

# Draft Response to Audit and Member Standards Committee Questions and Comments 21 July 2022

## Treasury Management Report

- Councillor Ho wanted assurance that the waste from the office refurbishment was disposed of in a sustainable way.
  - Harrow Green were selected to ensure that nothing from the site went to landfill. Their website provides full details about corporate responsibility however a summary is provided in the paragraphs below:
    - Corporate Social Responsibility is woven into the way we conduct business because we believe in sustainability and in operating in a world that will be better tomorrow than it is today.
    - Our trading practices are structured in a way that is sustainable, particularly in regards to recycling and asset disposal, which is a big part of the way we do business. We apply a 0% to landfill policy with all the assets we dispose for our customers and take other measures to ensure our approach is as green as we can make it.
    - Through our Re-Fresh programme, we dispose of our customers' no-longer-needed furniture and IT equipment in the most environmentally friendly way possible by recycling, refurbishment and re-sale or charitable donation, which guarantees the best possible outcome for both our customers and the environment.
    - We also take strides to support the communities in which we operate by offering our services free of charge whenever they're required by local charities.
  - In addition, chairs were provided to schools and other local organisations and social media was used to further promote availability for use by the wider community.
- Councillor Robertson asked if additional capacity should be considered to expedite delayed capital spend such as the Coach Park.

The capacity related specifically to capital project delivery capacity has been increased in relation to:

- A major projects team was created a number of years ago.
  - In terms of Lichfield City Masterplan projects, further capacity was procured through an Interim Director of Regeneration and following their departure, two further programme managers will be recruited.
  - A programme director was procured together with further additional capacity specifically to deliver the Being a Better Council programme.
  - We have appointed Lambert Smith Hampton (LSH) to provide additional capacity as a managed partner principally to deliver the Lichfield City Masterplan programme however they are able to provide additional capacity in other areas of the Council.
  - Council has also recently approved a budget of £1.2m that can be used to support any other capacity investment such as digital support and further apprenticeships that will enable the delivery of Council priorities.
- Councillor Robertson asked what the balance on the Burntwood Sinking Fund currently is  
The current balance is £69,000 and any investment needs in excess of this budget will need to be funded from the property planned maintenance budget, reprioritisation of existing budgets or through the use of reserves.

## Internal Audit Progress Report

- Internal Audit Plan delivery progress and the lack of progress in addressing the 5 high priority recommendations and the lack of change in the period for the medium priority recommendations.

We have made two attempts using different recruitment approaches to recruit a Senior Auditor without success due to a very challenging recruitment market for auditors. We have now identified an external audit firm that is able to provide additional capacity to support delivery of the approved internal audit plan.

Leadership Team have taken on board the Committee's views regarding the lack of progress on implementing audit recommendations and confirm that target dates have been set and progress will be reviewed on a monthly basis as part of the risk management review.

We can confirm therefore we will provide updates to the Committee on the outcome of the 5 high priority recommendation reviews as they occur.

- In terms of the debtor's suspense account issue identified and assurance this was being addressed by Management.

To confirm payments have been allocated as follows:

- M0007443646 £0.47 has been allocated to invoice M0075905147. This was raised as invoice M0007443646 was at a nil balance when we migrated over to Civica Debtors and we've since received some dividend payments.
- P0000061109 £1,057.88 has been allocated to M0075895671. The payment was from New Look for Rent, which is now based on monthly turnover and we were awaiting confirmation of the figures before the invoice was raised.
- The following 3 payments were moved out of the suspense account in order for it to be cleared for the financial year end and were allocated to an invoice with the debtor name Unidentified Payments. We are still in the process of trying to contact the customers as these payments are to be refunded.  
P0000050044 £20.00  
M0007543375 £25.00  
M0007563744 £116.88
- As at 1<sup>st</sup> August 2022 we have two items in the suspense account M0007274972 £30.00 and M0007188376 £82.71, these are currently being reviewed/investigated.

Discussions and communications held with the Income Recovery Officer has outlined that the number of items entering suspense are relatively small in number i.e., 1 every couple of weeks. However, the Income recovery Officer did outline that on a daily basis the cash receipting reports are reviewed and these will list any items allocated to suspense account. The duty officer for the recovery team should then try and deal with these issues as they arise.

The section does not have a specific target, however this is due to the low number of items entering suspense and that these are resolved as soon as practicable once they are identified.

## Risk Management Update

- The Committee acknowledged only one red risk however there was a concern at the number of risks in the amber area and the number of factors indicating an increase in the risk environment at the Council.

It is acknowledged that the strategic risk register does show six (86%) strategic risks that are in the amber area of the risk matrix and this could potentially impact on the Council's ability to deliver its strategic plan. However, there are several key points to make:

- Strategic Risk registers are focussed on each local authority's objectives and risks however we do regularly review other District Council Corporate/Strategic Risk Registers to ensure we take an external perspective.
- A number of the risks in the Council's Strategic Risk Register are generic across local government and are also influenced by external factors such as the economic/statutory environment as evidenced by the latest analysis of other District Council risk registers that is shown below:

Local Authority	Lichfield	Cannock Chase	Tamworth	Wychavon	Staffordshire Moorlands	Worcester City	South Staffordshire
<b>Strategic / Corporate Risks</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>19</b>	<b>16</b>	<b>26</b>	<b>8</b>
Red / High	1	4	0	0	8	3	1
%	14%	67%	0%	0%	50%	12%	13%
Finance	X	X			X	X	
Development Plan						X	
Resilience / Capacity of teams		X					
Employee Wellbeing					X		
Governance/Statutory							
ICT/Cyber Attack					X	X	
Local Economy		X					
Key Suppliers		X					X
World Events					X		
External Funding					X		
Contract Management					X		
Asset Investment					X		
Safeguarding					X		
<b>Amber / Medium</b>	<b>6</b>	<b>2</b>	<b>5</b>	<b>9</b>	<b>7</b>	<b>5</b>	<b>6</b>
%	86%	33%	83%	47%	44%	19%	75%
Green / Low	0	0	1	10	1	18	1
%	0%	0%	17%	53%	6%	69%	13%

- The Council takes an active approach to Risk Management through Leadership Team and Audit and Member Standards Committee regularly reviewing the Strategic Risk Register, Service Risk Registers and Horizon Scanning.
- The Internal Audit Team undertake planned reviews of the Risk Management approach with the last taking place in Jan/March 2022 with a Reasonable assurance level that will be reported, verbally, to the Audit and Member Standards Committee on 21<sup>st</sup> September 2022.
- The expanded Value for Money Assessment undertaken by the External Auditors is focussed on three areas – financial resilience, governance and economy, efficiency and effectiveness. All three of these areas will consider the Council's approach to risk management and the Annual Audit Report reported to Audit and Member Standards Committee on 20 April 2022 indicated no risks or significant weaknesses identified.
- The Chief Executive will attend the next meeting to provide assurance that these issues are being prioritised and managed.