

AUDIT AND MEMBER STANDARDS COMMITTEE

7 OCTOBER 2020

PRESENT:

Councillors Greatorex (Chairman), Ho (Vice-Chair), Checkland, Grange, A Little, Norman, Robertson and Spruce

Observer: Councillor Strachan, Cabinet Member for Finance, Procurement, Customer Services and Revenues & Benefits

Officers in Attendance: Miss W Johnson, Mr A Thomas and Ms J Irving

Also Present: Mr John Gregory (Grant Thornton UK LLP) (External Auditor) and Ms Laurelin Griffiths (Grant Thornton UK LLP) (External Auditor)

10 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor White.

11 DECLARATIONS OF INTEREST

Councillors Greatorex and A Little both declared personal interests in any discussion relating to the Staffordshire County Council's Pension Plan contributions as they were both members of Staffordshire County Council's Pension Committee.

12 STATEMENT OF ACCOUNTS 2019/20

Members considered the Statement of Accounts Report and Mr Thomas delivered a short presentation highlighting the financial impact of Covid-19 in 2019/20 and beyond, as there were a number of references to Covid-19 in the Annual Governance Statement and the Statement of Accounts. He said the impact beyond 2019/20 was going to be much greater as a lot of government support had been provided for the year 2020/21 but, at present, there was no announcement of such support in the future. However, Mr Thomas said he felt there were reasons for LDC to be optimistic about future funding and he explained why, even though there were new challenges arising every day.

Mr Thomas paid credit to his team in producing the completed accounts in time to a very high standard during such a challenging time. He explained that some of his staff had actually been deployed to help other services to support the community during the pandemic and congratulated his team on delivering the accounts in such a challenging time.

Questions were asked and answered by Mr Thomas.

The MTFs projections and, based on the current projections, the use of reserves to balance the budget until 2023/24, were discussed. Mr Thomas said he remains positive because the level of revenue reserves gave us an opportunity to look at options in a sustainable way. He said other councils have higher risk levels and if the government do not offer ongoing support and there is not a new supportive funding regime announced a lot of councils are going to face problems. Mr Thomas said we have built budget costs into the projections for hardship and discretionary housing payments as they could exceed the amount the government has provided to us.

The post-balance sheet event notes were queried and Mr Thomas explained that the External Auditors had suggested this addition as it would give readers a flavour of some of the things that have happened between 31 March to the date of publishing our accounts. It was noted the accounts make reference to an asset category called surplus assets and the footnote refers to examples being the former garage, former police station, former retail units and, the site of two houses. Clearly these do not exist anymore; a request for the footnote to be updated was received to refer to the land rather than the buildings and Mr Thomas accepted this and said it would be corrected.

The Related Parties note was queried with respect to PSP Lichfield LLP and the new Dev Co and Mr Thomas said he had taken the view that materiality came in to this; PSP is an active partnership even though there is nothing going through it at the moment and it is not far off being dormant. Mr Thomas said this council-owned company was set up before the year end but the equity investment of £225,000 was made in May 2020. He felt it was not material enough for 2019/20 accounts but agreed to look at it again as it's a judgement call. Mr Thomas said we will have to look at this each year and if material transactions have been made we would have to consider preparing group accounts.

The Annual Governance Statement was considered and it was noted that there had been an increase in complaints from adults from 7 to 15. The reasons for this increase, as well as the increase to the Ombudsman, was requested and Mr Thomas agreed to check and report back to the committee via email.

Member training was discussed and although it was vital for members to attend these events, the metric used to illustrate the increase in member training events was questioned. It was agreed that the value of the current member training statistics would be discussed further with the Head of Governance and Performance.

- RESOLVED:-**
- (1) The Committee noted the External Auditor's Findings Report at Agenda item no. 4;
 - (2) The Committee approved the Letter of Representation at Appendix A;
 - (3) The Committee approved the Council's Statement of Accounts for 2019/.20 at Appendix B;
 - (4) The Committee approves the delegation of authority to the Chairman of the Audit & Member Standards Committee to sign the accounts once we have received assurance from Staffordshire County Council's External Auditors in relation to the Staffordshire Pension Fund.
 - (5) The committee thanked the very efficient finance department for the excellent quality of accounts and AT and his team were congratulated.

13 **AUDIT FINDINGS REPORT FOR LICHFIELD DISTRICT COUNCIL 2019/20**

Mr John Gregory (External Auditors) presented the Audit Findings for Lichfield District Council year ended 31 March 2020 and detailed the key findings and other matters arising from the statutory audit in the preparation of the Council's financial statements. He reflected on the technical content and the headlines on Covid-19 and said he felt things had been managed very well at Lichfield in terms of the pandemic not getting in the way with the preparation, audit process or the Statement of Accounts. Mr Gregory said the External Audit process had taken longer because of the change to remote working but they had done the vast majority of the work now and things had moved on since the written report. He stated some things that were

recorded as outstanding were, in fact, no longer outstanding and explained. He said Grant Thornton were proposing an unqualified opinion, just drawing the reader's attention to the material uncertainty that our own valuer had put on the Plant and Equipment valuation, which is disclosed in the financial statements.

Mr Gregory said the value for money arrangement conclusion had taken on a risk based approach and did not identify any risks because of the level of reserves Lichfield District Council had. Even adding in the significant risk of Covid-19 and revisiting the risks, their conclusion was the same – Lichfield District Council is sufficiently far away from going concern issues and in a much stronger position than many authorities.

Mr Gregory highlighted that Appendix B had the final fee to be confirmed and he said that although there were no particular issues, all of the audits had taken longer than hoped because of Covid-19 and agile working. Currently Grant Thornton, as a firm, were thinking through what they were going to do about this additional time and they had been talking to PSAA, their appointing body, about their attitude to seeking fees and/or getting funding from CLG direct to help with this but it would be a future discussion when things are clearer.

Mr Gregory concluded that once they get the necessary information from the County Council Auditors of the Staffordshire Pension fund they would be able to move to an opinion and he stated that Lichfield District Council are ahead of many other authorities. He said this had been because of the good work and responsiveness of staff in the Finance team to the External Audit team and passed on his personal thanks.

Questions were asked and answered by Mr Gregory in relation to the risk assessment process and the new process to be implemented next year. The pension unadjusted amount was queried and Mr Gregory said the firm's agreed line on this has actually changed as of that day - they no longer think that the supporting evidence is strong enough for this to constitute an adjusting post-balance sheet event so they would not be asking us to change it any way anymore.

It was noted that because IRFS16 was delayed there was a £1500 credit to the planned audit fee.

Ms Griffiths said, from a personal point of view, she felt the External Auditing had been incredibly difficult this year because of Covid-19 and remote working and in comparison to others it had been an incredibly smooth process at Lichfield and she would like to record a thank you to Mr Thomas and all in the finance team involved.

All members of the committee agreed that this External Auditor's report was an excellent judgement of Mr Thomas and his team and everyone expressed their thanks before the report was gratefully received.

(The Meeting closed at 6.51 pm)

CHAIRMAN