

**AUDIT COMMITTEE  
31ST JANUARY 2023**

PRESENT: The Chair (Jane Nellist)  
The Vice Chair (Councillor Parsons)  
Councillors Forrest, A. Gray, Hadji-Nikolaou and  
Snartt

Auditor (Mazars)

Director Commercial and Economic Development  
Director Finance, Governance and Contracts  
Director Housing and Wellbeing  
Head of Finance  
Head of Governance and Human Resources  
Head of Transformation, Strategy and Performance  
Audit Manager  
Audit Manager  
Democratic Services Officer (NC)

APOLOGIES: Councillor Boldrin and S. Bradshaw

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.

29. MINUTES FROM THE PREVIOUS MEETINGS

The minutes of the meetings of the Committee held on 8th November 2022 and 22nd November 2022 were confirmed as a correct record and signed.

The Chair noted that the Vice-chair of the Audit Committee had attended the Finance and Performance Scrutiny Committee on 6th December 2022 to present its views relating to the capital underspend. In addition the Audit Accounts considered at its meeting on 22nd November 2022 had now been signed off.

The Vice-chair read the statement to the Audit Committee that he had presented at the Scrutiny meeting in December and noted that there had not been any feedback. He stated that he had raised the concerns the committee noted regarding the capital underspend for the last six years and concluded that in his view the Council was again in the same situation for this financial year.

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

No disclosures were made.

31. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

32. CHARNWOOD BOROUGH COUNCIL AUDIT COMPLETION REPORT 2021/22 - UPDATE

A report of the external auditor was submitted to update the Committee further after the Audit Completion report was considered in November 2022 (item 5 on the agenda filed with these minutes).

Mark Surridge representing the external auditors (Mazars) attended to assist with the consideration of the item. He stated that the majority of work had been completed but they were unable to issue the Audit Certificate as requirements had not yet been received from the National Audit Office.

Two typos were noted (reference to a previous job title of the S151 officer and to a different Council) but that these had not impacted on the Auditor's stated position.

In response to a question, it was noted that Mazars were satisfied that any deviations by the Borough Council from accounting standards noted in the report had no material impact but that they had a responsibility to disclose.

**RESOLVED** that the report be noted

Reason

The Committee were satisfied with the contents of the report.

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

A report of the Head of Governance and Human Resources was submitted providing the Committee with a summary of the Council's use of RIPA powers, (item 6 on the agenda filed with these minutes).

The Head of Governance and Human Resources attended virtually to assist the Committee with its consideration of the report.

**RESOLVED** that the Committee noted there has been no use of RIPA powers by the Council for the period 1st October 2022 to 31st December 2022.

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 Policy or that the Policy may not be fit for purpose.

34. INTERNAL AUDIT PROGRESS REPORT Q3 2022-23

A report was submitted by the Head of Governance and HR (previously the Head of Strategic Support) to summarise progress against the 2022/23 Internal Audit plan, (item 7 on the agenda filed with these minutes).

The Audit Manager and Director of Housing and Wellbeing attended to assist the Committee in its consideration of the report. The key points of the report were highlighted by the Audit Manager who noted that the delivery of the 2022/23 Audit Plan at 31% was acceptable.

In response to questions it was noted that:

- with reference to Appendix C and some actions outstanding since 2021, managers were regularly contacted to obtain responses and the recommendations tracker was monitored monthly by the Senior Leadership Team. The COVID pandemic, leadership restructure and staffing shortages had resulted in delays in actions being completed but any significant issues would be highlighted to the Committee.
- the delay in choice-based lettings audit actions was due to changes in staffing. An interim housing needs manager was in place and recruitment was ongoing for other vacant posts.
- three recommendations (choice-based lettings) were not identified as high priority due to financial implications but as a result of challenges in managing the housing waiting list.

It was confirmed that the Committee would be reviewing the draft Audit Action Plan at its meeting scheduled for 25th April 2023 and would have an opportunity to add topics at this meeting if it wished.

**RESOLVED** that the Committee note the progress report set out in Appendix 1

#### Reason

To ensure the Committee is kept informed of progress against the Internal Audit plan and work of Internal Audit

### 35. RISK MANAGEMENT (STRATEGIC RISK REGISTER) UPDATE

A report of the Head of Transformation, Strategy and Performance was submitted providing the Committee with details of the Strategic Risk Register for the period 2022/23 (item 8 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.

It was noted that any issues with cladding in light of the Grenfell Tower fire would be considered as an operational risk by the Services and therefore would not be part of the Strategic Risk Register. After the fire all local authorities were required to file any risks regarding housing and cladding and as the Council did not own any highrise buildings no risks were filed.

The Council had established several Delivery Boards to monitor and review issues relating to staffing and housing for example. These were attended by Senior Leadership representatives and included work programmes and Terms of Reference. It was verified that these Boards did not appoint councillors as the matters considered related to operational processes but Councillors were entitled to see the outcomes. Members welcomed the changes from previous reports being highlighted in yellow and clarified that it was their role to challenge any actions with an overdue target date.

The Head of Transformation, Strategy and Performance agreed to share a Delivery Board structure diagram with the Committee.

**RESOLVED** that the Committee notes the report.

#### Reason

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

36. CAPITAL STRATEGY (INCLUDING THE TREASURY MANAGEMENT STRATEGY) FOR 2023/24

A report of the Director of Finance, Governance and Contracts was submitted to provide the Committee with an opportunity to scrutinise the proposed Capital Strategy for 2023/24 (including the Treasury Management Strategy Statement) that was being recommend by Cabinet to full Council for approval (item 9 on the agenda filed with these minutes).

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

The Director of Finance, Governance and Contracts provided an overview stating that there was little change to previous years. He noted that the report had been written for the approval of full Council and referenced its consideration at Cabinet which was scheduled for 9th February 2023. 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:

- any external borrowing proposed by the Council would proceed through usual governance processes and a robust business case would be prepared providing assurances of how the Council would pay back the loan.
- the capital expenditure varied from actual spend to estimated budget because some of the predicted expenditure related to third party schemes not under the Council's control.
- S106 expenditure was complex and triggers often had to be met before the monies could be released. It was noted that specific Ward related questions regarding S106 monies could be answered by officers outside the meeting.
- there had not been any policy changes in respect of hoarding money to supplement general funds and there was no intention to mislead the Committee

with regard to this. All schemes identified in the Capital Plan were in line to be delivered but there could be operational reasons why it was not possible to proceed. The Council was currently in a high cash position and reasons for this were listed. The Committee was reminded that the S151 Officer had a legal responsibility to manage finances of the Council prudently and was operating within a financially volatile situation at present.

- all projects completed a capital application form and documented details of funding. If external funding was indicated the availability of this would be checked. If the scheme was withdrawn from the Capital Plan the funding would also be withdrawn.

It was suggested that the phrasing on p79-80 of the agenda pack, in particular '*there is therefore a clear intention to husband cash carefully*', could be modified to clarify the Council's intention to manage cash balances.

Councillor Parsons requested that it be recorded in the minutes that in agreeing to note the report he had not voted to agree the capital expenditure forecast.

The Committee stated that it did not have any issues to raise with full Council and were content for this to be mentioned verbally by the Director of Finance, Governance and Contracts at the relevant Cabinet and Council meetings.

**RESOLVED** that the Committee considered the proposed Capital Strategy (including the Treasury Management Strategy Statement) for 2023/24 as attached in the Cabinet report extracts dated 9th February 2023 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.

### 37. WORK PROGRAMME

A report of the Director of Finance, Governance and Contracts was submitted to enable the Committee to consider its work programme (item 10 on the agenda filed with these minutes). He stated that mandatory training for the committee would be arranged for all members appointed after the elections.

It was noted that a work programme item (2021/22 Treasury Management Statement, Annual Investment Strategy and MRP strategy) scheduled for the meeting on 25th April 2023 had been carried over from the previous year in error and had been considered at this meeting. The work programme would be updated accordingly.

The Committee requested that the work programme included future training dates and was expanded to include report authors and future committee dates.

**RESOLVED** that the Committee proceeds on the basis of the work programme attached to the agenda.

### Reason

To enable the Committee to identify future items of business and enable planning for future meetings to be undertaken.

### 38. EXEMPT INFORMATION

**RESOLVED** that members of the public be excluded from the meeting during the consideration of the following item on the grounds that it will 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 confirmed that the meeting was no longer being recorded.*

### 39. INVESTMENT PERFORMANCE REPORT - Q4 2022/23

An exempt report of the Strategic Director for Commercial and Economic Development was submitted (item 12 on the agenda filed with these minutes).

**RESOLVED** that the discussions as set out in Exempt minute 39E and the report are noted.

### Reason

As set out in the exempt minute 39E

### NOTES:

1. No reference may be made to these minutes at the next 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.
2. The following officers attended the meeting virtually: External Auditor, Director of Commercial and Economic Development, Head of Finance and the Head of Governance and HR.
3. These minutes are subject to confirmation as a correct record at the next meeting of the Audit Committee.