

**AUDIT COMMITTEE
30TH JANUARY 2024**

PRESENT: The Chair (Jane Nellist)
Councillors Cory-Lowsley, Hadji-Nikolaou, Infield
and Lennie

M. Surridge (External Auditor (Mazars))

Director Finance, Governance and Contracts
Acting Head of Finance
Head of Transformation, Strategy and
Performance
Head of Legal and Elections
Audit Manager
Internal Auditor
Democratic Services Officer (RD)

APOLOGIES: Councillors Popley (Vice-Chair) and Knight

Councillor Maynard attended this meeting virtually,
see note at end of minutes.

The Chair stated that the meeting would be recorded and the sound recording subsequently made available via the Council's website. She also advised that, under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

37. MINUTES FROM THE PREVIOUS MEETING

The minutes of the meeting of the Committee held on 21st November 2023 were confirmed as a correct record and signed.

Cllr Lennie arrived at the meeting at 6.05pm.

38. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

No disclosures were made.

39. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

40. INTERNAL AUDIT PLAN - PROGRESS

A report of the Audit Manager was submitted providing the Committee with a summary of the progress against the 2023/24 Audit Plan, outlining key findings from final reports

and any outstanding recommendations (item 5 on the agenda filed with these minutes).

The Audit Manager attended the meeting virtually to assist the Committee with its consideration of the report.

Concerns were raised by the Committee about a number of overdue recommendations relating to the Acquisitions Policy, dating back to December 2021/22. Staff changes and a lack of resources had contributed to the delay and recommendations had not been completed as planned in Quarter 3 2023/24 and therefore had been carried forward to Quarter 4. It was agreed that concerns about these items would be raised with the relevant Service Head/Officer and that they would be informed that if no progress was made by the Audit report for April 2024, that the Service Head/Officer would be required to attend the meeting of Audit Committee on 23rd April 2024.

It was confirmed that the overdue recommendations dating back to August 2021 which had been discussed at the Audit Committee meeting on 19th September 2023 had all been completed.

The Committee was disappointed to see that there were two audit areas at limited assurance level, including Planned and Cyclical Maintenance Q2 (Kitchens and Bathrooms) and Corporate Policy Management. In relation to the Planned and Cyclical Maintenance, there had been ongoing issues with the contractor. The Audit Manager agreed to circulate payment figures to the Committee.

RESOLVED

1. That overdue recommendations for the Acquisitions Policy be referred to the relevant Service Head/Officer after the meeting and if no progress made by April 2024, the Service Head/Officer required to attend the meeting of Audit Committee on 23rd April 2024.
2. That the Committee noted the progress report as set out in Appendix 1.

Reasons

1. To ensure the completion of overdue recommendations and reduce the risk of further extensions to implementation dates.
2. To ensure that the Committee is kept informed of the progress against the internal Audit Plan and work of Internal Audit.

41. UPDATE ON THE IMPLEMENTATION OF THE CIPFA POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022

A report of the Audit Manager was submitted providing the Committee with an update on the ongoing work to ensure that the Council complies with CIPFA's Position Statement: Audit Committees in Local Authorities (item 6 on the agenda filed with these minutes).

The Audit Manager attended the meeting virtually to assist the Committee with its consideration of the report.

The Audit Working Group had met in October 2023 to discuss and formulate an Audit Committee training plan. The Committee approved the plan presented.

A question was raised regarding CIPFA's Position Statement which made reference to attendees at Audit Committee meetings including a Head of Resources where such a post existed. It was confirmed that the Council did not have a post titled Head of Resources. The external auditor present at the meeting later clarified that such a post would be similar to a lead officer for finance, assets or IT.

RESOLVED

1. That the Committee noted the report.
2. That the Committee agreed the training programme.

Reasons

1&2. To ensure the Committee meets its statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

42. TREASURY MANAGEMENT REPORT (Q3)

A report of the Acting Head of Finance was submitted providing the Committee with the Council's Treasury Management Report for Quarter 3 (item 7 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts attended the meeting to assist the Committee with its consideration of the report and highlighted the key areas. He noted in particular that the Council was in full compliance with treasury and prudential limits and that forecasts showed an expected fall in interest rates.

RESOLVED that the Committee noted the report.

Reasons

To ensure that the Council's governance and management procedures for Treasury Management reflect best practice and comply with the CIPFA code of practice for Treasury Management 2021.

43. 2024/25 CAPITAL STRATEGY, TREASURY MANAGEMENT STATEMENT, ANNUAL INVESTMENT STRATEGY AND MRP STRATEGY

A report of the Director of Finance, Governance and Contracts was submitted providing the Committee with an opportunity to scrutinise the proposed Capital Strategy for 2024/25 (including the Treasury Management Statement, Annual

Investment Strategy and MRP Strategy) that was being recommended by Cabinet to full Council for approval (item 8 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts attended the meeting to assist the Committee with its consideration of the report. He noted that the report had been written for the approval of full Council and referenced its consideration at Cabinet which was scheduled for 8th February 2024. As the Audit Committee meeting was being held prior to the Cabinet meeting any issues could be submitted to Cabinet.

In response to questions, it was noted that:

- returns against property investments were reported monthly and could also be found in the exempt Investment Performance Report.
- appendix BB(6) Current Investments, showed no fundamental changes. It was confirmed that the colour coding in the table related to time limits on investments.
- the Council could invest in properties such as shops, however must justify reasons for purchasing such as regeneration purposes. The current investment mix/portfolio was considered sensible.
- presently there was less emphasis on commercial property development and more focus on regeneration, social and affordable housing.
- inter-authority lending was a common practice and considered safe. Confirmed the tendency was for the Council to loan out rather than borrow.
- training on treasury management was offered annually and there would be an opportunity to discuss concerns or training needs at the informal Audit Committee discussion regarding the Audit Plan in March 2024. Members would be required to complete a self-assessment in June 2024 which would feed into the annual report. Members were urged to notify officers if further help or training was required, as the importance of Committee members feeling comfortable with the information being presented was recognised.
- going forward members of the Committee would appreciate changes in the report being highlighted for their attention.

A typo was noted on the original agenda front sheet with the title of this item stating 2023/24, but should have been 2024/25. The date had been corrected on the supplementary report for this item. In addition Appendix BB(2) was missing from the supplementary report. A printed copy of the appendix was handed out to the Committee during the meeting and it was agreed that the appendix would be added to the Cabinet papers for 8th February 2024.

RESOLVED that the Committee considered the proposed Capital Strategy for 2024/25 (including the Treasury Management Statement, Annual Investment Strategy and MRP Strategy) as attached in the Cabinet report extracts dated 8th February 2024 and determined there were no issues it wished to draw to the attention of full Council when they considered the relevant recommendations from Cabinet.

Reason

To ensure that the proposed documents are appropriately scrutinised.

44. COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS ACT (RIPA)

A report of the Director of Finance, Governance and Contracts was submitted providing the Committee with a summary of the Council's use of RIPA powers (item 9 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts attended the meeting to assist the Committee with its consideration of the report.

RESOLVED that the Committee noted that there had been no use of RIPA powers by the Council for the period from 1st September 2023 to 31st December 2023.

Reason

To enable the Committee to comply with the request from Cabinet that the Audit Committee assumes responsibility for receiving a quarterly report on the use of RIPA, and to report to Cabinet any concerns arising from those reports that may indicate that the use of RIPA is not consistent with the policy or that the policy may not be fit for purpose.

45. RISK MANAGEMENT (RISK REGISTER)

A report of the Head of Transformation, Strategy and Performance was submitted providing the Committee with details of the Strategic Risk Register produced for the period 2023/24 (item 10 on the agenda filed with these minutes).

The Head of Transformation, Strategy and Performance attended the meeting to assist the Committee with its consideration of the report. She noted that there had only been one change made to the Strategic Risk Register regarding staffing and an internal review of recruitment. It had originally been scheduled for completion in December 2023 but had been extended to July 2024. The Risk Management Group had last met in November 2023 and the 2024/25 Risk Register would be considered by Cabinet in March 2024. There were no anticipated problems.

In response to questions it was noted that:

- the recent flooding had not been included in the Strategic Risk Register at this stage, however the issue was being discussed with the Leicestershire Resilience Forum and would be added to a number of treatments and controls going forward which would be reported to the next Audit Committee.
- the Head of Transformation, Strategy and Performance would provide a written response to the Committee regarding plans to mitigate the risk from red to amber for SR11 Housing Demand. Confirmed that the Falcon Centre appeared within the treatments and controls to ensure attention was given to ongoing issues.
- The target date of January 2024 had been met regarding SR5 Governance and the recruitment of a new Monitoring Officer. The role of Head of Governance and Human Resources had been deleted and the service divided with two new roles created – Head of Democracy and Monitoring Officer, and Head of Legal and Electoral Services and Deputy Monitoring Officer.

RESOLVED that the Committee noted the Risk Management (Strategic Risk Register) update report.

Reason

To ensure the Committee is kept informed of progress against the Strategic Risks, noting that should the risks occur they would cause the Council to be unable to operate and/or provide key services leading to a significant effect on public wellbeing.

At the close of the item it was noted that due to a change in remit, this was the final time the Head of Transformation, Strategy and Performance would attend the Audit Committee to present this item. The Chair expressed thanks for her services over the years.

46. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

A report of the external auditor was submitted providing the Committee with an update on the 2022/23 External Audit (item 11 on the agenda filed with these minutes).

Mr Mark Surrige representing the external auditors (Mazars) attended the meeting virtually to assist the Committee with its consideration of this item. He confirmed that the audit was in the final stages with some areas of work outstanding, however this would not impact the Council's budgeting and would not cause a delay in the handover to the new provider (external auditor). Completion of the Audit Annual Report for 2022/23 was expected by March 2024 and a letter would be circulated to the Committee to confirm. He acknowledged the challenges local authorities were facing, however reassured the Committee that he had no concerns with the Council's governance arrangements.

RESOLVED that the report be noted.

Reason

The Committee were satisfied with the contents of the report.

At the close of the item Mr Surrige acknowledged this was his last meeting with the Audit Committee and stated that it had been a pleasure working with the Council. The support he had received from Council Officers had been appreciated and he expressed his thanks. In response, the Chair and Director of Finance, Governance and Contracts thanked Mr Surrige for his words and for his team's hard work over the last few years.

47. WORK PROGRAMME

A report of the Director of Finance, Governance and Contracts was submitted to enable the Committee to consider its Work Programme (item 12 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts attended the meeting to assist the Committee with its consideration of the report.

A proposal was made to change the dates of Audit Committee going forward in order to help with the timing of treasury management, financial and audit reports. It was agreed that:

- Audit Committee meetings would be held in April, July, October, early February, with flexibility for the Accounts meeting which was so far scheduled for November.
- An informal meeting would be arranged for March 2024 for Committee members to discuss the Internal Audit Plan.

RESOLVED that the Committee proceeds on the basis of the Work Programme attached to the agenda, with any amendments and inclusions agreed at this meeting.

Reason

To enable the Committee to identify future items of business and enable planning for future meetings to be undertaken, for example preparing reports and arranging for the attendance of officers and/or others at meetings.

48. EXEMPT INFORMATION

RESOLVED that members of the public be excluded from the meeting during the consideration of the following items on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Democratic Services Officer stopped the sound recording of the meeting.

49. INVESTMENT PERFORMANCE REPORT - Q3 2023-24

An exempt report of the Director of Commercial and Economic Development was submitted updating the Committee on property investment performance up to the end of Q3 2023/24 (item 14 on the agenda filed with these minutes).

RESOLVED that the Committee noted the report.

Reason

As set out in exempt minute 14E.

NOTES:

1. Councillor Maynard attended this meeting virtually as she was unwell. Decisions were taken only by Committee members physically present at the meeting.

2. The following officers listed as present attended this meeting virtually: Acting Head of Finance, Audit Manager and Internal Auditor. M. Surridge (External Auditor) also attended virtually.
3. No reference may be made to these minutes at the next available ordinary Council meeting unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
4. These minutes are subject to confirmation as a correct record at the next meeting of the Audit Committee.