

AUDIT AND MEMBER STANDARDS COMMITTEE

20 APRIL 2022

PRESENT:

Councillors Spruce (Chair), Ho (Vice-Chair), Grange, Norman, Silvester-Hall, White, M Wilcox and Sohal (External Auditor)

Observer:

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

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

97 APOLOGIES FOR ABSENCE

There were apologies from Councillor Robertson.

98 DECLARATIONS OF INTEREST

There were no declarations of interest during this item. However, Councillor White subsequently declared a non-pecuniary interest during Item 11 (*Audit Plan (including Planned Audit Fee 2021/22)*) as the individual responsible for appointing the chairs of the Staffordshire pensions committee and Staffordshire pensions panel.

99 MINUTES OF THE PREVIOUS MEETING

The Minutes of the Meeting held on 3 February 2022, previously circulated, were taken as read and approved as a correct record.

100 ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

Anthony Thomas (Head of Finance & Procurement) presented the report to the committee. It was noted that the report was similar to the previous year, with a relatively small number of changes highlighted within. Mr Thomas also highlighted that the Critical Accounting Judgements within the report were naturally subject to a degree of subjectivity involved with a reliance of surveyor's analysis. The committee were informed that later reports from the external auditors would also discuss some of the information covered in this item. However, these reports would be approaching the data from differing perspectives.

Members asked if the authority had received any preliminary views from actuaries as to what their analysis or assumptions would be in relation to the pension scheme. It was confirmed that nothing had been received so far.

Following members questions surrounding the calculation of average useful lives in relation to assets it was agreed that officers will look at disaggregating land value and building value to provide greater transparency.

Mr Thomas confirmed to members that recommendation 2.3 (To delegate to the Head of Finance and Procurement the ability to make further changes to the accounting policies to

reflect the subsequent release of new or updated guidance) was a delegation that would no longer be needed.

RESOLVED: (1) The committee agreed to remove recommendation 2.3 from the report.

(2) The committee approved the Council's proposed Accounting Policies and also approved the Council's approach to the Critical Accounting Judgements and Key Sources of Estimation Uncertainty.

101 CHAIR OF THE AUDIT COMMITTEE'S ANNUAL REPORT TO COUNCIL

Andrew Wood (Audit Manager) presented the report to the committee. Mr Wood highlighted that the attendance table would be updated following the meeting. The report details assurances in relation to internal audit, external audit, inspections, financial management, risk management and corporate governance.

The Chair noted that the authority had recently undergone a corporate peer challenge review, the results of which were largely positive. The Chair paid tribute to all committee members, citing this committee as the most effective he has worked on.

RESOLVED: The committee endorsed the Annual report of the Audit & Member Standards Committee 2021/22 and authorised the Chair to circulate the report to all Councillors.

102 ANNUAL REPORT OF THE AUDIT & MEMBER STANDARDS COMMITTEE

Mr Wood presented the report to the committee. He confirmed any weakness noted have been discussed with management and recommendations raised. It was noted that 82% of the plan has been completed at year end against a target of 90%, with a customer satisfaction score of 4.7 out of 5. The committee were assured that the irregularity mentioned in Appendix 1 had been investigated and the audit report in relation to this was currently being finalised, ready for circulation.

Members raised the importance of scrutiny in relation to payment card standards. These comments were taken on board and payment card standards will be included in an upcoming audit review.

RESOLVED: The committee noted the Internal Audit's Annual Report, including results for the quarter to 31 March 2022.

103 INTERNAL AUDIT PLAN, CHARTER & PROTOCOL 2022/23

The committee were informed that leadership team had been consulted on the Internal Audit Plan and that audit resources were focused into the higher risk areas of the council's arrangements. Mr Wood explained plans to conduct a review of internal processes, which will report back in July 2022. Changes to the charter and protocol were minor and highlighted in throughout.

Mr Wood assured the committee of his belief that the department has sufficient resources. He noted that whilst they are a small team, they operate in a larger environment and knowledge pool that can be drawn on regularly. He also explained that the number of audit days was determined by a variety of factors including report

preparation, briefing, field work, drafting and signoff. However, these time scales are indicative, and days not utilised would be held in contingency for any additional instances that may arise later.

Members raised concerns about the possibility for fraud when providing payments for refugees. It was clarified that when dealing with these payments, judgements would not be taken on face value. Details of compliance would be required and issues noted at other councils would be focused on. The existing framework designed for Covid-19 grants will be built upon and further assurances can be provided to committee. However, members also highlighted that the authority has legal obligations, but also moral obligations on this matter.

RESOLVED: Members approved the 2022/23 proposed internal audit plan, charter and protocol.

104 RISK MANAGEMENT UPDATE

The committee were informed that monthly meetings had taken place with leadership team to update the risk register accordingly. SR1 has been rescored 6 to 9 in relation to uncertainty over the supply of goods and increasing energy costs. In relation to SR3, leadership team is continuing to monitor leavers from the authority to ensure resources are maintained. SR7 has also been rescored from 6 to 9 due to geopolitical risks. Whilst there has been a perceived increase in cyber security risks, the authority is working to ensure this is adequately managed. Members were informed that the authority is looking an external operator to test the security of existing services.

Members asked if there had been any consideration as to how the authority would continue supplying general services to residents in the event of a general war. Mr Wood stated that this has not been discussed specifically with leadership team, but he would subsequently take the issue forward with them.

The committee were assured that there are robust arrangements in place to remove staff from council systems when they leave the work force.

Mr Wood also confirmed that he has received the full support and respect of leadership when conducting his work.

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

105 ANNUAL GOVERNANCE STATEMENT

Mark Hooper (Governance Manager & Monitoring Officer) presented the report to the committee. Mr Hooper highlighted a number of presentational changes undertaken this year in order to make the document more accessible. The Chair highlighted this as a very thorough document.

RESOLVED: (1) Members approved the Annual Governance Statement.
(2) Members delegated authority to the Chair 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.

(3) Members approved the Local Code of Corporate Governance for 2022/23.

106 THE ANNUAL AUDIT REPORT FOR LICHFIELD DISTRICT COUNCIL

This report was presented to the committee by Avtar Sohal (External Auditors) who noted that this report replaces the previous value for money commentary. The committee were informed that nothing had been identified as a significant weakness, although Covid-19 was brought into the report due to its significance as a national issue. In terms of strength, Mr Sohal stated LDC was at the upper end of councils his team are working with.

Members questioned the absence of the Overview & Scrutiny committee from the report and recommended that this be looked at very soon.

Members also questioned the description of £100,000 as a “*small cost*” in the report.

RESOLVED: Members noted the contents of the Annual Audit report.

107 AUDIT PLAN (INCLUDING PLANNED AUDIT FEE 2021/22)

Councillor White declared a non-pecuniary interest as the individual responsible for appointing the chairs of the Staffordshire pensions committee and Staffordshire pensions panel.

Kirsty Lees (External Auditors) took the committee through select highlights of the report. She highlighted that this year, the finance team will be using new ledger system for the first time, which naturally heightened the risk level compared to the previous year. Value for money 2021/22 did not identify any risks or significant weakness, however, members were assured that if any are identified throughout the audit, the council will be informed.

Mr Thomas confirmed that internally there has been no adverse reaction from the implementation of the new ledger system.

RESOLVED: Members noted the contents of the Audit Plan.

108 INFORMING THE AUDIT RISK ASSESSMENT - LICHFIELD DISTRICT COUNCIL

Ms Lees presented the report to committee, explaining that management had previously been asked questions to inform audit planning. It was requested that members confirm the responses in this report are in line with their existing knowledge of the council.

RESOLVED: Members considered the responses enclosed and noted the contents of the report.

109 ACCOUNTING ESTIMATE MANAGEMENT SUMMARY

It was acknowledged by all that the contents of this report had been effectively covered during previous items. No further questions were raised by members.

RESOLVED: Members noted the contents of the Accounting Estimate Management Summary.

110 WORK PROGRAMME

Members noted that this was the last Audit meeting of the existing calendar and paid tribute to the committee Chair. The Chair and members also paid tribute to the work of Anthony Thomas and all officers involved with this committee.

RESOLVED: Members noted the contents of the work programme.

(The Meeting closed at 7.32 pm)

CHAIRMAN