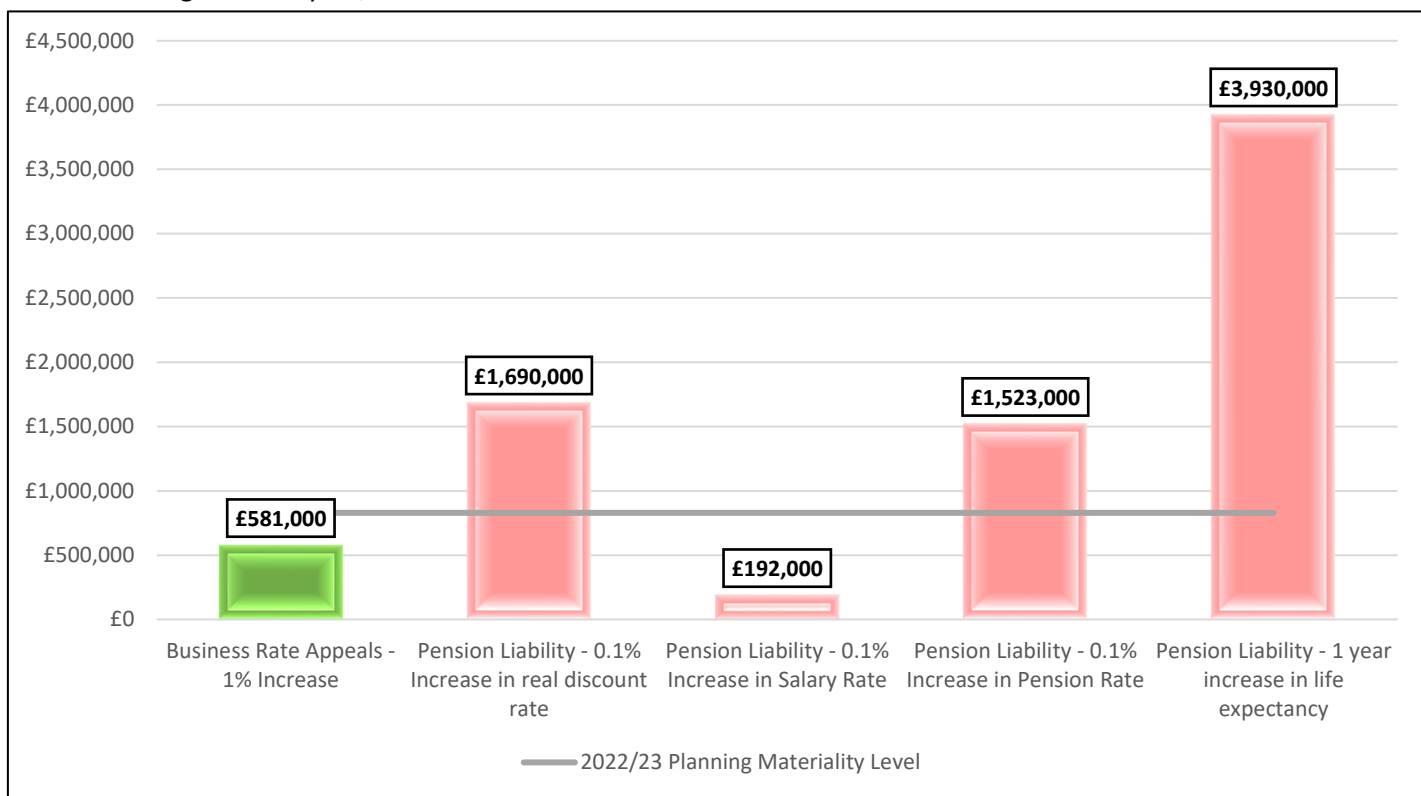
The critical judgements made in the Statement of Accounts:

1. The Council hosts the Joint Waste Service with Tamworth Borough Council and is responsible for management of the arrangement including the refuse fleet. Each Council is responsible for showing its share of income and expenditure and assets and liabilities within its Financial Statements. In February 2016 the Council procured a new waste fleet using a contract hire arrangement that has been evaluated under IAS 17 as a finance lease. The value of assets procured and the finance lease obligation was **£2,240,000**. A further **£680,000** of assets was added to this during 2016/17. At 31 March 2023 the Net Book Value of the assets was **£0** and the value of the finance lease obligation was **£0**. The assets of the operation in respect of vehicles, equipment, land and buildings have been assessed as being under the control of Lichfield District Council and are therefore shown on this Authority's Balance Sheet. The Joint Waste Service shares joint income and expenditure based on the ratio of properties in each area and the current ratio is **58.09%** Lichfield and **41.91%** Tamworth.
2. The Council outsourced the management of its leisure centres to Freedom Leisure on 1 February 2018. As part of the contractual arrangements, all leisure centre staff were transferred to Freedom Leisure via TUPE arrangements. Freedom Leisure has been admitted to the Staffordshire County Council pension fund and pension arrangements between Lichfield District Council, Staffordshire County Council and Freedom Leisure are managed using a pass through agreement. This agreement assigns most of the pension risk to Lichfield District Council. The IAS19 report provided by the actuary excludes the assets and liabilities relating to the transferred staff. As the Council acts as guarantor for the pension commitments of these former employees, an annual assessment is carried out by management of the risk and potential financial consequences should the Council be called to settle these liabilities. For 2022/23, the risk continues to be difficult to quantify after Covid-19 and with the cost-of-living challenges, but has been assessed at low, between **1%** or **£19,232** and **5%** or **£96,161**. This is based on the operating environment nationally, the overall financial position of Freedom Leisure and the contract between Freedom and the Council. In addition, the management of leisure centres will be insourced to LWM Traded Services Ltd from 1 April 2023.
3. The assumptions around the outcome of appeals against NNDR valuations (either received to date or expected to be received in future years) represent a material and critical judgement applied to the accounts. The appeals provision is empirically derived from past experience of the 2010 List as well as appeals determinations so far as made against the 2017 List. A **1%** variance in the determined appeals provision would alter the net locally retained income (40%) to the Council by **£6,000** for the 2010 list and **£595,000** for the 2017 list. Due to the technical adjustment relating to the Collection Fund Adjustment Account, this would not result in any change to the level of General Reserves.

Key Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority’s Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:



AUDIT COMMITTEE EFFECTIVENESS REPORT

Cabinet Member for Finance & Commissioning

Date: 17 April 2024

Agenda Item:

Contact Officer: Andrew Wood

Tel Number: 01543 308030

Email: Andrew.wood@lichfielddc.gov.uk

Key Decision? **NO**

Local Ward Full Council.

Members



Lichfield
District Council

AUDIT COMMITTEE

1. Executive Summary

- 1.1 The views of the Committee are requested to enable the annual self-assessment of Audit Committee effectiveness to be finalised following the initial discussion at the Audit Committee meeting held on 21 March 2024.
- 1.2 An indicative proposed plan has been developed and the views of the Committee are sought to enable its finalisation and delivery.

2. Recommendations

- 2.1 The Committee approves the attached self-assessment questionnaire and any actions identified to improve its effectiveness as appropriate.
- 2.2 The Committee considers and approves the proposed training plan.

3. Background

- 3.1 CIPFA published guidance on the function and operation of Audit Committees in local authorities and police bodies and this represents good practice for Audit Committees. This guidance updated in 2022 and incorporates *CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2022)* (the Position Statement). Additional guidance has also been issued in conjunction with the Position Statement.
- 3.2 The original effectiveness questionnaire was provided to Audit Committee at its meeting held on 21 March 2024. However due to technical Information Technology issues with the document it was only possible to undertake an initial discussion and it was therefore agreed the Audit Manager revisit the questionnaire and re-score elements based on the initial views of the Committee.
- 3.3 In terms of Committee effectiveness, several themes were identified at the meeting on 21 March 2024:
 - Lack of independent members on the Committee. The recruitment of independent members to the Committee and a skills audit was previously considered by the Committee on 27 September 2023. It was approved at this meeting that to supplement the skills of the Committee, two independent members would be recruited. Progress in this area has not been in line with the original plan due to reactive priority demands on the team. However, a job description and person specification has been drawn up and circulated to Chair and Vice Chair for comment. The position advert will be published during April 2024, with interview dates during May 2024 and appointment expected in June 2024.
 - Lack of private meetings between the Committee and both External and Internal Audit. An initial meeting was scheduled for 28th November 2023, however due to changes in the Council's External Auditors this did not occur. A private meeting is scheduled prior to the Audit Committee on 17th April 2024.

- Skills and membership of the committee. One area of improvement particularly highlighted by members in the meeting on 21 March 2024 was in respect of the levels of discussion and engagement from all members at committee meetings. This was due to the very technical nature of the items included on the Work Programme. An initial 'skills gap' audit was completed following the May 2023 elections and initial training on the Role of the Internal Audit Committee was provided on 13th July 2023. Any skills gaps will be addressed by having a robust training plan in place.

3.4 The revised questionnaire following re-scoring is attached as **Appendix 1** and results in an overall updated score of **172** out of **200** (the initial score was 192). This is an overall reduction in the scores provided in 2022/23 and reflects the significant changes in the composition of the Committee.

3.5 The outline training plan has now been developed with both internal and external providers and it is intended to cover the following indicative areas:

- Role of Audit Committee;
- Effectively reviewing committee reports;
- Local Government Finance;
- Treasury Management;
- Risk Management;
- Fraud and corruption;
- Role of Internal Audit; and
- Role of External Audit.

3.6 Further areas can be added dependent upon the suggestions received from the Committee.

3.7 Continual skills gap reviews will continue to be completed on an annual basis to ensure that any training issues are addressed and the next one is scheduled for June 2024.

3.8 Following completion of the effectiveness questionnaire and adoption of the training plan this will ensure that improvement areas are supported, and appropriate actions put into place to address any skills gaps.

Alternative options	1. N/A
Consultation	1. N/A
Financial implications	1. None.
Approved by Section 151 Officer	Approved.
Legal implications	There are no specific legal implications.
Approved by Monitoring Officer	Approved.
Contribution to the delivery of the strategic plan	An effective Audit Committee supports the delivery of the Council's Strategic Plan by seeking assurance that the Council's risk management, internal control and governance arrangements are sufficient and operating effectively.

Equality, diversity and human rights implications	There are no Equality, Diversity or Human Rights issues.
EIA logged by Equalities Officer	Yes/no* Equalities Officer confirmed not required.
Crime & safety Issues	There are no Crime and Community Safety issues.
Data assessment	None arising.
Environmental impact (including climate change and biodiversity)	None arising.
GDPR / Privacy impact assessment	There are no specific implications.

	Risk description & risk owner	Original score (RYG)	How we manage it	New score (RYG)
A	The Committee does not have the skills and knowledge available to ensure robust challenge and scrutiny of Council performance. Audit Manager	Likelihood: Yellow Impact: Red Severity: Red	<ul style="list-style-type: none"> ▪ Annual review of Audit Committee effectiveness with subsequent skills audit. ▪ Development and delivery of a training plan. ▪ The recruitment of two Independent Members to the Committee. 	Likelihood: Green Impact: Yellow Severity: Green

Background documents	<p>CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2022)</p> <p>Audit Committee routine reports, internal audit reports.</p> <p>Independent Member and Skills Audit – Report to Audit and Member Standards Committee 27 September 2023</p>
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Relevant web links	None.
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Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?
- 5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply					Partially complies and extent of improvement needed					Fully complies														
	Major improvement					Significant improvement					Moderate improvement					Minor improvement					No further improvement				
Weighting of answers	0					1					2					3					5				
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:																									
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 																									
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 																									
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 																									
Functions of the committee																									
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?																									
Governance arrangements																									
Risk management arrangements																									
Internal control arrangements, including:																									
<ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 																									
Annual governance statement																									
Financial reporting																									
Assurance framework																									
Internal audit																									
External audit																									
10 Over the last year, has adequate consideration been given to all core areas?																									
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?																									
12 Has the committee met privately with the external auditors and head of internal audit in the last year?																									

Good practice questions	Does not comply					Fully complies
	Partially complies and extent of improvement needed					
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
Weighting of answers	0	1	2	3	5	
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?						
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?						
26 Do audit committee recommendations have traction with those in leadership roles?						
27 Has the committee evaluated whether and how it is adding value to the organisation?						
28 Does the committee have an action plan to improve any areas of weakness?						
29 Has this assessment been undertaken collaboratively with the audit committee members?						
Subtotal score						
Total score						
Maximum possible score						200**

** 40 questions/sub-questions multiplied by five.

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CHAIR OF AUDIT COMMITTEE ANNUAL REPORT

Cabinet Member for Finance & Commissioning

Date: 17 April 2024
 Agenda Item:
 Contact Officer: Andrew Wood
 Tel Number: 01543 308030
 Email: Andrew.wood@lichfielddc.gov.uk
 Key Decision? NO
 Local Ward Members Full Council.



Lichfield District Council

AUDIT COMMITTEE

1. Executive Summary

1.1 This report presents the proposed Annual Report of the Audit Committee 2023/24 and seeks the Audit Committee’s endorsement prior to its submission to all Councillors.

2. Recommendations

- 2.1 That the proposed Annual Report of the Audit Committee 2023/24 (**Appendix 1**) be endorsed and that the Chair of the Audit Committee circulate the report to all Councillors.
- 2.2 To delegate to Audit Manager in conjunction with agreement by the Chair of the Committee to allow any subsequent minor changes to complete the Annual Report prior to submission to all Councillors.

3. Background

- 3.1 Audit Committees are an important source of assurance about an organisation’s arrangements for corporate governance, managing risk, maintaining an effective control environment and reporting on financial and other performance.
- 3.2 CIPFA recommend that Audit Committees produce an annual report to promote the role and purpose of the Committee, account for the Committee’s performance, evaluate whether the Committee is continuing to meet its terms of reference and document how the Committee adds value. The Audit Committee’s annual report fulfilling these requirements is set out at **Appendix 1**.
- 3.3 The annual report sets out:
 - An introduction from the Chair of the Committee.
 - A reminder of the Committee’s terms of reference
 - Member and Officer attendance at the Committee during the year.
 - A summary of training undertaken by Committee members.
 - A summary of the sources of assurance that the Committee received during 2023/24, notably, internal and external audit/inspection, financial management, risk management and corporate governance.

Alternative options

- 1. The Council is not obliged by law to appoint an Audit Committee. However, this has been done in line with good governance practice and CIPFA guidance.

Consultation	1. The Audit Committee's consultation and endorsement has been sought.
Financial implications	1. None.
Approved by Section 151 Officer	Approved.
Legal implications	1. There are no specific legal implications.
Approved by Monitoring Officer	Approved.
Contribution to the delivery of the strategic plan	1. An effective Audit Committee supports the delivery of the Council's Strategic Plan by seeking assurance that the Council's risk management, internal control and governance arrangements are sufficient and operating effectively.
Equality, diversity and human rights implications	1. There are no Equality, Diversity or Human Rights issues.
EIA logged by Equalities Officer	Yes/no* Equalities Officer confirmed not required.
Crime & safety Issues	1. There are no Crime and Community Safety issues.
Data assessment	1. N/A
Environmental impact (including climate change and biodiversity)	1. None arising.
GDPR / Privacy impact assessment	1. This has been a key area as part of the Committee's work programme and challenge during the year.

	Risk description & risk owner	Original score (RYG)	How we manage it	New score (RYG)
A	The Audit Committee is ineffective and does not fulfil the requirements of its terms of reference Audit Manager	Likelihood: Green Impact: Red Severity: Red	Annual reviews of committee effectiveness and work programmes.	Likelihood: Green Impact: Green Severity: Green
B	The value of the Committee's work is not known to the wider Council/organisation/the public. Audit Manager	Likelihood: Green Impact: Yellow Severity: Yellow	Promotion of work of the Committee via the annual report process.	Likelihood: Green Impact: Green Severity: Green

Background documents	Audit Committee routine reports, internal audit reports. Independent Member and Skills Audit – Report to Audit and Member Standards Committee 27 September 2023
Relevant web links	https://democracy.lichfielddc.gov.uk/mgCommitteeDetails.aspx?ID=134



Annual Report of the Audit Committee 2023/24

Introduction from the Chair of the Audit Committee

The start of the financial year commenced with continued support to the local area through the challenge of cost of living and further support in the ways that the Council operated. The Committee has received assurance around the Council's response to these issues during the financial year.

In relation to the committee's work, this has now been fully developed into a hybrid working approach with officers working from home and utilising the new office spaces within Frog Lane on a regular basis. The redevelopment of the work spaces have continued to develop and support this approach. Committee meetings have been undertaken through face to face meetings and 'live streaming'. The work of the Audit Committee meetings should be visible to members of the public and, as such, meetings have been held on site and broadcast live on YouTube streams. This availability appears to continue to have been well received by a number of viewers.

The remit of the Committee was changed during 2023/24 when it became solely an Audit Committee. Where required a sub committee will be drawn up to hear any Member Standards complaints.

The Annual Report's main purpose is to allow the Council to demonstrate to residents, stakeholders and partners, the significance of the Audit Committee's role and the positive contribution it has made to the Council's overall governance arrangements.

The internal audit programme completion level has been high when compared to the agreed plan and the number of concerns identified throughout the programme have been few. As we have identified some outstanding audit recommendations, members have been able to interrogate further where there have been instances of less than adequate assurances, I am committed to following up these outstanding audit recommendations with the potential of summoning managers to the Audit Committee for accountability.

Risk Management within the Council has continued to be by the Committee in relation to the levels of risks above the risk appetite of the Council and the concerns around Cyber Security. During the year regular quarterly updates were provided to Committee.

As we ended the 2023/24 financial year, the District Council introduced Azets Audit Services for our external audit provision for the next five years to 2027/28.

During the year there have been continued arrangements put in place for the Internal Audit Shared Service arrangement with Tamworth Borough Council. This arrangement was renewed on 1st October 2023 and will complete September 2025. This has been supported by external contractors who we have procured during the year to provide specialist IT Auditor services and general auditor services.

The Committee has appreciated the support and assurance the audit personnel have given from these arrangements.

I am therefore thankful for all members and officers who have contributed to the work of the committee over the last 12 months. There will be continuing financial challenges facing us, as well as continuing our work to ensure the Council's overall governance framework remains fit for purpose.

Councillor Wai-Lee Ho,

Chair of the Audit Committee 2023/24 - April 2024

1. Terms of Reference

The terms of reference, which the Committee operated to during 2023/24, is detailed at Part 3 of the Council's constitution at the following link:

<https://democracy.lichfielddc.gov.uk/documents/s8011/Part%203%20Final%20v4.pdf>

2. Member and Officer Attendance

The Audit Committee met 6 times during the 2023/24 municipal year.

Membership of the Audit Committee during the 2023/24 municipal year and their attendance is detailed below:

Audit & Committee Member	Date of Committee Meeting					
	20/7/23	27/9/23	28/11/23	1/2/24	21/3/24	17/4/24
Councillor Wai-Lee Ho	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor Phil Whitehouse	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor Thomas Marshall		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	TBC
Councillor Dave Robertson	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor John Smith	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor Paul Taylor	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor Sharon Taylor	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Councillor Keith Vernon		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	TBC
Councillor Sue Woodward				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC

During the year Councillor Sharon Taylor left the committee and Councillor Sue Woodward joined for its meeting on 1st February 2024.

A number of the Audit Committee Members also sat on various other Committees. There were no reports received during the year that necessitated Members absenting themselves.

Senior officers from the council also attend the Audit & Member Standards Committee meetings as appropriate, including the Assistant Director - Finance & Commissioning (Section 151), Chief Operating Officer, Audit Manager (Shared Service) and Data Protection Officer. The External Auditors also attend and the Cabinet Member for Finance & Commissioning usually observes.

3. Training & Effectiveness

The role of the Audit Committee training was provided on 20 July 2023, and this was supported by a Member's Skills Audit undertaken at the beginning of the municipal year. A further report on Independent Members and skills audit was considered on 27 September 2023 and the Committee approved the appointment of two Independent Members. In addition, we undertook an Audit Committee Effectiveness review which was reported to committee on 21st March 2024. A training plan for members is being developed and will be rolled out in 2024/25.

Due to the hard work and commitment of the Committee members during the year this has led to the committee being able to effectively carry out its role. This was further supported by the annual review of the Committee's effectiveness as reported in March 2024.

Sources of Assurance during 2023/24

In fulfilling its terms of reference, the business conducted by the Audit Committee during 2023/24 is detailed at **Appendix A** per the following themes: -

- Internal Audit;
- External Audit / Inspection;
- Financial Management;
- Risk Management;
- Corporate Governance;

The Committee gained assurance in 2023/24 from these themes as follows:-

Internal Audit

In respect of the 2022/23 financial year, a positive Internal Audit Opinion was given from the Shared Head of Audit as follows:

On the basis of our audit work, our opinion on the council's framework of governance, risk management and internal control is adequate in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed.

The Internal Audit Service was externally assessed for compliance with the Public Sector Internal Audit Standards and was found to 'generally conform' which is the highest rating available. An Action Plan has been agreed with management and all actions were completed during 2023/24.

Internal Audit also provide quarterly progress reports to committee and an annual report which details the performance of the service.

External Audit / Inspection

The main responsibility of the External Auditor is to report on the Council's Accounts and whether the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Grant Thornton reported on the 2022/23 Accounts. The Council is yet to receive Grant Thornton's external audit opinion, finalised Annual Audit Report and value for money assessment due to delays in the provision of Pension Fund Assurance from the Pension Fund External Auditors.

Financial Management

The Committee scrutinised the 2022/23 Statement of Accounts and also received assurances on the Council's financial management arrangements (e.g. treasury management, prudential indicators) from the Assistant Director – Finance and Commissioning (Section 151 Officer). The Committee also received a report on the CIPFA Resilience Index, regular Internal Audit Progress Reports, including a number giving assurance on financial management and controls during the period. The Committee also received assurance on compliance against Financial Procedure Rules and Contract procedure rules.

Risk Management

The Committee has received quarterly updates on the Council's Risk Management arrangements via review of the Strategic Risk Register. The risk environment continues to develop following the progress

made in respect of cost of living support and together with Cyber Security has dominated the Council’s risk management arrangements this year and will continue into 2024/25. The Council has aligned its strategic risks to the new Strategic Plan as well as introducing the 3 lines of defence model to risk management activities and has developed its sub strategic risk processes.

The Audit Committee also gained assurance around risk management and challenged management in relation to the approach taken in respect of cyber security.

The Council’s current 6 strategic risks are as below, together with their position on the matrix, note **SR6** was removed from the strategic risk register during 2023/24.

likelihood				
		SR3		SR7
			SR1, SR2, SR4, SR5	
	Impact			

- **SR1:** Pressures on the availability of finance may mean the Council is not able to deliver the key priorities of the strategic plan.
- **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.
- **SR7:** Threat to the Council’s ICT systems of a cyber-attack.

Corporate Governance

The Annual Governance Statement (AGS) and review of effectiveness for the 2022/23 financial year, concluded that the effectiveness of the system of internal control was fit for purpose overall.

The Committee also:

- undertook a review of its own effectiveness in line with CIPFA good practice and confirmed that it continued to meet its terms of reference. The Committee also reviewed its skills. Consideration was given to whether appointing an Independent Person was necessary but the Committee concluded that it had sufficient skills and experience in the existing membership to be able to conduct its business effectively.
- received assurances on updates on the Council’s Contract Procedure Rules and Financial Procedure Rules;
- received an update on the implications for the audit regime resulting from the Redmond Review; and
- received the annual report of the Monitoring Officer and Exceptions and Exemptions to Procedure Rules

Regular updates on the adequacy of the Council's counter fraud arrangements were also taken including the approval of the suite of counter fraud and corruption policies (counter fraud and corruption policy statement, strategy and guidance notes; whistleblowing policy, anti-money laundering policy and prevention of tax evasion policy).

4. Conclusion

The Committee has been able to confirm that there were no areas of significant duplication or omission in the systems of governance in the authority that had come to the Committee's attention during 2023/24 that were not being adequately resolved.

Through members receiving this report, the role and purpose of the Committee has been promoted and it has demonstrated that the Committee has continued to perform, meet its terms of reference and added value. This work will continue in 2043/25 with the Committee's refreshed work programme.

Appendix A

Summary of Audit & Member Standards Committee Work Plan by Assurance Theme 2023/24

MeetingDate	Report	Assurance Theme				
		Internal Audit	External Audit / Inspection	Financial Management	Risk Management	Corporate Governance
20/7/23	Annual Treasury Management Report			<input checked="" type="checkbox"/>		
	CIPFA Resilience Index			<input checked="" type="checkbox"/>		
	Internal Audit Quarterly Progress Report	<input checked="" type="checkbox"/>				
	Quality Assurance & Improvement Programme/PSIAS	<input checked="" type="checkbox"/>				
	Risk Management Update				<input checked="" type="checkbox"/>	
	Compliment, complaints, MP & FOI enquiries report 22/23					<input checked="" type="checkbox"/>
	RIPA reports policy and monitoring					<input checked="" type="checkbox"/>
	Audit Plan (including Planned Audit Fee 22/23)		<input checked="" type="checkbox"/>			
	Informing the Audit Risk Assessment		<input checked="" type="checkbox"/>			
27/9/23	Independent Member & Skills Audit					<input checked="" type="checkbox"/>
	Compliance & GDPR Update					<input checked="" type="checkbox"/>
28/11/23	Audit Findings Report 21/22		<input checked="" type="checkbox"/>			
	Audit Findings Report 22/23		<input checked="" type="checkbox"/>			
	Auditor's Annual Report 22/23		<input checked="" type="checkbox"/>			
	Statement of Accounts 21/22			<input checked="" type="checkbox"/>		
	Statement of Accounts 22/23			<input checked="" type="checkbox"/>		
	Mid-Year Treasury Management Report			<input checked="" type="checkbox"/>		
	LWMTS Annual Report					<input checked="" type="checkbox"/>
	Internal Audit Quarterly Progress Report	<input checked="" type="checkbox"/>				
	Risk Management Update				<input checked="" type="checkbox"/>	
1/2/24	Counter Fraud Update Report	<input checked="" type="checkbox"/>				
	Audit Plan (including Audit Fee 23/23)		<input checked="" type="checkbox"/>			
	Treasury Management Statement and Prudential Indicators			<input checked="" type="checkbox"/>		
	Internal Audit Quarterly Progress Report	<input checked="" type="checkbox"/>				
	Risk Management Update				<input checked="" type="checkbox"/>	
21/3/24	GDPR/Data Protection Policy					<input checked="" type="checkbox"/>
	Internal Audit Plan and Charter 24/25	<input checked="" type="checkbox"/>				
	Review of Effectiveness of Audit Committee					<input checked="" type="checkbox"/>
	Outstanding Audit Recommendations	<input checked="" type="checkbox"/>				

Meeting Date	Report	Assurance Theme				
		Internal Audit	External Audit / Inspection	Financial Management	Risk Management	Corporate Governance
17/4/24 TBC	Accounting Policies and Estimation Uncertainty			<input checked="" type="checkbox"/>		
	Annual Governance Statement					<input checked="" type="checkbox"/>
	Chair of Audit Committee Annual Report 23/24					<input checked="" type="checkbox"/>
	Annual report for Internal Audit 2023/24 (including year end progress report)	<input checked="" type="checkbox"/>				
	Risk Management Update				<input checked="" type="checkbox"/>	
	GDPR/Data Protection Policy Update					<input checked="" type="checkbox"/>
	Review of Effectiveness of Audit Committee					<input checked="" type="checkbox"/>

Internal Audit Annual and Quarterly Progress Report 2023/24

Cabinet Member for Finance and Commissioning

Date: 17 April 2024

Agenda Item:

Contact Officer: Andrew Wood

Tel Number: 01543 308030

Email: Andrew.wood@lichfielddc.gov.uk

Key Decision? NO

Local Ward Full Council

Members



Lichfield District Council

Audit Committee

1. Executive Summary

- 1.1 This report comprises Internal Audit’s Annual Report, including results for the quarter to 31 March 2024 (**Appendix 1**).

2. Recommendations

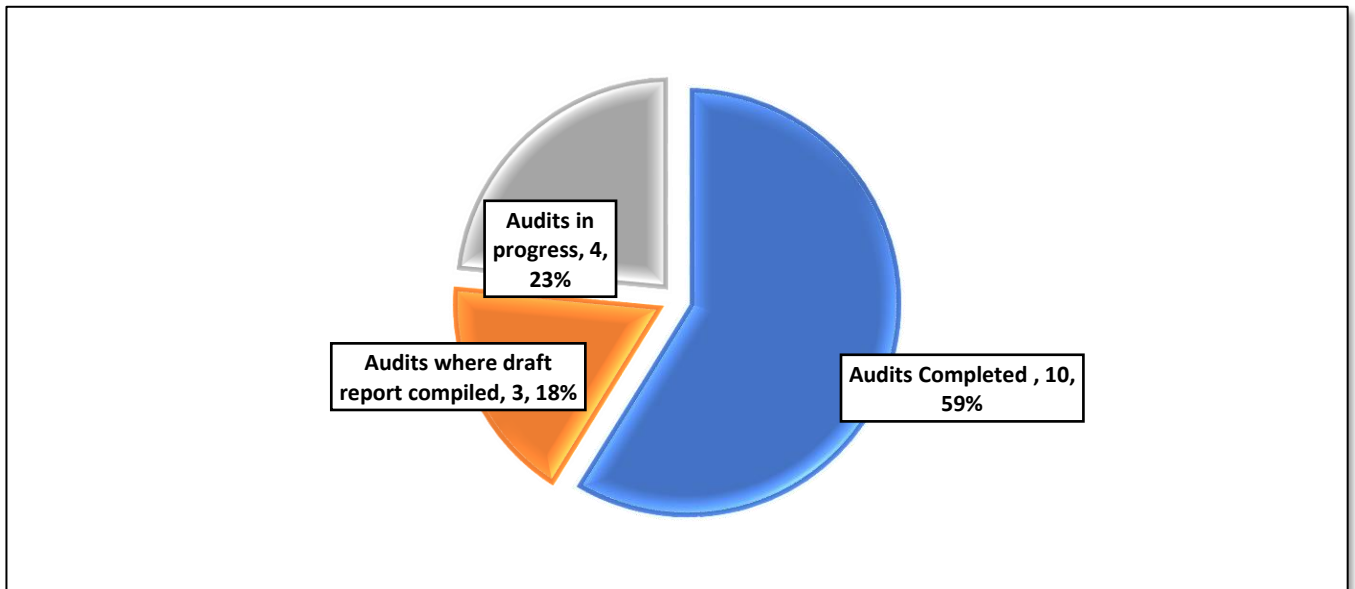
- 2.1 To note Internal Audit’s Annual Report, including results for the quarter to 31 March 2024.

3. Background

- 3.1. The Annual Report for Internal Audit details the work completed during 2023/24. The purpose of this report is to express an opinion of the soundness of the governance, risk management and control environment and highlight any controls issues relevant for inclusion in the Annual Governance Statement. The overall opinion for the financial year is summarised below.
- 3.2. The internal audit plan 2023/24 initially comprised **19 (including the additional IT audits)**. During the year this figure was adjusted to take into account the audits brought forward from 2022/23 and those deferred into 2024/25. The total audits to be completed during the year was therefore revised to **17 (including the additional IT audits)** and this is explained further below:

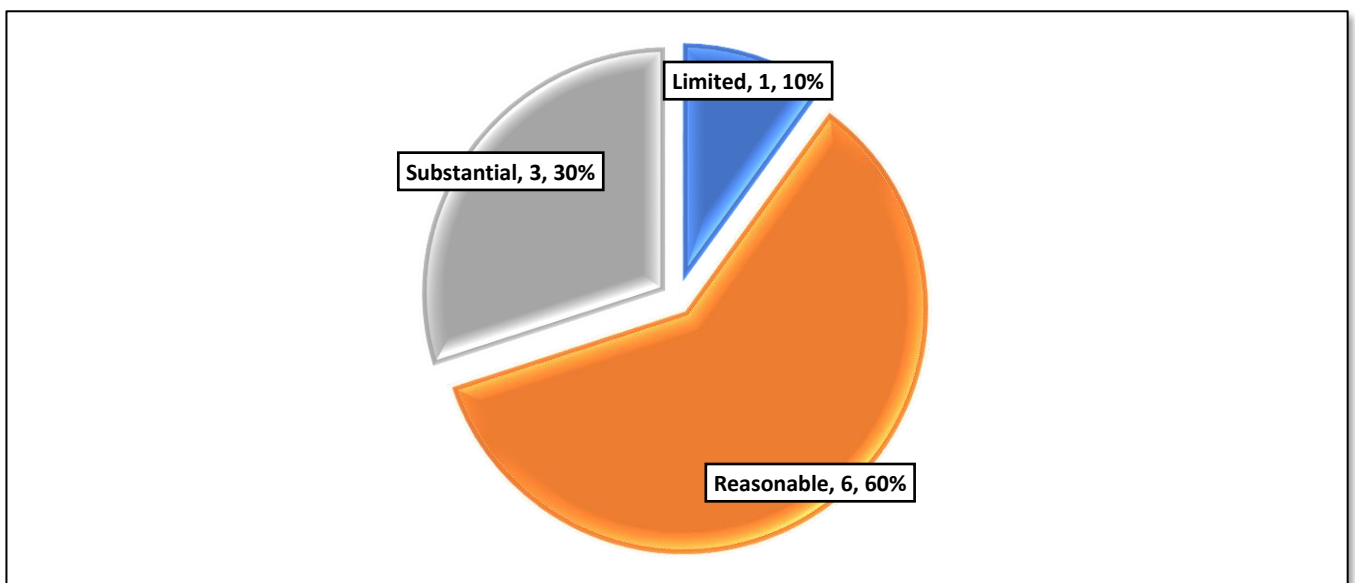
Audit Plan (Approved 23/03/2023)	19
Add Audits Brought Forward from 2022/23:	
Development Management	1
Taxi Licensing	1
Less Audits Carried Forward to 2024/25:	
Major Projects	-1
Property Leases	-1
Public Open Spaces	-1
Strategic Housing Options	-1
Final Audit Plan	17

3.3. The progress compared to the Final Audit Plan is shown below:



3.4. The target of achieving **90%** of the plan has not been reached with **59%** of the plan fully achieved at year end. However, taking into account the number of audits where fieldwork has been fully completed, reports drafted, and we are awaiting closure meetings this completion rate increases to **77%**.

3.5. A summary of the internal audit work undertaken and audit assurance opinions issued is shown in detail at **Appendix 1** and in summary below:



3.6. We issued 8 satisfaction questionnaires during the period and received 5 responses. The service achieved an average score of **4.0**, compared to a KPI of 4. We will continue to record outstanding questionnaires as these are received.

3.7. The performance against other KPI's has been affected due to allowing service areas to concentrate on business critical service delivery and the unforeseen circumstances which affected the section. This has resulted in exceeding timescales set as targets within the KPI's. We will continue to manage this situation with the external provider to improve turnaround timescales.

3.8. At the previous Audit Committee a specific agenda item was brought to committee highlighting the outstanding audit recommendations. Additional detail has also been included within the **Appendix 1**. As at 31st March 2024 there are currently 103 outstanding audit recommendations shown in the table below;

Action Priority Rating	Total Open Actions at 1 April 2023	Actions Raised Since April 2023	Total Overall	Total Closed out at 31 March 2024	Total Open at 31 March 2024	% Implemented in the period
High	13	19	32	17	15	53 %
Medium	102	17	119	61	58	51 %
Low	69	17	86	56	30	65 %

3.9 As at 1 April 2023 there were 13 high priority recommendations which had been raised and were overdue. During the financial year 2023/24 19 'high priority' recommendations have been raised. The table outlines that currently there are 15 outstanding high priority recommendations of which 14 are overdue. As previously reported to Committee we report high priority recommendations to Leadership Team monthly to discuss all outstanding recommendations and the progress management is taking to address these issues. To enable clarity around the current position in relation to the overdue high priority recommendations I have included commentary on these in **Appendix 1** of this report.

3.10 During 2023/24 two issues of note were identified in respect of the LWMTS management and control over the DWP Searchlight system and a whistleblowing allegation. A briefing note was provided to members of the committee outlining the issues in relation to the whistleblowing allegation. No matters of fraud have been reported during the year.

Alternative options	Not applicable.
Consultation	Not applicable.
Financial implications	The Audit Service has been delivered within budget during 2023/24.
Approved by Section 151 Officer	Yes
Legal implications	There are no specific legal implications.
Approved by Monitoring Officer	Yes
Contribution to the delivery of the strategic plan	Delivery of the audit plan contributes to all aspects of the District Council's Strategic Plan.
Equality, diversity and human rights implications	There are no Equality, Diversity or Human Rights issues.
EIA logged by Equalities Officer	No Equalities Officer confirmed not required.
Crime & safety Issues	There are no Crime and Community Safety issues.

Data assessment	Not applicable.
Environmental impact (including climate change and biodiversity)	None arising.
GDPR / Privacy impact assessment	No specific implications.

	Risk description & risk owner	Original score (RYG)	How we manage it	New score (RYG)
A	Significant / high risk systems of internal control fail and go undressed. Audit Manager	Likelihood: Yellow Impact: Red Severity: Red	The audit planning process ensures that audit resources are directed to areas of most significant /highest risk.	Likelihood: Green Impact: Yellow Severity: Yellow

Background documents	Audit Plan and Charter approved by Audit & Member Standards Committee 23 March 2023.
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Relevant web links	None.
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An aerial photograph of a university town. In the foreground, a river flows through lush green trees. The middle ground is dominated by a large, historic Gothic cathedral with multiple spires and a complex roofline. Surrounding the cathedral are numerous red-brick buildings, likely university halls or faculty residences. The background shows a rolling landscape of green fields and distant hills under a clear blue sky.

Internal Audit Annual Report and Progress Report (Quarter 4) 2023/24 April 2024



Contents

- 01 Introduction
- 02 Internal Audit Work Undertaken
- 03 Annual Opinion
- 04 Follow Up
- 05 Performance of Internal Audit

Appendices

- 01 Summary of Internal Audit Work Undertaken in 23/24
- 02 Assurance and Recommendation Classifications

If you have any questions about this report, please contact Andrew Wood andrew.wood@lichfielddc.gov.uk

The matters raised in this report are the ones that came to our attention during our internal audit work. While every care has been taken to make sure the information is as accurate as possible, internal audit has only been able to base these findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be needed. This report was produced solely for the use and benefit of Lichfield District Council. The council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

01 INTRODUCTION

BACKGROUND

This report comprises Internal Audit's Annual Report and Progress Report for quarter 4 to 31 March 2024.

SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations 2015 require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This opinion forms part of the framework of assurances that is received by the council and should be used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Internal Audit's professional responsibilities as auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board. During 2022/23 we completed the External Quality Assessment and were found to 'generally conform' to the standards. An agreed Action Plan has been developed and this will be reviewed by management and reported to committee in the new municipal year.

ACKNOWLEDGEMENTS

Internal audit is grateful to the heads of service, service managers and other staff throughout the council for their help during the period.

02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2023/24 was approved by the Audit & Member Standards Committee in March 2023. The plan was for a total of 19 audits (3 of which were deferred from 2022/23). The three audits deferred from 2022/23 were PCI DSS, Housing and Council Tax Benefit and Development Management (Performance). A final report has been submitted to management relating to PCI DSS. Housing and Council Tax Benefit is at draft report stage. Development Management has been further deferred due to the current departmental restructure. From the plan for 2023/24 Taxi Licensing and Strategic Housing has been refocussed to review Housing Options a full review of Strategic Housing has been included in the plan for 2024/25. Further adjustment of the audit plan was required and in total the new plan of work included 17 audits.

During 2023/24 we have procured the services of BDO and E-Tec Business Services for delivery of the plan, together with internal auditor resource.

A key performance indicator for Internal Audit is to continue towards the target of 90% audit plan achievement at year end, we are currently at 59% completion of the plan as at 31st March 2024 of the adjusted audit plan, however this only related to fully finalised audits. Taking into account audits, as at 31st March 2024, where fieldwork was fully completed and both draft reports and closing meetings have been scheduled our plan completion rate is 77%.

Performance against internal audit KPI's is at section 05 but clearly the above has had an effect. This is particularly highlighted in the turn around times for audits from fieldwork completion to draft report and final report agreement. We will continue to liaise with our general audit service provision to improve the turnaround timescales for 2024/25.

APPENDIX 1

The audit findings of each review, together with recommendations for action and the management responses are set out in our detailed reports. A summary of the reports we have issued during the period is included at **Appendix 01**.

We continue to work with management in respect of reviewing completed audit recommendations.

4 OPINION

SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon us which may have impinged our ability

to meet the full internal audit needs of the organisation.

- What proportion of the organisation's internal audit needs have been covered to date.

INTERNAL AUDIT OPINION

On the basis of audit work completed, our opinion on the council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed.

SPECIFIC ISSUES

No specific issues have been highlighted through the work undertaken by internal audit during the year.

FRAUD & IRREGULARITY

A review of DWP searchlight was undertaken due to a data breach and additionally, work was undertaken regarding a whistleblowing allegation which has been raised with management. Internal Audit carried out initial staff interviews to determine the veracity of the claims and subsequent management investigation is ongoing. Recommendations are in the process of being agreed by management to strengthen arrangements.

CONSULTANCY & ADVICE

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters. During the period to 31st March 2024, the following was undertaken:

- Fuel
- Review of DWP Searchlight
- Lichfield BID
- Parks

5

FOLLOW UP

Internal audit follow up all high priority actions and those arising from no and limited overall assurance, manager’s confirmation applies to the rest (see KPI section 05).

Of those receiving a no or limited assurance opinion which require follow up, a summary of progress to date on these audits is given at Appendix 01.

Currently there are 103 outstanding recommendations at 31st March 2024, shown in the table below:

Action Priority Rating	Total Open Actions at 1 April 2023	Actions Raised Since April 2023	Total Overall	Total Closed out at 31 March 2024	Total Open at 31 March 2024	% Implemented in the period
High	13	19	32	17	15	53 %
Medium	102	17	119	61	58	51 %
Low	69	17	86	56	30	65 %

Due to the changes in the management structure and previous ongoing senior management vacancies, which have now been filled further work will be undertaken in respect of outstanding audit recommendation. All high recommendations are re-tested and 10% of medium and low priority actions are sample tested to confirm the accuracy of manager’s confirmation. Actions sampled confirmed implementation. We have recently completed a follow up of the GDPR limited audit and we can now provide a substantial assurance.

Of those audits receiving a no or limited assurance opinion which have been followed up, a summary of progress to date is given at Appendix 01.

Committee have previously asked for further details relating to current high priority recommendations. There are currently 15 high priority recommendations of which all are overdue, these are detailed in the table below. Additionally, all high priority audit recommendations are reported to Leadership Team to provide feedback and sight of outstanding recommendations.

05 PERFORMANCE OF INTERNAL AUDIT

Compliance with professional standards

We employ a risk-based approach in planning and conducting our audit assignments. Our work has been performed in accordance with PSIAS.

Conflicts of interest

There have been no instances during the year which have impacted on our independence that have led us to declare an interest.

Performance of internal audit

Internal audit quality assurance

To make sure the quality of the work we perform, we have a programme of quality measures which includes:


- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

Performance Measures


- Complete 90% of the audit plan - **77% of adjusted plan**
- 100% Draft reports issued within 6 weeks of start date – **50%**
- 100% Closure meetings conducted within 5 days of completion of audit work – **100%**
- 100% draft reports to be issued within 10 working days of closure meeting – **73%**
- 100% of all high priority actions are implemented at follow up – **53%**
- All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up – **100%**
- Achieve an average customer satisfaction score of 4 or more – **75% (5 out 8 issued)**
- Added value – **None quantifiable**

APPENDIX 1


APPENDIX 01: SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Creditors (SR1)	Risk based review covering the adequacy and effectiveness of controls around creditor payment systems and credit cards	Q3	<p>We have reached the overall opinion that the Council have Reasonable controls to support creditor payment systems. Our review found that both orders and payments to suppliers have strong controls over the processes. Request forms for POs are approved under different approval limits and POs must be matched to GRNs before a BACs run of payments is made. Testing of a sample of transactions found no exceptions. Suppliers to the Council were found to have been paid accurately and in a timely manner, in line with the Council 30-day target. This target is also adequately monitored through both management reporting done informally between the Chief Financial Officer and management. There are also Money Matter Reports which are reported to the Cabinet and Overview and Scrutiny Committee, providing sufficient oversight to the process.</p> <p>Our review also found that supplier bank details are only added or amended once sufficient checks have been completed. A sample of amendments to supplier bank details found that appropriate documentation, like headed bank details, was received before changes were made. In addition, any bank details that did not reconcile with Council records, were confirmed with suppliers before any payments were made.</p> <p>However, we identified exceptions relating to controls around Council credit card transactions. We recognise that additional resources will enable</p>	 <p>Reasonable Assurance H-0 M-1 L-0</p>


APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				the Council to focus further on this area in the future.	
	Payroll (SR1)	Risk based review of Payroll including assurance over the adequacy of controls around maintenance of systems, approval for payment and database management to ensure payments are correctly made.	Q2	Closing meeting to be held, draft report completed to be discussed with management.	
	Accounting & Budgetary Control (SR1)	Risk based review of the adequacy of controls surrounding accountancy and budgetary control arrangements across the council.	Q2	<p>Overall, the Council have Reasonable controls in place to support its management of budgetary control and accounting, partly due to a lack of formal training for new budget holders posing a risk of budget overruns. Across our interviews with budget holders, training was regularly raised as an area where they would prefer additional support.</p> <p>The Council do have a structure in place to offer scrutiny of budgets at several stages such as meetings between the Finance Team and budget Holders and oversight at Leadership meetings and Cabinet. Therefore, reasonable assurance has been provided as budgets are reported monthly and finance advisors support budget holders with their responsibilities.</p>	 Reasonable Assurance H-0 M-1 L-1
	Major Projects (SR1, SR3, SR4)	Risk based review to ensure that major projects are run in line with best practice, financial arrangements are robust and project management protocols and controls maintained.	Q1	Audit work commenced and fieldwork being undertaken.	


APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion	
Page 63	Housing & Council Tax Benefit	Risk based review of the adequacy of controls surrounding awarding of Housing & Council Tax Benefits to ensure with the correct assessment and awarding of benefit. Deferred from 2022/23.	Q2	<p>Management comments received, report to be finalised and issued.</p> <p>We have reached the overall opinion that the Council have Reasonable controls to support the management of housing and council tax benefits. Our review found that the Council has strong controls in place for processes that assess benefit applications, retain evidence and monitor KPIs.</p> <p>However, our testing found that the timeliness for processing new CTRS applications could be improved. Our sample had an average of 33.8 standard working days between the date of all information being received to the date a decision was made. This is above the target of 20 days.</p> <p>In addition, there are currently no agreed plans in to place to increase utilisation of robotics and automation. Interfacing and updating issues with the current robot have delayed plans to increase its capabilities. Although a contract has been agreed with a supplier to further refine CTRS delivery, a project plan is not yet in place.</p>	 Reasonable Assurance H-0 M-1 L-1	
	Strategic & Operational Risks	Fees and Charges (SR1)	Risk based review of the adequacy and effectiveness of the controls in place to Ensure that fees and charges are regularly reviewed, updated and charged correctly.	Q1	Audit work commenced and fieldwork completed, closing meeting organised, report drafted.	
		Taxi Licences (SR4)	Risk based review to ensure licencing arrangements are effectively controlled.	Q4	Audit brief discussed and finalised in August 2023. Audit deferred to 2024/25 due to change in policy.	Deferred


APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Property Lease and Charges (SR2, SR4)	Risk based review regarding Property Leases and Charges to ensure that lease income is maximised and controls are effectively being implemented and operated.	Q2	Fieldwork commenced and in progress.	
	Strategic Housing (SR2, SR3, SR4, SR5)	A review of Strategic Housing to ensure effective management arrangements in place.	Q2	Review updated to only include Housing Options. Full review of Strategic Housing to be completed in 2024/25	
	LA Trading Company (SR1, SR2, SR3, SR4, SR5)	A review of the governance arrangement sand structures in place.	Q3	<p>Overall the Council have Reasonable controls in place for the governance of LWMTS, its wholly-owned company. Although, it should be noted that our review was focused on an assessment of the documentation in place to support statutory compliance and effective governance. We are not providing an opinion on the management of the Company itself.</p> <p>The Council incorporated LWMTS in September 2019, using the model Articles of Association. It also has a Shareholder Agreement, clearly outlining matters that are reserved for the Council, to manage financial and operational risk relating to the Company. The Business Plan for 2023/24 was approved in October 2022 by the Shareholder. However, we noted that clear key performance indicators have not been identified for reporting purposes to support effective monitoring of the performance of the Company in delivering the agreed objectives. Performance is reported to the Council's Deputy Leader informally by the Chief Executive on a periodic basis and LWMTS prepares and Annual Report each year which highlights some of its successes.</p>	 Reasonable Assurance H-0 M-1 L-1


APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>We understand that the LMWTS is aiming to expand its services in future years to generate higher amounts of revenue, with a longer-term aim of providing more commercial services to generate a dividend to be paid back into the Council. This is consistent with other authorities but carries higher levels of risk, and therefore, we have raised findings that the Council may wish to consider to strengthen its governance arrangements. These are:</p> <ul style="list-style-type: none"> • Create a Shareholder Group to oversee, challenge and scrutinise the Company. • The size, composition and level of independence of the Board and whether external sector expertise should be introduced to the Board. <p>Based on the current position of the Company, the Council have implemented reasonable governance structures and foundations, with appropriate documentation and processes in place.</p>	
	Public Open Spaces – sale (SR1, SR5)	A review of council’s arrangements for the management of public open spaces and disposal.	Q4	Fieldwork commenced and ongoing.	
	Data Breach Management – DPO (SR4, SR7)	A review of data breach management arrangements.	Q3	Draft report completed, closing meeting with management to discuss findings.	
	Development Management Performance	Risk based review of Development Management Performance to include system based review of new systems.	Q2 2023/24	Audit brief discussed during June 2023. Deferred to 2024/25 due to departmental restructure.	Deferred
	Strategic Risk Register	Risk based review of the adequacy and effectiveness of the controls in place to mitigate the Council’s strategic risks.	Q4	Controls documented in the SRR to mitigate the Council’s 6 strategic risks, were found to be in place and operating effectively. SRR updates are discussed at Leadership Team monthly. Input is required from Leadership	 Substantial Assurance H-1


APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Team to review the current SRR including and any further changing or new emerging risks on the horizon. The risk scores are also reviewed. The SRR is an agenda item at Audit Committee.</p> <p>Testing identified weakness in some controls, either not operating as stated in the SRR or require revision due to a change in process. This includes:</p> <ul style="list-style-type: none"> - The Council is not PSN compliant. This weakness was identified, and a recommendation has been made annually since the 2021/22 SRR audit. 	<p>M-0 L-0</p>
<p>Page 66 CT</p>	<p>IT Structure and Strategy (SR7)</p>	<p>Risk Based review on Council's IT Structure and Strategy</p>	<p>Q1 – Q4</p>	<p>There is a formal structure in place for the ICT service. Following the departure of the previous ICT Manager and members of the team in late 2022, a review of the service was undertaken and the Information Manager was appointed as the Interim head of service. We understand the interim role will continue into 2024. As a result of the other staff changes, a third-party supplier was engaged in early 2023 to deliver first line support services. Following a recent performance review the supplier's contract has been extended.</p> <p>The Interim ICT Manager reports to the Chief Operating Officer (COO) and they meet fortnightly to review the service, priorities and issues etc. The ICT team meet every Monday morning to review the week ahead and discuss any significant pieces of work and confirm what everyone is doing. These two sets of meetings are key to the overall governance of the ICT service but they are not documented. As a minimum, any actions agreed at</p>	 <p>Reasonable Assurance H-0 M-2 L-2</p>

APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>the meetings should be formally logged so that they can be followed up at subsequent meetings.</p> <p>An IT Strategy has recently been developed by the Interim ICT Manager and is in draft form. A review of the strategy found that it is technology focussed and we have identified some gaps which should be addressed. For example, there are no details on how the strategy will support the Council’s overall aims and objectives or help to improve the customer’s digital experience.</p> <p>The draft IT Strategy does not have an implementation plan or roadmap associated with it. This is required to show the discrete pieces of work that will deliver the strategy and allow it to be reviewed and monitored.</p> <p>The interim ICT Manager meets with a small number of service areas on a regular basis to review and discuss their IT requirements and also attends the Wider Leadership Team. However, there is no cross-functional group, such as an IT steering committee, to manage the IT strategy and provision of IT services across the Council.</p>	
ICT	PCI DSS (SR7)	Assurance review of PCI DSS compliance deferred from 2022/23.	Q1 – Q4	<p>The council take card payments in a number of service areas and hence there is an obligation to comply with PCI DSS requirements. Card payments are taken online via the corporate website, over the telephone by Customer Services and at various locations using Chip & Pin payment devices.</p> <p>A project has recently been started to achieve PCI compliance and it is being supported by an external consultancy with expertise in this area.</p>	 <p>Limited Assurance H-4 M-3 L-1</p>

APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>There is an action plan of the key tasks required for PCI compliance and a review of the timeline suggests that compliance can be achieved by 30th September 2023.</p> <p>A formal PCI Compliance Policy has been drafted and one of the other major achievements is the implementation of a PCI compliant system for taking telephone payments in Customer Services.</p> <p>The key tasks that remain outstanding are:</p> <ul style="list-style-type: none"> • Confirming corporate roles and responsibilities for PCI compliance, including the corporate lead officer; • Identifying all merchant activities and defining the scope of the PCI environment; • Confirming the PCI compliance status of third-party systems and service providers; • Completing a PCI Self-Assessment Questionnaire, which is an annual requirement; • Verifying the PCI compliance status of all PIN transaction security devices; • Providing PCI training to all staff who process card payments; and • Agreeing a security scanning strategy and remediating the critical/high risk vulnerabilities from the last scan in October 2022. 	
ICT	Business Systems (SR7)	Risk Based review of Business systems and data migration following implementation of new financial systems.	Q1 – Q4	The Civica Financials system uses single sign-on (SSO) for user authentication and access is only available from the Lichfield DC network. SSO requires all users to have an account on the Civica domain which is linked to their account on the Civica system. Users are authenticated when they	 <p>Limited Assurance H-2</p>

APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>login to the corporate network and a secondary login to the Civica system is not required. All users have a unique account on the system.</p> <p>Members of the finance team have full access to relevant modules and users outside finance generally have read-only access. The access of the finance team should be restricted to reflect individual roles, although it is accepted that the small size of teams means some users will need to have a higher level of access for cover purposes. User access rights should also be documented and subject to a formal annual review.</p> <p>System administrator access is limited to three members of the finance team and staff from Civica, who require it for support purposes. As system administrators have operational responsibilities in finance, there is a risk of fraud or other misuse and this should be formally acknowledged and monitored via the finance risk register. The staff from Civica with system administrator access were confirmed in June 2022 and a number of their accounts were disabled as they no longer required access. This review should be performed annually and, in addition, their accounts should only be activated when they are required for support and kept disabled at all other times. New user accounts for the finance team should also be formally authorised before being created.</p> <p>No details were available on the level of system auditing in place and on audit reports. Hence, there is a risk that changes to the system/data cannot be attributed to specific users.</p>	<p>M-4 L-5</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Page 70				<p>As the system is cloud based, the supplier is responsible for taking backups of data and for ensuring the system is protected against cyber-attacks. There is no hosting agreement, or equivalent, to provide assurance over these key areas.</p> <p>System support and maintenance is in place and all support calls are logged on the supplier portal. Whilst there are only a small number of logged tickets, one of them has not been updated since 2022 and hence they should be kept under review to ensure the supplier is meeting service level targets. Confirmation should also be sought from the supplier that software licensing conditions are being met.</p> <p>The first major upgrade to the system since it went live is being planned. Whilst there is evidence of testing being undertaken for a previous upgrade that was cancelled, there are no formal change control procedures in place.</p>	
	ICT	IT Incident Management (SR7)	Risk based of Council’s IT Incident Management and arrangements for maintenance of systems and recovery.	Q1 – Q4	The ICT team were responsible for all procedures relating to IT incident management up until March 2023. At this time, following staff changes within ICT and a review of services, a third-party supplier, RazorBlue, were engaged to provide first line support services. This includes operating a service desk for users to report incidents and service requests. The contract with RazorBlue ends in January 2024, although there is an option to extend for a further three months, at which time a decision will have to be made on the future of the service. Second line support services continue to be provided by the in-house ICT team.



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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>The appointment of RazorBlue means there are two service desk systems in operation. One is their system used for first line support and the other is the existing ICT service desk used by the in-house team for tickets that are passed to them for resolution. Running incident management on two systems that are not fully compatible is inefficient and should be addressed.</p> <p>RazorBlue’s service standards are documented and available on the Intranet. All incidents are prioritised into one of four categories and each has a stipulated response time. Support calls that are passed to the in-house ICT team for resolution do not have an agreed service level and consequently the performance of the team cannot be measured. These calls are also logged under a default category instead of one that reflects the type of incident/service request so that it is more meaningful and can be reported against.</p> <p>RazorBlue have documented and shared their escalation plan. The Interim ICT Manager confirmed he has not had to escalate any incident beyond the service desk.</p> <p>A review of the in-house service desk system identified a number of open tickets from March-July 2023 that have not been updated. All open tickets should be subject to periodic review to ensure they are being progressed. This includes tickets on the RazorBlue service desk.</p>	



APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>RazorBlue issue a monthly service report which includes various statistics to allow the performance of their service to be assessed. A new Trend Analysis report has also recently been made available.</p> <p>Users have an opportunity to provide feedback on the service they receive when their cases are closed and details of feedback are included in the service report.</p>	
Governance, Fraud & Other Assurance	Disabled Facilities Grant	Assurance statement	Q3	Work completed.	No assurance opinion required
	Assurance work	Assurance work on grants	Q1 – Q4	Ongoing	
	Housing Benefit Memorandum of Understanding	Assurance statement to enable the Chief Finance Officer sign off to DWP.	Q4	Ongoing	
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	Q1-Q4	Ongoing	
	Annual Audit Opinion	Production of the Annual Audit Opinion.	Q2	Completed.	
	Management and Planning	Management, planning and assurance reporting to Leadership Team and Audit & Member Standards Committee.	Q1-Q4	Ongoing	
	Ad hoc / Consultancy / Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer.	Q1-Q4	Ongoing	
	Risk Management	Supporting the Council's risk management systems.	Q1-Q4	In progress and continuing, see Risk Management report at this Committee.	
	NFI	Compliance with and review of data	Q1-Q4	In progress	

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Additional Assurance Reviews requested by management	DWP Searchlight	matches Assurance review	Q1	Final Report issued.	 Limited Assurance H-9 M-1 L-0
22/23 Planned Audits finalised	Agency Staff	Risk based review of controls in place for use of agency staff	Q4 2022/23	<p>The Agency staff system is not designed with controls in place to mitigate the major risks. Appointment of agency staff is completed by the department. The choice of agency will be based on the availability of staff, pay rates or prior successful engagements. Where responsibility is held for completing the recruitment screening checks is uncertain. Verification checks undertaken will vary between agencies and will be specified in the agency terms and conditions. This would include checks on qualifications, right to work, references, medical clearance etc. HR are not informed of the recruitment of agency staff and there is no corporate process to advise on the recruitment of agency workers and the checks required. Staff are inducted by the Manager and inductions are role specific. There is no corporate induction for agency staff and agency staff are not consistently inducted on corporate policies or the council's code of conduct for employees. Corporate e-learning is undertaken by those with access to the IT system and the Learning Hub. Testing confirmed for the 3 agency staff with access to the IT system, training through the Learning Hub had only been completed by one staff member. Other training is specific to the role. The working hours is specified in the agency contract/booking confirmation and is monitored by</p>	 Limited Assurance H-1 M-5 L-1





APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>the Manager. Testing noted that two from six contracts/ booking confirmations could not be located. Agency fees are paid on receipt of a timesheet and an invoice. Testing noted that invoices are approved by the Manager prior to payment. Agency staff's performance is monitored through 1:1 meetings, team meetings and monitoring workload.</p> <p>At the time of the audit, only agency staff working at the depot had been subsequently transferred to permanent. The Council's new starter process had been followed. Personal information had been obtained, references, right to work checks and medical clearance. An induction had been completed at the depot which included reference to the code of conduct for employees. A regular training and monitoring program is in place, with staff subject to a six month probation period. For both permanent employees, the Objectives and Key Results (OKR'S) were on file.</p>	
	Being a Better Council	Risk based review.	Q4 2022/23	<p>We have reached the overall opinion that the Council had substantial project management controls to support the BABC programme. The BABC Programme Governance Model was well structured; roles, schedules, accountabilities of the governance groups/boards were clearly defined. However, the Programme Board held two meetings without the appropriate quorum.</p>	 <p>Substantial Assurance H - 0 M - 0 L - 1</p>
	S106	Risk based review.	Q4 2022/23	<p>We have reached the overall opinion that the Council has Limited controls to support the monitoring of Section 106 agreement trigger points and the spending of the funds.</p>	 <p>Limited Assurance H - 3 M - 0</p>

APPENDIX 1

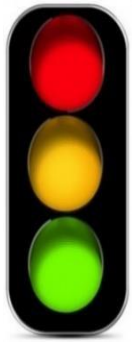
Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Section 106 contributions were often received significantly later than when the trigger point has been met as developers did not proactively inform the Council and sites are only visited annually to ascertain their progress. Similarly, there were some instances, specifically relating to the Cannock Chase Special Area of Conservation (CCSAC), where the Council had not obtained evidence from Stafford Borough Council, who are financially responsible for expenditure on projects by the CCSAC Partnership, that the contributions had been spent in accordance with the agreement. However, alternative project documentation has been provided to the Council and monthly officer meetings are held where issues and updates and projects are discussed. Joint Strategic Board meetings with officer and elected member attendance are held where necessary, where decision making for spending is undertaken.</p> <p>The performance of Section 106 allocations and collection of contributions was not monitored frequently, with the full SIG having not met since June 2022. These issues have been driven by a significant reduction in resources following a Council restructure and staff leaving the Spatial Policy and Delivery Team, with some roles remaining vacant while a further restructure of the team takes place.</p> <p>While significant issues were identified, the Council's Exacom system retained adequate records for each contribution, including notification for when it was due to be spent by and, in some instances, the evidence of the spend. Additionally, despite limited resources, the Spatial Policy and Delivery Officer is taking steps, such as periodic</p>	<p>L - 1</p>

APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				emails to developers to ascertain whether trigger points have been met.	
Follow up all no and limited assurance reports and all high priority recommendations.	Data Protection/ GDPR	Risk Based review on Council's Data Protection and GDPR compliance	Q1	Follow up allocated and completed during Q1. To be finalised with management.	 Substantial Assurance H - 0 M - 3 L - 0
Page 76	IT Disaster Recovery	Risk Based review on the Council's IT Disaster Recovery system	Q3	Follow up completed and finalised.	 Reasonable Assurance H-0 M-2 L-0
	Allocation of Awards/ Planning Obligations & Section 106	Risk Based review on the allocation of awards/ planning obligations & Section 106 system	Q3	Follow up completed and finalised.	 Substantial Assurance H-0 M-0 L-0
	Climate Change	Risk Based review of the climate change system	Q4	Follow up completed and finalised.	 Substantial Assurance H-1 M-1 L-0

ASSURANCE AND RECOMMENDATION CLASSIFICATIONS

Overall Audit Assurance Opinion	Definition
Substantial	There is a sound system of internal control designed to achieve the organisation’s objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation’s objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation’s objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Priority	Definition
	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency or further reduce the organisation’s exposure to risk.

APPENDIX 1

Audit	Year	Recommendation	Current Status
Property Leases and Charges	2019/20	It should be investigated whether the leases identified were finalised and if there is a signed copy.	<ul style="list-style-type: none"> - The Property Team are reviewing all leases to be completed April 2023 - Review of PPM compliance for tenants - Review of unsigned leases <p>Awaiting progress update from management</p>
Property Leases and Charges	2019/20	Rent Reviews should be completed on time. The findings of the review should be communicated with the Corporate Debt Recovery team and evidence should be retained to support the change in rent charged.	<ul style="list-style-type: none"> - Rent Reviews dates are all marked on the asset register and take place on time - Scheduled reviews being undertaken - Liaison with debt recovery team on rent increases and outstanding debts <p>Awaiting progress update from management</p>
IT System Security	2022/23	A formal RAP should be developed and managed for the quarterly security vulnerability scans and the RAP for the current ITHC should be managed through to full implementation. Where a vulnerability cannot be addressed, the risk should be documented and signed off by the SIRO.	31 st January 2023
Climate Change	2022/23	<p>a) The Ecology & Climate Change Manager should contact the Finance team to obtain contact information for a member of the Finance team to support them on the management of the climate change budget.</p> <p>b) The Council should allocate funds from the climate change budget to specific projects. Where possible, these projects should measure the carbon emission reduction to demonstrate how the project will contribute to the achievement of the success measures in the Organisational Carbon Reduction Plan. Projects should be identified and discussed through a cross-departmental working group (see Finding 2).</p>	31 st July 2023
Strategic Risk Register	2022/23	The Council is not PSN compliant. Action is being taken to address Payment Card Industry Compliance which when complete will progress the PSN certificate.	<p>30 June 2024</p> <p>Recommendation remains in 2024/25 internal audit review of Strategic Risk Review.</p>

APPENDIX 1

LWMTS Searchlight	2023/24	9 recommendations raised at the conclusion of the audit and circulated to all members of the Committee.	All recommendations with implementation date of 31 July 2023. Management update that all recommendations have been implemented. However, Internal Audit require evidence to be provided as part of the re-review of the system to provide assurance in implementation.
PCI DSS	2022/23	PCI requires annual security penetration testing and quarterly internal and external vulnerability scans by an Approved Scanning Vendor (ASV). The actual requirements are dependent on the relevant SAQ as per recommendation 4.	31 January 2024 Management responses received and work completed in this area. Internal Audit to provide assurance with re-review of systems.

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RISK MANAGEMENT UPDATE

Cabinet Member for Finance & Commissioning

Date: 17 April 2024

Agenda Item:

Contact Officer: Andrew Wood

Tel Number: 01543 308030

Email: Andrew.wood@lichfielddc.gov.uk

Key Decision? NO

Local Ward Full Council.

Members



Lichfield
District Council

AUDIT 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 strategic and project risks.

3. Background

- 3.1 The purpose of risk management is to effectively manage potential opportunities and threats to the Council achieving its objectives. The Risk Management Policy was reviewed at this committee's meeting on 28th November 2023. Part of the Audit 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 Council operates a 'three lines of defence' model in terms of risk management, this allows for a consistency of approach when designing our risk framework and controls. The model is set up in the following format;
- The first line of defence (functions that own and manage risks) is formed by managers and staff who are responsible for identifying and managing risks as part of their accountability for achieving objectives.
 - The second line of defence (functions that oversee or who specialise in compliance of the management of risk) provides, policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line. This is conducted by monitoring to judge how effectively they are doing it, and helps ensure consistency of definitions and measurement of risk.
 - The third line of defence (functions that provide independent assurance) is provided by internal audit. Internal Audit's main role is to ensure that the first two lines of defence are operating effectively and advise how they can improve.
- 3.3 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.

3.4 The Strategic Risk register was circulated to Leadership Team for comments and is detailed in **Appendix 1**. Following Leadership Team it was agreed that the Audit Manager (Shared Service) would consider updates to the risk register, together with the 'horizon scanned' risks since the February 2024 report and the following updates have occurred.

- Minor wording and updates to the Strategic Risk Register, highlighted in 'yellow' within the Appendix.
- Consideration and inclusion of a new strategic risk in relation to the lack of a Local Plan, new **SR8**, which is included as **Appendix 2**. Once agreed by management this will be included in the main Strategic Risk Register.

3.5 The Council's strategic risks (**SR6** was approved for removal by the Committee) as at April 2024 the risk profile is shown below. It is noted that the scoring and review of each strategic risk is continuing, however no changes in the risk profile were made between September 2023 and April 2024.

Likelihood				
	SR1			
		SR3		SR7
			SR2, SR4, SR5	
	Impact			

The overall aim to reduce the current scores by the use of mitigating control and robust management processes, progress has been made since the last Audit & Member Standards Committee meeting and strategic risks will continue to be reported quarterly.

- **SR1:** Pressures on the availability of finance may mean the Council is not able to deliver the key priorities of the strategic plan.
- **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.
- **SR7:** Threat to the Council's ICT systems of a cyber-attack.

It is proposed that the following new strategic risk would be included in the register.

- **SR8:** Withdrawal of Local Plan 2040.

3.6 There are three strategic projects that are moving to the delivery stage and therefore given the risk they potentially present to the Council; it is good practice to have oversight of the risk management approach. Therefore, a separate initial Strategic Project Risks Register is included as **Appendix 3** for review by the Audit Committee. This details the 3 current strategic project risks:

- **SP1:** The project to develop a Cinema for Lichfield District;

- **SP2:** The project to develop a new Leisure Centre; and
- **SP3:** The project to redevelop the Birmingham Road site.

These risks are owned by the Major Projects Team. A separate matrix showing the current risk profile is shown below.

Likelihood				
		SP3	SP2	
			SP1	
	Impact			

Currently one strategic project risk, **SP2** is above the risk appetite of the Council, actions and responsibilities have been identified to mitigate the risks as they currently stand. As these projects develop further and these affect the current risk scoring these will be reported accordingly to Audit Committee.

3.7 Work to review of the effectiveness of our sub strategic (service / operational) and project risk has now been completed. In summary:

- The 3 lines of assurance approach (as used in the Strategic Risk Register) has now been adopted for sub-strategic risks (i.e. service level risks).
- Quarterly update meetings have been scheduled with Leadership Team and Audit Manager (Shared Service).
- There is no longer a requirement to record and manage risks below service level (services or teams are, however, at liberty to do so if it meets their business requirement).
- Project risks continue to be managed in accordance with accepted project methodology (i.e. PRINCE2).
- At this stage, no sub strategic risks need to be escalated to the strategic risk register

Alternative options	1. There are no alternative options.
Consultation	1. Leadership Team receive monthly updates on Strategic Risk Register and were consulted on the new Strategic Risk 8 and Strategic Project Risks.
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.
Approved by Section 151 Officer	Approved.
Legal implications	1. There are no specific legal implications.
Approved by Monitoring Officer	Approved.
Contribution to the	1. Sound risk management ensures that risks affecting the delivery of the

delivery of the strategic plan	strategic plan are identified and managed.
Equality, diversity and human rights implications	1. Sound risk management ensuring a consistent and robust approach to all equality, diversity and human rights issues and their implications to the Council.
EIA logged by Equalities Officer	Yes/no* Equalities Officer confirmed not required.
Crime & safety Issues	1. There are no Crime and Community Safety issues.
Data assessment	1. None.
Environmental impact (including climate change and biodiversity)	1. Risks arising from climate change and the green agenda are considered by management and Leadership Team.
GDPR / Privacy impact assessment	1. Risks associated with non-compliance with GDPR are included within SR4: Failure to meet governance and/or statutory obligations e.g., breach of law (e.g., Health & Safety, GDPR, procurement, safeguarding).

	Risk description & risk owner	Original score (RYG)	How we manage it	New score (RYG)
A	Failure to manage known risks and opportunities proactively/ Leadership Team	Likelihood: Green Impact: Red Severity: Red	Strategic risks are closely monitored by Audit Committee, Cabinet Member and Leadership Team. Reports to Audit Committee provide assurance that active steps are being taken to control risks.	Likelihood: Green Impact: Yellow Severity: Green

Background documents	Risk Management Policy – updated and approved by Audit Committee 20 th July 2023.
Relevant web links	None.



Appendix 1: Strategic Risk Register – April 2024

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	<p>SR1 Pressures on the availability of finance may mean the Council is not able to deliver the key priorities of the strategic plan.</p> <p>The risk is influenced by:</p> <ul style="list-style-type: none"> Government spending plans. The national and local economic climate, C Tax referendum limit, grant funding implications, changes to business rates and social housing rents. Local Government Finance Reform including New Homes Bonus, Business Rates and the Fair Funding Review. Other Government Policy announcements impacting on Local Government. 	16 (L4x14)	<ul style="list-style-type: none"> 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 £1.9m. Routine budget monitoring reported to Leadership Team, Cabinet and Overview and Scrutiny Committee. Requirements of the new CIPFA Financial Management Code, information contained in the CIPFA Resilience Index and benchmarking reports from LG Futures. Confirmation and Implementation of financial settlement for 2023/24 and Provisional Settlement for 2024/25. 	3 (L3x11)	3 (L3x11)	<ul style="list-style-type: none"> Update of the Medium Term Financial Strategy Responsibility: Assistant Director Finance & Commissioning will commence in July 2023 and approved February 2024 	<p>1st Line:</p> <ul style="list-style-type: none"> Approved Medium Term Financial Strategy including the Capital Strategy covering 5 years plus a 25 year capital investment model. A longer term financial plan covering a 25 year horizon for revenue budgets. Approved Treasury Management Strategy. Production of monthly budget reports to Managers. Procurement Strategy
						<ul style="list-style-type: none"> Outcome of Final Local Government Financial Settlement – single year in February 2024. 	<p>2nd Line:</p> <ul style="list-style-type: none"> Leadership team review of 3, 6, 8 and 12 month reports to Cabinet and Overview and Scrutiny Committee. Mid-year and outturn Treasury Management reports to Audit and Member Standards Committee. Initial assessment of LDC's level of compliance with the FM Code to Audit and



Appendix 1: Strategic Risk Register – April 2024

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 86	<ul style="list-style-type: none"> Funding of Council’s headline priorities and the shortfall of funding. Inflationary pressures on procurement of services, cost of living/fuel/construction and replacement fleet vehicles. Costs of potential Planning Appeals. <p>Owner: Assistant Director - Finance & Commissioning (Section 151)</p>		<ul style="list-style-type: none"> Balanced budget for next 2 years. 				<p>Member Standards Committee 12/11/2020.</p> <ul style="list-style-type: none"> CIPFA Resilience Index with comparative information to nearest statistical neighbours and all District Councils. <p>3rd Line:</p> <ul style="list-style-type: none"> External Audit – going concern test and sign off of financial statements 2021/22. Unqualified VFM assessment. Internal Audits of Accountancy and Budgetary Control 2018/19 -substantial assurance, Capital Strategy 2020/21 – reasonable assurance, Capital Accounting 2020/21 – substantial assurance, Income Management 20/21 – reasonable assurance, Procurement 22/23 substantial assurance LGA Corporate Peer Challenge Draft External Audit Annual Audit Report for 2021/22 and 2022/23



Appendix 1: Strategic Risk Register – April 2024

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 Page 87	SR2 Resilience of teams to effectively respond to a further serious disruption to services (e.g. multiple layer disruption arising from flooding and other disruptive events). New people into organisation. Potential for power disruptions. Affects to service delivery and office systems. New SRF with added commitment/required capacity. Owner: Leadership Team	12 (L3xI4)	<ul style="list-style-type: none"> • <i>Mutual aid assistance</i> • <i>Local Resilience Forum (LRF).</i> • <i>Tested business continuity arrangements in place including office power generation.</i> • <i>Strong links with the Staffordshire CCU, Risk Action Working Group and wider LRF.</i> • <i>Active workshop on BCP to LT.</i> • <i>Actively engaged in ongoing Local Resilience Forum response and recovery work streams.</i> • <i>Strategic and tactical flood planning work across LRF, to assist in our response and the multi-agency response to such events. This includes identifying 'at risk' areas</i> 	3 (L1xI3)	3 (L1xI3)	<ul style="list-style-type: none"> • Tasks completing and move away from initial Pandemic response, move to Being a Better Council. 	1st Line: <ul style="list-style-type: none"> • Day to day business continuity plans in place. • Regular BCP testing (generator) • Training programme.
							2nd Line: <ul style="list-style-type: none"> • Quarterly Report to Leadership Team. • CCU test of arrangements feedback. • Response and learning from recent incident at Ridware House. • Report on recovery plan Overview & Scrutiny (O&S). • Approval of Climate Change Strategy.
							3rd Line: <ul style="list-style-type: none"> • Internal Audit of business continuity 2019/20 – reasonable assurance, ICT – remote working 20/21 – reasonable assurance.



Appendix 1: Strategic Risk Register – April 2024

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 88			<p><i>in the District and specific actions required.</i></p> <ul style="list-style-type: none"> Provision of Foodbank presence, Warm Spaces etc. Business Continuity planning. New SRF 				<ul style="list-style-type: none"> Flash Covid-19 Risk Assurance Business Continuity, Emergency Planning and Recovery 20/21 substantial assurance
							<p>3rd Line:</p> <ul style="list-style-type: none"> Internal Audits of Accountancy and Budgetary Control 2018/19 -substantial assurance, Capital Strategy 2020/21 – reasonable assurance, Capital Accounting 2020/21 – substantial assurance, Income Management 20/21 – reasonable assurance, Procurement 22/23 substantial assurance External Audit – going concern test and sign off of financial statements 2020/21. Unqualified VFM assessment.
A good council, developing	SR3: Capacity and capability to deliver / adapt the new	6 (L2x13)	<ul style="list-style-type: none"> Regular review of progress against delivery plan outcomes and 	4 (L2x12)	4 (L2x12)	<ul style="list-style-type: none"> Implementation of Being a Better Council. 	<p>1st Line:</p> <ul style="list-style-type: none"> Day to day business / service planning, financial planning



Appendix 1: Strategic Risk Register – April 2024

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
prosperity, shaping place, enabling people	strategic plan to emerging landscape. Senior Leadership Team changes. Strategic level roles and active recruitment. Owner: Leadership Team		<i>prioritisation process agreed between Leadership Team and Cabinet.</i> <ul style="list-style-type: none"> • Robust project management. • Communications to all staff. • Recruitment activity. • OKR completion leading to identifying training and development needs. • Monitoring resource demands. • Mental health / wellbeing systems in place. • Upcoming Community Power Strategy to increase capacity to deliver. • New Strategic Plan to 2050. • Utilisation of LATCo to provide greater resilience and flexibility for resourcing. 			<ul style="list-style-type: none"> • Management oversight and robust project management requirements for delivery of Better Council. 	and performance management.
							<ul style="list-style-type: none"> • Completion of OKRs.
							2nd Line: <ul style="list-style-type: none"> • Delivery Plan reported 6 monthly to Cabinet and shared with Overview & Scrutiny. • Quarterly updates to LT on Belonging and Wellbeing Strategy.
							3rd Line: <ul style="list-style-type: none"> • Internal Audits of People Strategy and Workforce Development 2019/20 – reasonable assurance, Performance Management 19/20 – substantial assurance. • Inclusion in Audit Plan for reviews against delivery of themes. • LGA Corporate Peer Challenge follow up



Appendix 1: Strategic Risk Register – April 2024

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council	<p>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.</p> <p>Subsidy Control Framework and self-assessment risks subject to challenge. Arrangements in process of being developed, requirement to build in operation and awareness training.</p> <p>Risk of failure to retain documentation in a manner</p>	<p>9 (L3xI3)</p>	<ul style="list-style-type: none"> Regularly reviewed constitution, policies and procedures. Training and awareness for all staff and members. Effective Overview and Scrutiny and Audit & Member Standards Committee oversight. Codes of Conduct. Internal audit. Dedicated Monitoring Officer Roles of Section 151 Officer and Monitoring Officer. Shared legal services. Procurement Team. Governance Team with additional capacity being recruited. Internal Appointed DPO. 	<p>3 (L1xI3)</p>	<p>3 (L1xI3)</p>		<p>1st Line:</p> <ul style="list-style-type: none"> 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. <p>2nd Line:</p> <ul style="list-style-type: none"> Annual reports to Audit and Member Standards Committee. Regular reports to leadership team. Transparency data publication. Completed review of document storage. Procurement Team in place and operating. Internal DPO in place <p>3rd Line:</p> <ul style="list-style-type: none"> RIPA, ICO and Ombudsman reports/returns.



Appendix 1: Strategic Risk Register – April 2024

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 91	to allow both storage and retrieval. Owner: Chief Operating Officer		<ul style="list-style-type: none"> Review of document storage and filing systems. Electronic retention of documentation. Sealed documents held in fire proof room. Education and development of Service Managers to support teams with advice and guidance. 				<ul style="list-style-type: none"> External audit of Annual Governance Statement as part of the financial statements. 2019/20 – adequate assurance, GDPR follow up 2019/20 & 2022/23 – limited assurance and follow up during 23/24 – substantial assurance, Transparency code follow up Procurement 20/21 limited assurance – follow up. Review of GDPR and agreed action place reported to A&MS Committee for 2022/23 and 2023/24. External investigations and lessons learnt exercises to address internal control weaknesses.
	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.	9 (L3xI3)	<ul style="list-style-type: none"> Financial assistance from Government to businesses and the public. Prosperity is a key theme in the new Strategic Plan. Staffordshire Leaders Board 	3 (L1xI3)	3 (L1xI3)	<ul style="list-style-type: none"> Continued delivery of immediate actions to support high street economy and business (including visitor economy and hospitality sector).



Appendix 1: Strategic Risk Register – April 2024

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 92	<p>Relating specifically to the effects of the ‘cost of living crisis. This results in an increase in 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.</p> <p>Including Ukraine families and Refugee dispersal within area.</p> <p>New Strategic Plan from May 2024.</p> <p>Owner: Leadership Team</p>		<ul style="list-style-type: none"> Staffordshire Chief Executives Group Strong partnership working e.g. Lichfield District Board, Staffs CC, Birmingham Chambers. Burntwood Business Community LGA, DCN, New burdens funding. Partnership influences built into business case considerations. Continue to develop and improve the business contact and relationships locally. Development of Wellbeing indicators at ward level for both activity and response. Cost of living issues mitigated and off set by Tourism. Ongoing Council Plans development. 			<ul style="list-style-type: none"> Further government support – the Welcome back Fund - received to extend timescales and assist with the reopening of high streets and support to local businesses through to March 2022. Additional spend on a variety of projects currently in process of being identified. Implementation of Being a Better Council – Better Led, Better Equipped and Better Performing. 	<ul style="list-style-type: none"> Leadership team review of 3, 6, 8 and 12 month Money Matters reports to Cabinet, Strategic (OS) Committee. Health and Wellbeing Strategy delivery reports.
	<p>3rd Line:</p> <ul style="list-style-type: none"> 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, Housing Benefits and Council Tax Relief 20/21 substantial assurance 						



Appendix 1: Strategic Risk Register – April 2024

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
			<ul style="list-style-type: none"> Car Parking Strategy to encourage viability of City Centre. 				
A good council	<p>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.</p> <p>Involvement of state players and their use of cyber warfare as part of a strategy to further agendas.</p> <p>Increased number of sophisticated 'phishing' attacks with increased time taken to investigate and remediate. Move away from purely email to other platforms such as 'Teams'.</p>	4 (L1xI4)	<ul style="list-style-type: none"> 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. PSN compliance checklist. Revision of Service Business Continuity Plans. IT Auditor provision resourced from August 2021. Adoption of multi-factor authentication. Development of monthly reports from software supplier for follow up of 	8 (L2xI4)	4 (L1xI4)	<ul style="list-style-type: none"> Review mandatory training requirements. Reminder to staff to complete training and awareness. Re-run Awareness Training/Meta Compliance Completion of PSN Compliance checklist Draft IT Strategy (Feb 2024) 	<p>1st Line:</p> <ul style="list-style-type: none"> Day to day operation of ICT Training programme for all staff. Up to date versions of software and implement all IT security patches. Awareness Training/Meta Compliance. Maintenance of PSN Compliance. <p>2nd Line:</p> <ul style="list-style-type: none"> Regular monitoring and reporting on security issues to Leadership Team. External penetration testing. Full Council wide adoption of multi-factor authentication.



Appendix 1: Strategic Risk Register – April 2024

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 94</p>	<p>Failure by staff to complete ICT training and the take up of MFA.</p> <p>Move from copper to fibre (anti-surge/back up and servers).</p> <p>Owner: Chief Executive</p>		<p>staff not completing mandatory ICT training.</p> <ul style="list-style-type: none"> Implementation of Knowledge Hub training. 				<p>3rd Line:</p> <ul style="list-style-type: none"> ICT Audit Procurement to review risk environment. ICT Audit Needs Assessment completed. Review of Microsoft 365 2021/22 IT Remote Access 2021/22 IT Website 2021/22. Increase in the amount of IT Audit days from 20 to 40 for 2022/23. PCI DSS 2023/24



Appendix 1: Strategic Risk Register – April 2024

Key to 3 lines of assurance:	
1 st Line	Day to day operations of internal control systems
2 nd Line	Management oversight and monitoring controls
3 rd Line	Independent assurance from Internal / external audit and other independent assurance sources (e.g. HSE, BFI)
Other Horizon Scanning Risks Arising August 2023:	
Impact on the organisation arising from the devolution / local recovery white paper which was due in September 2020 and has now been postponed to 2021. Not a strategic risk at present, to include as a horizon scan until more information is known and impact on operations can properly be assessed.	
Impact on Council activities via the Government’s legislative timeframes and planning activities arising from the Planning Bill detailed in the Queen’s Speech.	
Elections capacity with no dedicated Elections Team.	
To balance the delivery of service specific objectives against the priorities and demands from Members/Cabinet to ensure continued alignment with Strategic Plan.	
Impact of withdrawal of government support measures (furlough), Universal Credit and implications for businesses and residents.	
pEPR implications around systems for recycling packaging and compensatory affects.	
Implications of increase in fuel duties from 1 April 2023	
Planning application fees – self funding.	
LATCo review of governance arrangements and structures.	
Arrangements for legislative changes following Brexit and blanket withdrawal in December 2023.	
Insourcing of outsourced arrangements both cost and reputationally to the Council	
GDPR	
Climate Change	
Local Plan/Strategic Plan costing of Planning challenges and cost of appeals with associated budget pressures	
Impact of Section 114 notices in the locality of the Council in terms of service demands and risks to services provide e.g., Payroll and Car Parking	
Charging for Food Waste	



Appendix 1: Strategic Risk Register – April 2024

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council, enabling people	SR6: Failure to innovate and build on positives / opportunities / learning arising (including from the Covid-19 situation) to maximise outcomes for the Council, e.g. technological solutions Owner: Leadership Team	9 (L3xI3)	<ul style="list-style-type: none"> • Refurbishment and reorganisation of office spaces. • Cyber security e-learning. • Engagement Strategy. • Capture best practice • Reinforce a culture of innovation. • Belonging and Wellbeing 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. 	4 (L2xI2)	1 (L1xI1)	<ul style="list-style-type: none"> • IT Strategy and options appraisals. 	1st Line: <ul style="list-style-type: none"> • ICT hardware replacement programme providing the right equipment for mobile and flexible working. • Ongoing monitoring of customer (internal and external) feedback.
							2nd Line: <ul style="list-style-type: none"> • Monitoring of Lichfield Connects contact levels, trends and reporting on complaints and compliments to Leadership Team.
							3rd Line: <ul style="list-style-type: none"> • Local Government Ombudsman. • Flash Covid-19 Risk Assurance Staff Wellbeing 20/21 substantial assurance • Flash Covid-19 Risk Assurance Productivity and Governance 21/22 substantial assurance

Strategic Risk Register – removed risks



Appendix 2: Strategic Risk Register – April 2024

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, Page 97	SR8: Withdrawal of Local Plan 2040 following formal withdrawal of Local Plan 2040 there are financial, legal, strategic plan and environmental impacts that may affect the achievement of the Council’s aims and objectives. Owner: Leadership Team	16 (L4xI4)	<ul style="list-style-type: none"> • Ensure withdrawal is undertaken in accordance with Section 22 of the Planning and Compulsory Purchase Act • Members aware of the planning basis for withdrawal • Prepare and update Local Development Scheme to be reported to Cabinet keeping DLUHC informed. • Progression of new Local Plan. • Determination of planning applications taking account of diminished weight of some local plan policies. • Council to defend appeals appropriately having regard to policy context. • 5 year housing land supply requirement currently exceeded. 	6 (L2xI3)	6 (L2xI3)	<ul style="list-style-type: none"> • Local Development Scheme – Cabinet March 2024. • Progression of new local plan in accordance with timetable set out in Local Development Scheme. • Regular review of progress and local development scheme by Policy & Strategy team. 	1st Line: <ul style="list-style-type: none"> • Day to day operation of planning process. • Implementation of new Local Plan.
							2nd Line: <ul style="list-style-type: none"> • Regular monitoring and reporting on progress to Leadership Team and Cabinet.
							3rd Line: <ul style="list-style-type: none"> • Inclusion of area within Audit Plan for 2024/25



Appendix 3: Strategic Project Risk Register – April 2024

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, Page 98	<p>SP1: The project to develop a Cinema for Lichfield District is unsuccessful</p> <p>The creation of a new joint venture partnership, a Limited Liability Partnership (LLP), with Evolve Estates, through which a new cinema and associated food and beverage (F&B) units will be developed in the former Debenhams unit in the Three Spires shopping centre</p> <p>Owner: Major Projects Team</p>	16 (L4xI4)	<ul style="list-style-type: none"> Budget developed with Evolve Estates as commercial partner with review by external Quantity Surveyor and PWC. Revenue budget neutral approach until all assumptions become factual. Joint Venture Board with three Council Members with appropriate delegations and reversion to Council for key budget decisions. Major Projects Team with best practice project management methodology including change control. Overview and Scrutiny and Audit Committee oversight. 	6 (L2xI3)	4 (L2xI2)	<ul style="list-style-type: none"> Regular review of progress by Major Projects Team to the project completion. Post Project Review following project completion by the Major Projects Team. 	<p>1st Line:</p> <ul style="list-style-type: none"> Day to day project planning process.
							<p>2nd Line:</p> <ul style="list-style-type: none"> Regular monitoring and reporting on progress to Leadership Team and Cabinet.
							<p>3rd Line:</p> <ul style="list-style-type: none"> External and Internal Audit review.



Appendix 3: Strategic Project Risk Register – April 2024

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, Page 99	SP2: The project to develop a new Leisure Centre is unsuccessful The creation of a new Leisure Centre on Stychbrook Park is unsuccessful Owner: Major Projects Team	16 (L4x14)	<ul style="list-style-type: none"> Budget reviewed by external Quantity Surveyor and developed through procurement testing. Revenue based on expert leisure consultants. Existing delegations and reversion to Council for key budget decisions. Major Projects Team with best practice project management methodology including change control. Overview and Scrutiny and Audit Committee oversight. 	9 (L3x13)	4 (L2x12)	<ul style="list-style-type: none"> Regular review of progress by Major Projects Team to the project completion. Post Project Review following project completion by the Major Projects Team. 	1st Line: <ul style="list-style-type: none"> Day to day project planning process.
							2nd Line: <ul style="list-style-type: none"> Regular monitoring and reporting on progress to Leadership Team and Cabinet.
							3rd Line: <ul style="list-style-type: none"> External and Internal Audit review.



Appendix 3: Strategic Project Risk Register – April 2024

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, Page 100	<p>SP3: The project to redevelop the Birmingham Road Site is unsuccessful</p> <p>The redevelopment will include:</p> <ul style="list-style-type: none"> Demolition of the Multi Storey Car Park. Relocation of the Bus Station. Sale of the Former Garage Site. Redevelopment/Sale of the other areas. <p>Owner: Major Projects Team</p>	16 (L4x14)	<ul style="list-style-type: none"> Initial budget set, external Quantity Surveyor involvement and budget refined through procurement/market testing. Revenue budget for delivery. Existing delegations and reversion to Council for key budget decisions. Major Projects Team with best practice project management methodology including change control. Overview and Scrutiny and Audit Committee oversight. 	4 (L2x12)	4 (L2x12)	<ul style="list-style-type: none"> Regular review of progress by Major Projects Team to the project completion. Post Project Review following project completion by the Major Projects Team. 	<p>1st Line:</p> <ul style="list-style-type: none"> Day to day project planning process.
							<p>2nd Line:</p> <ul style="list-style-type: none"> Regular monitoring and reporting on progress to Leadership Team and Cabinet.
							<p>3rd Line:</p> <ul style="list-style-type: none"> External and Internal Audit review.

ANNUAL GOVERNANCE STATEMENT

2023/24

Date:	17 April 2024
Agenda Item:	9
Contact Officer:	Mark Hooper/Will Stevenson
Tel Number:	01543 308064
Email:	Mark.Hooper@lichfielddc.gov.uk
Key Decision?	NO
Local Ward	All wards
Members	



Lichfield
District Council

AUDIT COMMITTEE

1. Executive Summary

- 1.1 Regulation 6 of the Accounts and Audit (England) Regulations 2015 requires that 'a relevant authority must, each financial year conduct a review of the effectiveness of the system of internal control required by regulation 3 and prepare (and approve) an Annual Governance Statement'.
- 1.2 Best practice (Chartered Institute of Public Finance and Accountancy's (CIPFA) publication 'Audit Committees Practical Guidance for Local Authorities and Police'), recommends that the review of the internal control system and the production of the Annual Governance Statement be reviewed and subsequently endorsed by an appropriate committee. It further recommends that this be a core function carried out by Audit Committees.
- 1.3 Accordingly, the Annual Governance Statement for 2023/24 is attached at **APPENDIX A** together with a Local Code of Corporate Governance for 2024/25 at **APPENDIX B**.

2. Recommendations

- 2.1 It is recommended that the Audit Committee reviews and approves the Draft Annual Governance Statement that will form part of the 2023/24 Statement of Accounts (**APPENDIX A**).
- 2.2 It is recommended that the Committee delegates authority to the Chair of the Committee and the Governance Manager to make further minor amendments to the Annual Governance Statement prior to the inclusion of the final version in the Statement of Accounts.
- 2.3 It is recommended that the Local Code of Corporate Governance for 2024/25 be approved (**APPENDIX B**).

3. Background

- 3.1 The Council is responsible for ensuring that its business is conducted in accordance with legal requirements and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 3.2 The Council has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

- 3.3 In discharging this responsibility, Lichfield District Council is also responsible for ensuring that there is a sound system of governance (incorporating the system of internal control) and maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including the management of risk.
- 3.4 The governance framework 'Delivering Good Governance in Local Government' was produced during 2016 by CIPFA/SOLACE (Society of Local Authority Chief Executives and Senior Managers). The framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the principles contained within the framework. The seven core principles are as follows:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - Ensuring openness and comprehensive stakeholder engagement
 - Defining outcomes in terms of sustainable economic, social and environmental benefits
 - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - Managing risks and performance through robust internal control and strong public financial management
 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 3.5 The Annual Governance Statement should therefore be focused on outcomes and value for money and relate to the authority's vision for the area. It is based on the core principles above which form the basis of the Local Code of Governance as previously approved by Audit and Member Standards Committee.
- 3.6 The document enables the authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

Review of the System of Internal Control

- 3.7 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Its role is to provide independent assurance to the council that systems are in place and operating effectively.
- 3.8 In order to demonstrate the effectiveness of internal control, Internal Audit have completed the following actions all of which have been reported to Audit and previously Audit & Member Standards Committee:
- Carrying out a self-assessment of compliance with the Public Sector Internal Audit Standards (PSIAS)
 - Completing an on-going assessment to identify and evaluate risks (this forms the Audit Plan)
 - Reporting upon performance indicators collected in respect of the Internal Audit Service
 - Undertaking a self-assessment of the effectiveness of the Audit Committee
 - Having in place a Quality Assurance and Improvement Programme

- Undertaking an annual self-assessment against the CIPFA Role of the Head of Internal Audit.

Process for the Completion of the Annual Governance Statement

- 3.9 Evidence is collected from several sources:
- The views of Internal Audit, reported to Audit Committee through regular progress reports, and the Annual Internal Audit Opinion.
 - An annual review of the effectiveness of Internal Audit.
 - The views of our external auditors regularly reported to Audit Committee through regular progress reports and the Annual Auditors' Report.
 - The activities and operations of Council Service Areas whose Assistant Directors/Chief Operating Officer provide written assurance statements using an Internal Control Checklist.
 - The views of Members (Committee Chairs and Leader of the Minority Group) using a Members' Questionnaire.
 - The Risk Management Process, particularly the Strategic Risk Register.
 - Performance information is reported to Cabinet and Overview and Scrutiny Committees.
- 3.10 Based on this information an early draft Statement is produced and circulated to key officers (including the S151 Officer, Monitoring Officer and Internal Audit Manager) for comment.
- 3.11 Any comments are then incorporated into the document. The Statement is then reviewed by Leadership Team.
- 3.12 The final draft version of the Annual Governance Statement for 2023/24 is now presented to Audit Committee for approval at **APPENDIX A**.
- 3.14 The final Statement is signed by the Leader and Chief Executive and ultimately forms part of the Statement of Accounts.
- 3.15 The Annual Governance Statement can be updated up to the date of the signing of the Statement of Accounts.

Alternative options	1. The alternative option is not to produce an Annual Governance Statement for 2023/24 which would result in the Council being in breach of its statutory obligations.
Consultation	1. Consultation has taken place with Leadership Team, S151 Officer, Monitoring Officer and Internal Audit.
Financial implications	1. There are no direct financial implications from the production of the AGS.
Approved by Section 151 Officer	Yes/no*
Legal implications	1. There are no specific legal implications.
Approved by Monitoring Officer	Yes
Contribution to the delivery of the strategic plan	1. The Annual Governance Statement has some connection to all areas within the Strategic Plan.

Equality, diversity and human rights implications	1. There are no equality, diversity and human rights implications in approving the AGS.
EIA logged by Equalities Officer	Yes/no* Equalities Officer confirmed not required.
Crime & safety Issues	1. There are no safety implications.
Data assessment	1. None
Environmental impact (including climate change and biodiversity)	1. There is no environmental impact.
GDPR / Privacy impact assessment	1. It has not been necessary to undertake a Privacy Impact Assessment.

	Risk description & risk owner	Original score (RYG)	How we manage it	New score (RYG)
A	The Annual Governance Statement is not produced in line with best practice, the CIPFA code and IFRS.	Green	The Statement is produced in line with best practice, the CIPFA code and IFRS. It will form part of the Statement of Accounts that is audited by our external auditors.	Green
B				
C				
D				
E				

Background documents	
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Relevant web links	
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Annual Governance Statement

2023 – 2024

Lichfield District Council

DRAFT

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Introduction and Scope of responsibility

Lichfield District Council is responsible for ensuring that:

- business is conducted in accordance with the law and proper standards,
- public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- risk is properly managed as part of the governance arrangements.

To ensure effective governance the Council has adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA (Chartered Institute of Public Finance and Accountancy)/SOLACE (Society of Local Authority Chief Executives) Framework 'Delivering Good Governance in Local Government' (2016).

The Governance Statement

This Governance Statement explains how the Council has complied with the Code. It also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

In this document the Council:

- acknowledges its responsibility for ensuring that there is a sound system of governance;
- summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- provides details of how the Council has responded to any issue(s) identified in last year's governance statement; and
- reports on any key governance matters identified from this review and provides a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place for the year ended 31st March 2024 and up to the date of approval of the statement of accounts.

The Governance Framework

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of Internal Control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Principles of Good Governance

The Council aims to achieve good standards of governance by adhering to the seven core principles in the diagram below, which form the basis of the Council’s Code of Corporate Governance:



The following pages provide a summary of actions and behaviours taken by the Council in relation to each of these seven core principles (A – G) and associated sub principles.

A Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law

Supporting Principles:		
Behaving with integrity	Demonstrating strong Commitment to ethical values	Respecting the Rule of Law
How we do this:		
<ul style="list-style-type: none"> ➤ A new Member Standards Committee has been established from the former Audit & Member Standards committee, with a dedicated focus on member conduct. ➤ CIPFA recently published guidance on the function and operation of Audit Committees in local authorities and police bodies. On Ethical values the guidance states: ‘Authorities have a standards committee to oversee member conduct and review complaints. This is not a function of the audit committee and combining the two committees should be avoided.’ ➤ This new committee arrangement ensures the Council complies with CIPFA guidance; reduces the workload of Audit committee; provides greater focus and capacity for both Audit and Member Standards functions. ➤ The Member Standards Committee is responsible for promoting high standards of member conduct. 	<ul style="list-style-type: none"> ➤ Arrangements are in place to ensure that decisions are not influenced by prejudice, bias or conflicts of interest. These include: <ul style="list-style-type: none"> ○ A register of disclosable conflicts of interest ○ Provision on Cabinet/Council/Committee agendas for the declaration of interests ○ A register of gifts and hospitality. ➤ A corporate complaints procedure exists to receive and respond to any complaints received. ➤ A Whistleblowing Policy enables employees and others to raise concerns about any aspect of the Council’s work. ➤ The Council is committed to equality of opportunity for all citizens, in line with the Public Sector Duty as set out in the Equality Act 2010. 	<ul style="list-style-type: none"> ➤ The constitution sets out: <ul style="list-style-type: none"> ○ The responsibilities of the Council, the Cabinet, the Overview & Scrutiny Committee and other Committees ○ The roles, duties and delegated powers of key officers. ➤ The Council has a duty to appoint staff to three specific roles: <ul style="list-style-type: none"> ○ The Head of Paid Service (Chief Executive) who has overall accountability for the governance arrangements operating within the Council. ○ The Chief Financial Officer who is responsible for the proper administration of the Council’s financial affairs and internal controls. ○ The Monitoring Officer who has a role in ensuring decisions are taken lawfully and that the council complies with the Constitution.

<ul style="list-style-type: none"> ➤ All elected Members follow a code of conduct, supported by training and development. ➤ The Monitoring Officer provides advice and can refer complaints to the Member Standards Committee/Review Sub-Committee. ➤ Officer behaviour is governed by the Employee's Code of Conduct that sets out the standards of conduct expected of employees at work. The Code is supported and reinforced by organisational values to: <ul style="list-style-type: none"> ○ Put Customers First, ○ Improve and Innovate, ○ Have Respect for Everyone. ➤ The Codes are regularly reviewed to ensure they are operating effectively. ➤ Expected behaviours are embedded into performance appraisals 		
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B Ensuring Openness and comprehensive stakeholder engagement

Supporting Principles:		
Openness	Engaging Comprehensively with Institutional Stakeholders	Engaging with stakeholders effectively, including individual citizens and service users
How we do this:		
<ul style="list-style-type: none"> ➤ To ensure open and transparent decision making the following are published on the Council’s website: <ul style="list-style-type: none"> ○ Council/Cabinet/Committee agendas and reports ○ the Cabinet Forward Plan detailing upcoming key decisions ○ Cabinet and Cabinet Member decisions ➤ To ensure maximum transparency, reports containing confidential information are split into confidential and non-confidential sections whenever possible. ➤ When reports must be considered in private, an explanation is provided on the agenda. ➤ Progress against the Financial Strategy is monitored and reported to Cabinet on a quarterly basis. ➤ We comply with the code of recommended practice for local authorities on data transparency which acts as a starting point for the 	<ul style="list-style-type: none"> ➤ We are committed to working collaboratively with a range of partners across the public, private and voluntary sectors. ➤ The Council is part of a number of external partnerships which provide support to its strategic agenda. These include county and regional waste partnerships, and housing and community safety partnerships. ➤ The Council’s planning and decision-making processes are designed to include consultation with stakeholders. 	<ul style="list-style-type: none"> ➤ Elected Members are democratically accountable to their local area and provide a clear leadership role in building sustainable communities. ➤ The 2023 Local Elections saw all 47 members of the District Council held directly accountable to their electors. ➤ The Community Power Strategy works to: <ul style="list-style-type: none"> ○ engage communities in local decisions ○ work with communities to improve outcomes. <p>Community power incorporates a wide range of practices, approaches and initiatives centred on the principle that communities have knowledge, skills and assets and are well placed to identify and respond to challenges.</p> <ul style="list-style-type: none"> ➤ The establishment of a Lichfield Youth Council has allowed for increased engagement with young people living in the district and identification of key issues that matter to them through the priorities set by Youth Councillors.

<p>information we make available.</p> <ul style="list-style-type: none"> ➤ The publication scheme lists the information we make available as part of our obligations under the Freedom of Information Act 2000. ➤ Feedback and requests made under the Freedom of Information Act 2000 are used to identify datasets for publication. 		<ul style="list-style-type: none"> ➤ The long-term vision for the Council is set out in the Strategic Plan. The outcomes have been developed through extensive consultation with staff, members, residents and stakeholders. ➤ Additional consultation work has been done to develop the Lichfield 2050 Strategy, centred around the key themes of Environment; Place; Prosperity and Health. ➤ These consultations have been carried out under the unified “Together We” branding rolled out by the council. The consultation saw over 7,500 residents and businesses feedback their views and opinions on the District and future priorities. ➤ Budget and strategic plan consultations undertaken in line with the Community Power Strategy are used to develop the Strategic Plan and Medium-Term Financial Strategy. ➤ The Council continues to review and improve its Overview and Scrutiny arrangements with an annual report brought to the committee. ➤ The Council manages a number of social media streams, produces a resident newsletter and maintains websites that help underpin the Council’s strategic ambitions.
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		<ul style="list-style-type: none">➤ The Council's Contact Centre is the first contact point for customers/citizens. The Centre is a significant component in the distribution of information to residents and visitors, and for capturing information from customers to inform service development.➤ The Council has a customer feedback scheme for the public to make complaints, comments and compliments. The information gathered is used to improve services.➤ The Complaints Charter provides guidance to staff on the Council's complaints process.
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C Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits

Supporting Principles:	
Defining outcomes	Sustainable economic, social and environmental benefits
How we do this:	
<ul style="list-style-type: none"> ➤ The Council’s long-term vision and priorities are set out in the Strategic Plan. The document provides the basis for the Council’s overall strategy, planning and decisions. ➤ The key priority outcomes that the Plan aims to achieve are: <ul style="list-style-type: none"> ○ Enabling people - to help themselves and others; to collaborate and engage with us; to live healthy and active lives. ○ Shaping place - to keep it clean, green and safe; to protect our most valuable assets; to make sure sustainability and infrastructure needs are balanced. ○ Developing prosperity – to encourage growth; to enhance the District for visitors; to invest in the future. ○ A good Council – that is financially sound, transparent and accountable; is innovative and customer focussed; has respect for everyone. ➤ Cabinet and Leadership Team have identified the top priority issues that need to be achieved over the next 12 - 18 months. These priorities form the basis of the Medium Term Priorities Plan and is embedded in Service Plans. ➤ Performance reporting takes place in line with reporting on the Council’s Medium Term Financial Strategy facilitating informed consideration of performance and budgetary pressures. ➤ The Council works with partner organisations where there are shared objectives and clear economic benefits from joint working. 	<ul style="list-style-type: none"> ➤ The Local Plan was designed to encourage sustainable development within the Lichfield District area, and include policies on a number of key themes, including sustainable communities, infrastructure, homes for the future, economic development and enterprise, and healthy and safe communities. Following the withdrawal of the Local Plan 2040 from examination in October 2023 a new local plan is being developed and the Cabinet has approved the publication of a Local Development Scheme. ➤ The Council publishes an Infrastructure Funding Statement (IFS). The statement explains how the spending of forecasted income from CIL and Section 106 planning obligations will be prioritised. ➤ The Council has promoted Neighbourhood Plans which will guide future development, enable parish areas to receive a share of the financial benefits of development (Community Infrastructure Levy), and also allow them to set their own priorities for its investment. ➤ The procurement strategy seeks to embed social value principles (social, economic and environmental) in procurement and contract management. ➤ A successful recruitment exercise was undertaken in March 2024 to appoint a Social Value Co-ordinator into the Procurement and Commissioning team. The focus of this role will be to support the development and implementation of social value and contract management strategies across the organisation to encourage and engage local projects through supply chain commitments, leaving positive legacies within the local communities by:

<ul style="list-style-type: none"> ➤ The Overview & Scrutiny Committee has an important role in helping to define and monitor outcomes. ➤ Local Government Association Peer Review was used in 2022/23 to provide a 'health check' on core components including priority setting, financial planning and viability. 	<ol style="list-style-type: none"> 1. Liaising with internal and external stakeholders. 2. Identifying opportunities for social value projects and to work with local SME's and VCSE's. 3. Promoting social sustainability and community engagement. 4. Defining and co-ordinating a programme of social/public value activities. 5. Supporting with strategic contract management. 6. Monitoring of key performance indicators and contractual commitments. 7. Reporting of social value outcomes. <ul style="list-style-type: none"> ➤ Consideration is given to the environmental impact, financial implications and social impact (equality, diversity, human rights, crime & safety) of all Cabinet decisions. ➤ A new Data Assessment section has been introduced to Committee Reports to assess the impact of policy proposals by Ward and across the District using the Social Progress Index.
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D Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

Supporting Principles:	
Determining and Planning Interventions	Optimising the Achievements of the Intended Outcomes
How we do this:	
<ul style="list-style-type: none"> ➤ The Strategic Plan sets out the Council’s aspirations, focus and priorities. This along with a number of other key strategies, helps identify and determine any interventions that are necessary under the strategic themes outlined in the section above. ➤ The Council’s decision-making process ensures decision makers receive a rigorous, objective and robust analysis of options together with the risks associated with any proposed decision. ➤ Consultation is undertaken as part of the decision-making process. Reports are required to set out the consultation that has taken place. 	<ul style="list-style-type: none"> ➤ The Medium Term Financial Strategy (MTFS) is driven by the Strategic Plan. The MTFS covers investments, the use of reserves, the approach to Council Tax, and the use of capital. It also considers medium term cost pressures and how these could be financed. ➤ The Council’s Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services together with an overview of how associated risk is managed and the implications for future financial sustainability. It provides a framework for managing the Council’s capital programme and forms part of the Council’s integrated revenue, capital and balance sheet planning. ➤ The Strategic Plan is supported by Performance Indicators that are monitored by the Cabinet. Performance is also subject to review by the Overview & Scrutiny Committee. ➤ Money Matters Reports are presented at quarterly intervals to Cabinet and Briefing Notes are provided to the Overview and Scrutiny Committee. Financial projections are updated in these reports. ➤ The Council engages with internal and external stakeholders through the Community Power Strategy to engage communities in local decisions and work with them to improve outcomes. ➤ The achievement of ‘social value’ forms part of the procurement strategy.

E Developing Capacity, Including the Capability of Leadership and the Individuals Within it

How we do this:

- The Constitution sets out how the Council legally operates, how formal decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The document identifies the roles and responsibilities of Member and officer functions, with clear delegation arrangements and protocols for decision making and communication. The Constitution is kept under continual review and changes are recommended to full council as appropriate.
- The Council is implementing an organisational change programme – Being a Better Council 2021-2024. It will enable the Council to be:
 - Better equipped – realigning service structures and rethinking how our services are delivered, and by whom. We will bring all residents’ facing services together and support them with better use of digital technologies that are second nature to our invisible competition. Where sensible, we will merge the functional elements of services (e.g. assessment and processing) and underpin their management and delivery with stronger performance management and greater clarity over what is expected of them.
 - Better led – creating a strong ‘can do’ culture across the organisation and equipping all our managers with the right skills to do their jobs.
 - Better performing – investing in the core capacity and capabilities of our workforce, to create an officer cohort capable of increased growth and performance.
- The Council has a training plan for Members. The areas covered included safeguarding, planning, licensing, code of conduct and governance, equality and diversity.
- The Chief Executive, Chief Operating Officer and Assistant Directors have annual performance targets. These are based on delivery of the Strategic Plan and the business risks anticipated for the year. Senior politicians appraise the Chief Executive’s performance against these targets and the Chief Executive appraises the Chief Operating Officer/Assistant Directors.
- OKRs are carried out for employees and training needs are identified as part of this process.
- A structured e-learning programme is available which greatly enhances the learning and development opportunities for a large cross-section of employees. Areas covered include fraud awareness and equalities.
- Employees are kept up to date with issues affecting the Council through regular emails from the Chief Executive, monthly ‘all-hands calls’ and a dedicated LDC Teams Channel.
- The Council is committed to Belonging and Wellbeing and aims:
 - to ensure all employees are supported

- provide a positive environment that is compatible with promoting staff engagement, being an employer of choice, improving attendance, high organisational performance, resident focus and organisational performance.

- Wellbeing initiatives included a Wellbeing, Safety and Good Health Week that comprised a range of activities, information and advice for employees.
- Enhanced healthcare benefits for employees have been approved and will be introduced in 2024/25.
- Annual performance related bonuses have been introduced.
- Local Government Association Peer Review was used to provide an external 'health check' in early 2022, on core components including political & managerial leadership, governance & decision making and organisational capacity.
- The constitution provides for the inclusion of two independent members on Audit Committee to ensure the Committee has the necessary skills, capability and capacity.
- A new part time role of Managing Director has been created in LWMTS to provide additional capacity given the growth in the activities being undertaken. This role is currently being undertaken the Chief Executive and conflicts of interest are identified and managed through

F. Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management

Supporting Principle:

Managing Risk

How we do this:

- The Council has a Risk Management Policy that defines the roles and responsibilities for managing risk.
- A Corporate Strategic Risk Register is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its Strategic Plan. Risks are judged on their likelihood of occurrence and their potential impact. These are monitored by Senior Officers monthly and reported quarterly to Audit Committee.
- An 'Acceptable Use Policy' for IT seeks to ensure that all computer systems and networks owned or managed by the Council are updated in an effective, safe, ethical and lawful manner.
- Financial Procedure Rules form part of the Constitution and set out the financial management framework for ensuring the best use of resources. It outlines the financial roles and responsibilities for staff and Members and provides a framework for financial decision-making. The Rules ensure statutory powers and duties are complied with and reflect best professional practice.
- The Council has reviewed and revised its Contract Procedure Rules.
- The Chief Financial Officer provides effective financial management in accordance with the financial procedures and rules set out in the Constitution.
- There is Clarity over the role of Head of Paid Service and Monitoring Officer.
- Maintenance of an effective system of both internal and more detailed financial control is the agreed responsibility of Assistant Directors and Service Managers, who are responsible for managing their services within available resources, in accordance with agreed policies and procedures, and to support the sustainable delivery of strategic priorities in the Strategic Plan and maintain statutory functions. Elements include:
 - Monthly review of budgetary control information by budget holders and Assistant Directors to compare expected to actual performance and to forecast going forward.
 - Formal budgetary monitoring reports reviewed with budget holders and Assistant Directors at quarterly intervals. These look at actual performance and provide forecasts going forward
 - Money Matters reports are produced quarterly, reviewed by Leadership Team and reported to Overview and Scrutiny, Cabinet and Full Council.
- The Financial Management Code was applied from 1 April 2020 and Reports based on the CIPFA Resilience Index are provided annually to Audit Committee.
- Relevant Office of Local Government (OFLOG) indicators and policies will be monitored.

<ul style="list-style-type: none"> ➤ The Audit Committee provides independent assurance over governance, risk and internal control arrangements with a focus on financial management, financial reporting audit and assurance. The Committee is independent of the Executive and accountable to the governing body. ➤ The Audit Committee has approved; Counter Fraud Framework, Money Laundering and Whistleblowing Policy.
Supporting Principle:
Managing Performance
<p>How we do this:</p> <ul style="list-style-type: none"> ➤ The Strategic Plan outlines priorities. ➤ The Strategic Plan is supported by Performance Indicators that are monitored by Leadership Team, the Cabinet and the Overview & Scrutiny Committee. ➤ Service Plans will set out key priorities, objectives and risks for individual services. ➤ Performance is monitored by Leadership Team, Cabinet and the Overview and Scrutiny Committee. ➤ The Overview & Scrutiny function has been reviewed and improved to ensure effective oversight, constructive challenge and review. ➤ Reports provide clear objective analysis and advice including risk and assess financial, social and environmental implications. ➤ Performance on responses to information requests and complaints is registered on the Pentana system providing real-time performance information. ➤ Personal Development Reviews are used to assess performance and set goals and objectives at the individual level. ➤ The Council has identified that improved and consistent contract and relationship management will have a positive effect on the ability to secure value for money from key suppliers and partners. A contracts management policy and procedure guide has been developed with a supporting toolkit that includes: Contract overview document, contract management planner, Minutes and agenda template.
Support principle:
Robust Internal Control
<p>How we do this:</p> <ul style="list-style-type: none"> ➤ The Internal Audit Service provides an objective evaluation of internal controls to effectively manage risk and monitors any weaknesses identified to ensure these are addressed. ➤ The Audit Committee is independent from the Executive and provides further assurance on the governance of risk management and internal control arrangements.

<ul style="list-style-type: none"> ➤ Fraud is taken very seriously, and the Council has an anti-fraud and corruption policy, money laundering and a whistleblowing policy which is reviewed annually and approved by the Audit Committee.
Supporting principle:
Managing Data
<p>How we do this:</p> <ul style="list-style-type: none"> ➤ The Council is committed to complying with General Data Protection Regulations (GDPR) and the Data Protection Act 2018. It is recognised that the correct and lawful treatment of personal data maintains public confidence and trust. ➤ Compliance with the Council’s Data Protection Policy is mandatory. The policy facilitates a unified GDPR compliant framework for all Members and officers when managing and processing customer data. ➤ In line with GDPR requirement the Council has appointed a Data Protection Officer (DPO) to oversee compliance with GDPR and provide advice in relation to the law. This is now an internal role rather than third party hire, allowing for a stronger and more responsive approach. The Council’s DPO, works closely with the Chief Operating Officer, who is the Council’s Senior Information Risk Owner (SIRO). ➤ Monitoring also includes an annual report of the Data Protection Officer to Audit Committee, internal/external audits and Information Commissioner reviews as appropriate. ➤ An action plan was adopted to ensure recommendations in the 2021/22 internal audit of GDPR are delivered and reported as appropriate. ➤ We are registered as a Controller under the General Data Protection Regulation (GDPR) which governs how we manage and process the information we collect and retain. We have a nominated Data Protection Officer and procedures in place that explain how we use and share information, as well as arrangements for members of the public to access information.
Supporting principle:
Strong Public Financial Management
<p>How we do this:</p> <ul style="list-style-type: none"> ➤ Budget holders and Leadership Team review budgets on a monthly basis to monitor actual performance and review/update forecasts. ➤ Formal budgetary monitoring reports are reviewed with budget holders and Leadership Team at quarterly intervals. ➤ Money Matters reports considering financial performance against the financial strategy are produced quarterly. The reports are reviewed by Leadership Team and reported to the Overview and Scrutiny Committee and Cabinet. ➤ The Council has implemented the Financial Management Code developed by CIPFA in consultation with senior practitioners from local authorities and associated stakeholders and provides annual reports to the Audit Committee on the CIPFA Resilience Index.

- External Audit reviews the Council's financial statements (including the Annual Governance Statement) providing an opinion on the accounts and the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).
- The Audit Committee is independent of the Executive and accountable to the governing body. It considers the external audit opinion on value for money has part of its responsibility for monitoring the effectiveness of the control environment and value for money.
- The Audit Committee comprises up to two Independent Members to help ensure strong, independent oversight.

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G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles:		
Implementing Good Practices in Transparency	Implementing Good Practice in Reporting	Audit and Delivering Effective Accountability
How we do this:		
<ul style="list-style-type: none"> ➤ The Agendas and Minutes of Cabinet and Committee meetings are published on the Council’s website. ➤ Upcoming Key Decisions are Published on the Cabinet’s Forward Plan. ➤ The Council has a Freedom of Information publication scheme 	<ul style="list-style-type: none"> ➤ The published Annual Statement of Accounts is a statutory summary of the Council’s financial affairs for the financial year. It provides clear information on the income and expenditure of the Council and sets out the Council’s stewardship of public money. ➤ The Annual Governance Statement and Local Code of Corporate Governance set out governance arrangements and consider their effectiveness against the seven key principles. ➤ The Audit Committee reviews and approves the Annual Statement of Accounts and the Annual Governance Statement. 	<ul style="list-style-type: none"> ➤ Accountability and decision-making arrangements are clearly defined within the Council’s constitution. ➤ The Audit Committee provides independent assurance to the Council on the adequacy and effectiveness of governance arrangements and internal control. ➤ Risk based internal audit, compliant with Public Sector Internal Audit Standards, provides ongoing assurance that key risks material to achieving the Council’s objectives are being managed. ➤ External Auditors carry out reviews of our internal control arrangements throughout the year. No weaknesses have been reported in their updates to Audit Committee during 2023/24

Annual Review of the Effectiveness of the Governance Framework

How has the Council Addressed the Governance Improvement Actions from 2022/23?

In 2022/23 no significant weaknesses in Governance/Internal Control were highlighted in the feedback received from members and senior officers.

Actions taken in response to issues highlighted in the 'Looking Ahead' Section of the 2022/23 Governance Statement.

(i) Audit Committee – Independent Members

In the 2022/23 Governance Statement reference was to the appointment of an Independent Member to the Audit & Member Standards Committee (now Audit Committee) being reviewed following the local elections and subsequent skills assessment of the committee composition. This review has taken place and the decision was taken to appoint two Independent Members to the Audit Committee.

(ii) Lichfield West Midlands Traded Services Ltd

It was highlighted that the Lichfield West Midlands Traded Services Ltd - the Local Authority Trading Company (LATCo) would need to be monitored as the company expands to include Disabled Facilities Grants and Leisure Centre Management and Internal Audit undertook a review in 2023/24.

Governance Review 2023/24

We have a legal responsibility to conduct an annual review of the effectiveness of our Governance Framework, including the system of internal control. The outcomes of the review are considered by Audit Committee (which is charged with final approval of this statement).

The review is informed by:

- The views of Internal Audit, reported to Audit Committee through regular progress reports, and the Annual Internal Audit Opinion. Additionally, taking into account any reports received concerning data breaches and whistleblowing allegations.
- An annual review carried out by the Audit Manager, of the effectiveness of Internal Audit (as required by Regulation 6(3) of the Accounts and Audit Regulations 2015).
- The views of our External Auditors, regularly reported to Audit Committee through regular progress reports, the Auditors Annual Report, the Informing the Audit Risk Assessment document, the Audit Findings Report and the Audit Plan.
- The views of the Head of Paid Service (Chief Executive), Monitoring Officer, Section 151 Officer.
- The activities and operations of Council Service Areas whose Assistant Directors provide written assurance statements using an Internal Control Checklist.
- The views of Members (Committee Chairs and Leader of the Minority Group) using a Members' Questionnaire.
- The Risk Management Process, particularly the Corporate Strategic Risk Register

- Performance information reported to Cabinet, Council and Overview and Scrutiny Committee.

Annual Auditors Report – 2021/22 & 2022/23

Overall the auditor, Grant Thornton, reported no evidence of significant weakness in the Council's governance arrangements. An improvement recommendation was made in relation to the Council's wholly owned company – 'That the Council should review its arrangements for the appointment of directors to minimise the potential for conflicts of interest.' A review of the Companies governance arrangements was included on the internal audit plan and measures to address conflicts of interest are outlined below.

Audit Findings Delays – 2021/22 & 2022/23

The Council's Auditors have advised that assurances from Staffordshire Pension Fund auditors have now been received and therefore external audit opinions for 2021/22 and 2022/23 are planned to be issued by the end of April 2024. However, if the external audit opinions are not issued and if the government introduces emergency measures, a disclaimed opinion would need to be issued. This would impact multiple authorities so would likely not result in any significant reputational damage.

The Annual Governance Statement remains focused on the effectiveness of governance arrangements during the period covered and account will be taken of CIPFA guidance on Local audit delays and the publication of the Annual Governance Statement. This includes the inclusion of a statement explaining the reason for delays (see above) and the response to any significant issues identified.

Managing Interests - Lichfield West Midlands Traded Service Ltd & Darwin Futures LLP

Managing conflicts of interests over decision-making is critical for transparent and effective governance. Board Directors have fiduciary duties to the company, including declaring conflicts of interest, as required by the Companies Act 2006. However, this can be complex where Board members are also officers or members of the Council. It is expected that each Board member records their declaration of interests, ensures this is kept up-to-date, and removes themselves from any discussions and decisions in meetings where conflicts may arise. Declarations of interest should be recorded on Cabinet Decision Notices and Board Minutes.

Likewise Interests should be declared and recorded in relation to appointees to Darwin Futures LLP.

GDPR & DWP SEARCHLIGHT

During 2023/24 we were made aware of issues in relation to the operation and management of DWP Searchlight in LWMTS whilst undertaking Disabled Facilities Grants that could impact on the Council's access to this information that is used to assess Housing Benefit applications. These concerns were raised with management and an agreed action plan put into place to address these concerns. DWP have scheduled an audit of the Council's DWP Searchlight arrangements for 2024/25.

Looking Ahead

The Lichfield West Midland Traded Services (LWMTS) Ltd - the Local Authority Trading Company (LATCo) has continued to expand with the addition of Planning Major Development, Bio-Diversity and Human Resource functions and continued monitoring of governance arrangements is recommended.

Conclusion of the Review

We consider the Governance Framework and Internal Control environment operating during 2023/24 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

The system of Governance (including the system of Internal Control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

Simon Fletcher
Chief Executive

Councillor Douglas Pullen
Leader of the Council

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**LICHFIELD DISTRICT COUNCIL
CODE OF CORPORATE GOVERNANCE 2024/25**

Introduction

Good Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, culture and values by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Our Commitment

Lichfield District Council is committed to upholding the highest possible standards of good corporate governance, as good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council, and ultimately good results.

Good governance flows from shared values, culture and behaviour and from sound systems and structures.

During 2016/17, an updated Framework was produced by CIPFA/SOLACE entitled 'Delivering Good Governance in Local Government 2016'. The main principle underpinning the development of this new Framework is the fact that local government is developing and shaping its own approach to governance taking account of the environment in which it now operates. The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance.

Furthermore, the focus on sustainability and the links between governance and public financial management are crucial for now and for the future. Local authorities have responsibilities to more than their current electors and they must take account of the impact of current decisions and actions on future generations.

This Framework consists of seven Core Principles and it is proposed that it is these that the Code of Corporate Governance for Lichfield District Council 2024/25 is based.

The seven Core Principles are as follows:

A	Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law
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<p><i>'Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and Government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.'</i></p>

Outcomes

We develop, communicate and embed codes of conduct, defining standards of behaviour for Members and officers to ensure they exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance, and that are respectful of laws and regulations.

Our policies seek to ensure Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated which assists in protecting the reputation of the organisation.

We underpin personal behaviour with ethical values and ensure they permeate all aspects of the organisation's culture and operation, and are respectful of the rule of law.

B Ensuring Openness and Comprehensive Stakeholder Engagement

'Local government is run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.'

Outcomes

We make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. If a decision is to be kept confidential we provide justification and reasons for this decision.

We ensure that communication methods are effective and that members and officers are clear about their roles with regards to community engagement.

We engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.

C Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits

'The long-term nature and impact of many of local government's responsibilities meant that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.'

Outcomes

We consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.

We ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options, thus ensuring that best value is achieved however services are provided.

We measure the quality of services for users, ensuring they are delivered in accordance with our objectives and that they represent the best use of resources and that Council Tax payers and service users receive excellent value for money. We do this through the Performance Management Framework.

D Determining the Interventions Necessary to Optimise the Achievements of the Intended Outcomes

'Local Government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.'

Outcomes

We inform medium and long term resource planning by drawing up realistic estimates of revenues and capital expenditure aimed at developing a sustainable funding strategy.

We ensure that the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved whilst optimising resource usage.

We ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.

E Developing the Entity's Capacity, Including the Capacity of its Leadership and the Individuals Within it

'Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.'

Outcomes

We ensure that the Leader and Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority.

We develop the capabilities of the Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental risks by ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirement is available and encouraged.

We hold staff to account through regular performance reviews which take account of training or development needs.

F Managing Risks and Performance through Robust Internal Control and Strong Public Finance Management

'Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.'

Outcomes

We recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making.

We ensure that well-developed financial management is integrated at all levels of planning and control.

We ensure that there is an effective scrutiny function in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made.

G Implementing Good Practices in Transparency, Reporting and Audit to Deliver Effective Accountability

'Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both External and Internal Audit contribute to effective accountability.'

Outcomes

We ensure that recommendations for corrective action made by Internal and External Audit are acted upon.

We write and communicate reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensure that they are easy to access and interrogate.

We welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations.

Data Protection Policy and UK GDPR Update



Lichfield
District Council

Date: 17 April 2024
Agenda Item:
Contact: Ian Edwards - Interim ICT Manager
Officer:
Tel Number: 01543 308092
Email: ian.edwards@lichfielddc.gov.uk
Key Decision? No
Local Ward Members: N/A

Audit and Member Standards Committee

1. Executive Summary

1.1 All staff are required to complete mandatory training for Cyber Security and GDPR. These course are optional for Councillors. This report provides an update on training completion for GDPR and Cyber Security.

2. Recommendations

2.1 To proceed with the action plan in Section 4 to raise the completion rates of the training.

3. Training Completion Rates

3.1 Training is delivered via the online training platform at <https://learn.lichfielddc.gov.uk>. The platform issues email reminders to complete training and provides a dashboard for managers to review completion for their direct reports. These methods serve to provide a reasonably high completion rates efficiently without requiring high administrative overheads.

Directorate	Not Certified GDPR Qty	Certified GDPR %	Not Certified Cyber Qty	Not Certified Cyber %
Corporate Core	1	97%	2	93%
Economic Growth and Development	3	90%	2	93%
Finance and Commissioning	0	100%	0	100%
Operations, Regulation and Enforcement	7	92%	5	94%
Resident and Business Services	6	90%	6	90%
LWMTS	5	76%	5	76%

Councillors	34	28%	36	22%
Overall	56	81%	56	81%

4. Action Plan

- 4.1 All staff will be reminded to complete training through the April All Hands call and follow up communications.
- 4.2 Managers will be encouraged to review their dashboard and direct staff to complete.
- 4.3 Leadership will be provided with a list per directorate of outstanding training at the end of April 2024.
- 4.4 As a final resort, network access will be suspended at end of May for any staff that have not completed.



Lichfield District Council

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Interim progress report

Year ended 31 March 2024

April 2024



Agenda Item 11

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Audit work plan tracker	6

Your key team members

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Key Audit Partner

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Helen Parks

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Introduction

Adding value through the audit

All our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Purpose

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- Details of progress made to date and whether it is on track; and
- Where progress is on track, any initial findings which may impact the final accounts audit.

Members are invited to consider the progress reported in this paper and any actions considered necessary in response.

Auditor reporting delays for previous periods and the impact on our audit

Although we are planning to complete your audit for the year ended 31 March 2024 in line with the statutory timetable, so that we can report our initial findings to your Audit Committee in September 2024, please note that we will not be able to fully complete our audit, issue our auditor's report and certify the closure of the audit until your predecessor auditor has issued their audit opinion for the years ended 31 March 2023, and 31 March 2022. Once this has been completed, we will need to review the predecessor auditor's audit file and consider the impact on our audit of any modifications to their auditor's report.

Should additional procedures or changes to the plan be required, we will report these to you. The cost of additional work to revisit planning upon completion of the prior year audits will also be reported to you.

Introduction

Council responsibilities

The Council has responsibility for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support its financial statements and related reports disclosures; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Our expectations and requirements

In our audit plan, we set out the following requirements to enable us to deliver the audit in line with the agreed fee and timetable:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays.

Introduction

Continued progress of the audit

We have held meetings with the Director of Finance, the Chief Operating Officer, and Chair of the Audit Committee to inform our planning.

Engagement with management has been good and we have received responses to a range of planning enquiries and requests, enabling us to progress our planning work. Where information has been received, we have not at this stage identified any adverse findings to report to you.

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The continued progression of the audit from this point is dependent upon management's capacity to respond to requests and provide information as required. In particular our final accounts audit in July/August 2024 can only be met once management is able to satisfy the required information requests. Should this not be possible, we will inform you of the change to the audit timescales and revised likely completion dates.

Should anything arise from our finalisation of the planning procedures that changes the risks or planned procedures, we will report these to you.

Audit work plan tracker

We have outlined below progress to date on planning, risk assessment and early testing in relation to the financial statement audit.

Planned activity	Progress	Issues, impact and actions	Progress	Findings
Review of predecessor auditor files	We have not been able to review the predecessor auditor's files as audit opinions have not been issued for the 2021/22 or 2022/23 financial years.	We are unable to assess whether audit work from previous years will impact on our risk assessment or audit procedures.	AMBER	The work in this area is not complete and therefore we do not have any findings to report at the time of this report.
Opening balance roll forward testing	It was not possible to complete this work at time of the interim audit.	Prior year closing balances have not been brought forward by the Council due to prior year audits not being completed.	AMBER	No issues identified at the time of this report.
IT General controls	The scope of our ITGC work has been agreed.	Work in this area is now in progress with the first meeting scheduled for 9 th April.	AMBER	No issues identified at the time of this report.
Logest journal upload dummy run	This in progress as we are experiencing complications in mapping the ledger data within our system	Management have provide the information requested and we are continuing to work on this to lessen the burden at year end.	AMBER	No issues identified at the time of this report.
Management expert assessment	We have written to the Council's external valuer asking a range of questions about the scope of their work.	We have received confirmation that their work is on-going and they will issue their findings to us in due course.	AMBER	No issues identified at the time of this report.

KEY:

RED: Information required significantly delayed and statutory deadline may not be met / significant issue identified as finding

AMBER: Information required is delayed / issue identified

GREEN: Information required received and audit on track / no significant adverse findings or issues identified

Audit work plan tracker

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Planned activity	Progress	Issues, impact and actions	Progress	Findings
Walkthroughs	These have been completed as far as possible.	Walkthroughs of IAS19 and PPE valuation will be completed after the year end due to the timing of information becoming available for audit.	GREEN	No issues identified at the time of this report.
Preliminary going concern assessment	This has been completed.	We have completed our initial assessment of going concern by considering the prior year information provided and the latest MTFS.	GREEN	No issues identified at the time of this report.
Employee remuneration starters and leavers testing	Testing is in progress.	We have received information requested for our M1-9 samples	GREEN	No issues identified at the time of this report.
Management judgements and estimates	We have gained an understanding of managements judgements and estimates expected within the financial statements	Management to present their key judgements and estimates to the Audit Committee in April 2024.	GREEN	No issues identified at the time of this report.
Planning inquiries with management	We have received responses from management with regard to our planning enquiries which allowed us to issue our audit plan.	No issues identified.	GREEN	No issues identified at the time of this report.
Planning inquiries with Those Charged With Governance	We have completed our planning inquiries with Those Charged with Governance.	No issues identified.	GREEN	No issues identified at the time of this report.

KEY:

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AMBER: Information required is delayed / issue identified

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Audit work plan tracker

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Planned activity	Progress	Issues, impact and actions	Progress	Findings
Review of internal audit reports and function	We have completed the work in this area. This has included reviewing available internal audit reports as well as completing our inquiries with internal audit directly.	No issues identified.	GREEN	No issues identified at the time of this report.
Response to other planning inquiries	We have made inquiries with management on the process they are undertaking to establish the impact of IFRS 16 will have on the council.	We have received responses to our inquiries on how the council is assessing the impact of IFRS 16 on arrangements where it is the lessee. We will review the disclosures relating to IFRS 16 included in the accounts as part of year end testing.	GREEN	No issues identified at the time of this report.
Groups and component auditors	We have reviewed management's assessment of whether groups accounts should be produced.	We have concurred with management's preliminary assessment that at this stage group accounts do not need to be prepared for the 2023/24 financial year. We will reconsider this after year end.	GREEN	No issues identified at the time of this report.
Responses to preliminary analytical review queries	This has been completed.	Responses to our queries regarding variances identified through testing have been responded to satisfactorily by management.	GREEN	No issues identified at the time of this report.
Value for money risk assessment and planning	We have completed our planning work for value for money.	We will be scheduling a number of meetings over the coming months to complete our fieldwork procedures.	GREEN	No issues identified at the time of this report.

KEY:

RED: Information required significantly delayed and statutory deadline may not be met / significant issue identified as finding

AMBER: Information required is delayed / issue identified

GREEN: Information required received and audit on track / no significant adverse findings or issues identified

Audit work plan tracker

Planned activity	Progress	Issues, impact and actions	Progress	Findings
PPE additions early testing	Testing is in progress.	We have received information requested for our M1-9 samples.	GREEN	No issues identified at the time of this report.

- KEY:**
- RED:** Information required significantly delayed and statutory deadline may not be met / significant issue identified as finding
 - AMBER:** Information required is delayed / issue identified
 - GREEN:** Information required received and audit on track / no significant adverse findings or issues identified

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AUDIT COMMITTEE WORK PROGRAMME FOR 2023/24

Item	20 July 2023	27 Sept 2023	28 Nov 2023	1 Feb 2024	21 Mar 2024	17 April 2024	Comments
FINANCE							
Annual Treasury Management Report	√						
Mid-Year Treasury Management and Local Audit Update Report			√				
Accounting Policies and Estimation Uncertainty						√	
Statement of Accounts 2022/23 (and potentially 2021/22)			√				Audit deadline for 2022/23 is 30 September 2023
Treasury Management Statement and Prudential Indicators				√			
Audit Committee Practical Guidance*							*Only relevant if there are updates to guidance so may not be needed
CIPFA Financial Management Code*							*Only relevant if there are updates to guidance so may not be needed
CIPFA Resilience Index	√						
Local Audit Update*							*Only relevant if there are updates to guidance so may not be needed
Overview of the Council’s Constitution in respect of Contract and Financial Procedure Rules*							*Only relevant if there are updates to guidance so may not be needed
Annual report on Waivers to Contract Procedure Rules 2022/23	√*						*To be circulated as a briefing paper
LWMTS – Annual Report			√				
INTERNAL AUDIT							
Chair of the Audit Committee’s Annual Report to Council						√	
Annual Report for Internal Audit (including year-end progress report)						√	
Internal Audit Plan, Charter & Protocol 2023/24					√		
Internal Audit Progress Report	√		√	√		*	*Included in the ‘Annual Report for Internal Audit’

AUDIT COMMITTEE WORK PROGRAMME FOR 2023/24

Review of the Effectiveness of the Audit Committee					√		
Quality Assurance and Improvement Programme /Public Sector Internal Audit Standards	√						
Risk Management Update	√		√	√		√	
Counter Fraud Update Report including Counter Fraud & Corruption/Whistleblowing/Anti-Money Laundering/ Prevention of Tax Evasion Policies			√				
Skills Review & Discussion on the Appointment of An Independent Member		√					
Outstanding high priority audit recommendations update					√		
GOVERNANCE							
Annual Governance Statement						√	
Annual Report of the Monitoring Officer – Complaints		√*					*To be circulated as a briefing paper
The Annual letter for Lichfield District Council from the Local Government Ombudsman			√*				*To be circulated as a briefing paper
RIPA reports policy and monitoring	√						
Compliments, complaints, MP and FOI enquiries report 2022/2023	√						
COMPLIANCE AND DATA PROTECTION							
GDPR/Data Protection Policy				√		√	
Annual Report of the Data Protection Officer		√					
GDPR & Cyber Security Training Compliance							Potentially circulated as a briefing paper
EXTERNAL AUDITOR – GRANT THORNTON							
Audit Findings Report for Lichfield District Council 2022/23			√				
Audit Plan (including Planned Audit Fee 2022/23)	√*						*Deferred to 2023/24 at the request of the external auditors

AUDIT COMMITTEE WORK PROGRAMME FOR 2023/24

Informing the Audit Risk Assessment - Lichfield District Council	√*					√	*Deferred to 2023/24 at the request of the external auditors
Auditor's Annual Report for Lichfield District Council 2022/23			√*				*Combined with the Auditor's Annual Report for Lichfield District Council 2021/22
Audit Plan (including Planned Audit Fee 2023/24)						√	
Audit Committee LDC Progress Report and Update – Year Ended 31 March 2024						√	
EXTERNAL AUDITOR – AZETS							
Audit Plan (including Planned Audit Fee 2023/24)				√			
Informing the Audit Risk Assessment - Lichfield District Council						√*	*Covered as part of the audit plan presented in February 2024
Audit Committee LDC Progress Report and Update – Year Ended 31 March 2024						√	
Private meeting with external auditors						√	

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