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AUDIT AND MEMBER STANDARDS COMMITTEE

18 JANUARY 2023

PRESENT:

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

Officers in Attendance: Laura Brentnall, Will Stevenson, Anthony Thomas,

Also Present: Kirsty Lees (External Auditor)

28 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Ho and relevant Cabinet member Councillor Strachan.

29 DECLARATIONS OF INTEREST

No declarations of interest were received.

30 STATEMENT OF ACCOUNTS

Mr Anthony Thomas (Assistant Director Finance & Commissioning) presented the Statement of Accounts to the committee. Mr Thomas confirmed that the accounts had been published in line with the CIPFA code of practice and signed by himself on July 1st, 2022. He noted that during this period, the council had changed finance systems which naturally created additional work. The team responsible had also lost team members and were ultimately faced with limited officer resources. Mr Thomas praised the team, giving them credit for completing this task well in advance of the deadline despite these drawbacks. It was highlighted that to complete the accounts, one of the recommendations sought delegation to the committee Chair to approve any non-material changes required after the meeting. Anything substantial amendments would have to be approved by the committee. Mr Thomas highlighted the significant impact of the annual assessment of the pension fund long term liability, its material impact on the accounts including the Balance Sheet and the volatile nature of the assessment from year to year.

In response to questions from members, Mr Thomas agreed to seek further information on whether the city centre masterplan was currently on target. He also confirmed that the authority has taken a much more robust approach relating to SR7 and failure to complete multi-factor authentication would result in users having access removed from digital systems.

Members also raised the use of multiple acronyms within the report that did not feature in the glossary. They noted that this along with more information concerning related party transactions could ultimately improve the level of transparency.

Members asked for further details regarding the level of short-term creditor borrowing rising from roughly £19 million in 2020/21 to £23.5 million in 2021/22. Mr Thomas stated that in many cases, these swings are the result of repayments to be made to central government, showing up in the statement of accounts as a creditor. Examples given include Covid-19 grants that had not been distributed and required repaying or council tax and business rates collected in excess of initial estimates.

The committee asked to amend the recommendation approving delegation of authority to the Chair, stipulating that this delegation would only apply to “grammatical issues, narrative issues, spelling, typos, rounding and syntax mistakes.”

RESOLVED: The committee approved the Letter of Representation at APPENDIX A in the report.

The committee approved the Councils Statement of Accounts for 2021/22, attached at APPENDIX B.

The committee approved the delegation of authority to the Chair of Audit and Member Standards Committee to approve any non-material changes relating to grammatical issues; narrative issues; spelling; typos; rounding and syntax mistakes, to enable the completion of the Statement of Accounts.

31 AUDIT FINDINGS REPORT FOR LICHFIELD DISTRICT COUNCIL 2021/22

Kirsty Lees (External Auditors) presented the report to the committee. She confirmed that the external auditors anticipate issuing an unmodified opinion following the meeting. She stated that the only issue noted from testing was a journal deleted from the system by the system provider, not the council. Ms Lees confirmed that they were satisfied this was an isolated incident and had been the result of a misunderstanding between the council and system provider, in which a request to reverse posting the ledger led to its deletion. In relation to the new ledger, IT audit colleagues have been involved and their report included as an appendix. Ms Lees highlighted that there had been a few controls where assurance could not be gained because the evidence necessary was not available. It was also noted that the increased assessment of the risk to the IT environment meant that the external auditors had to test more ledgers than usual. She also confirmed that there were no adjusted or unadjusted misstatements.

Following on from questions from members about pensions, Ms Lees clarified that the narrative in the report is illustrative. Had the actuaries report fallen anywhere within the upper or lower bounds of this range then that would have been satisfactory. It however up to actuary to make those prior decisions.

Mr Thomas added that consultants have advanced access to the system. What this process has highlighted, is that the length of time between the council no longer using the system and the relevant audit taking place is quite lengthy. He confirmed that this system is used by 80+ councils and there have been several meetings to discuss the number of quality controls they are externally assessed on. Mr Thomas stated his view that it cannot be efficient for suppliers and auditors to be doing 80 different sets of engagements. He stated that change in this area would require pressure from all partners who use the system, coming together and making a case for that change. This could be done via the user group.

Mr Thomas confirmed that admin responsibility has been removed from all but 2 members of staff. Members queried what safeguards could prevent the 2 authorised individuals from cooperating and suggested the addition of a third individual with admin responsibility to improve the level of checks and balances. Mr Thomas agreed to consider this proposal. The Chair requested an update on this to be added to the work programme.

The Chair also requested that the external auditors upcoming VFM report is presented to both the Audit & Member Standards Committee and then Full Council.

RESOLVED: The committee noted the External Auditor’s Audit Findings Report.

(The Meeting closed at 7.02 pm)

CHAIR