

**AUDIT COMMITTEE  
21ST NOVEMBER 2023**

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

M. Surridge (External Auditor)

Director Finance, Governance and Contracts  
Acting Head of Finance  
Democratic Services Officer (LS)

APOLOGIES: None

Councillor Popley 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.

30. MINUTES OF PREVIOUS MEETING

The minutes of the meeting of the Committee held on 19th September 2023 were confirmed as a correct record and signed.

Reference was made to:

- (i) Minute 24 - Resolution 1. Noted that, if no progress had been made by January 2024 in respect of overdue recommendations for asset management, commercial lettings and asbestos management, relevant Service Heads would be required to attend Audit Committee meeting on 30th January 2024.
- (ii) Minute 25 – Resolutions 1 and 2. Noted that matters had been progressing in respect of a further independent member of the Audit Committee.
- (iii) Minute 27 – Resolution 2. Noted that the report on the implementation of the cyber-security and IT Health-check recommendations had been circulated to members of the Finance and Performance Scrutiny Committee. The Chair stated that she had been invited to the next meeting of that Committee, the reason for this was not known at this meeting, the Democratic Services Officer would check the position.

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

No disclosures were made.

32. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

33. ANNUAL EXTERNAL AUDIT COMPLETION REPORT 2022/23

*Councillor Hadji-Nikolaou arrived at the meeting at 6.15pm.  
Councillor Popley joined the meeting virtually at 6.18pm.*

Considered, a report of the External Auditor: (Draft) Annual External Audit Completion Report 2022/23 (item 5 on the agenda filed with these minutes).

Assisting with consideration of the matter: M. Surridge (External Auditor). The content of the report was briefly outlined to the Committee.

Summary, key points of discussion:

- (i) Noted, M. Surridge's position that based on report there was no reason why financial statement to be considered later in meeting could not be accepted. Any possible changes including re: pension fund would not impact General Fund or budget planning/key decision making.
- (ii) The External Auditor continued to receive good officer engagement and support.
- (iii) The complexity of the position with the pension fund this year related to a number of accounting requirements/standards triggered by the value of assets having increased considerably, fund in surplus for first time.
- (iv) Re: disclosure of related party transactions, 11 cases where councillors had not returned signed declarations 2022/23, had there been any pattern to this, for example councillors from a particular political party? In response, related to difficulties in getting from councillors who did not return following May 2023 elections.
- (v) Re: reconciliation countersignature issue, was this related to current finance team staffing constraints? In response, not thematic/pervasive and no significant consequence in this case. Automated control systems assisted. One case from the extensive/substantive testing undertaken. Noted that finance teams across many authorities were squeezed.
- (vi) Re: misstatements, prior period adjustment, capital works Bedford Square, Loughborough, it was not known at this meeting whether that related to a query made on last year's Statement of Accounts, that planning and regeneration budget was confused with Loughborough Town Deal budget (had been stated that that would be separated)?

M. Surridge would provide a response to (vi) above, to be sent to members of the Committee following the meeting.

**RESOLVED** that the report be noted.

Reason

The Committee was satisfied with the content of the report.

34. ANNUAL GOVERNANCE STATEMENT 2022/23

Considered, a report of the Director Finance, Governance and Contracts: Annual Governance Statement 2022/23 (item 6 on the agenda filed with these minutes).

Assisting with consideration of the matter: Director Finance, Governance and Contracts.

Summary, key points of discussion:

- (i) Correction required statement paragraph 19, should refer to 2022/23.
- (ii) Last year's statement had been approved subject to amendment which did not seem to have been incorporated. *Audit Committee Minute 27 2022/23, Resolution 1 "that the Annual Governance Statement be approved with an amendment to include a specific reference to fraud with regard to whistleblowing on corruption and misuse of power and the inclusion of a reference to officers with regards to the Code of Conduct"*.
- (iii) Useful for comparison if changes to previous year's statement were shown as tracked changes, this had been requested previously.

**RESOLVED** that the Annual Governance Statement 2022/23, attached as Appendix A to the report, be approved, subject to the correction and amendment outlined in (i) and (ii) above being made before signing.

#### Reason

So that the Annual Governance Statement can be finalised and signed by the Leader of the Council and the Chief Executive in accordance with the required timescales.

### 35. STATEMENT OF ACCOUNTS 2022/23

Considered, a report of the Head of Finance: Statement of Accounts 2022/23 (item 7 on the agenda filed with these minutes). Appendix B to the report had been published as an agenda supplement (copy filed with these minutes).

Assisting with consideration of the matter: Director Finance, Governance and Contracts, Acting Head of Finance.

Summary, key points of discussion:

- (i) Effect of increase in value of pension fund assets illustrated on balance sheet, page 11 of Statement of Accounts, employer contribution may increase less.
- (ii) Assurance taken from M. Surrige position stated earlier in meeting.
- (iii) Figures highlighted in blue reflected work External Auditor still needed to do, may still be adjusted.
- (iv) Reasons for capital underspend? In response, re: HRA, issues with securing contractors to do works and re: General Fund, some "provisional" funds to allow for opportunities that arose in respect of regeneration and forward funding of Enterprise Zone investment, briefly outlined.
- (v) Re: Letter of Representation, amendments were required as follows:

Paragraph entitled Ukraine, should include reference to the operations of the Council (rather than the operations of the business);  
Paragraph entitled Current banking crisis, should include reference to the Council's ability to continue (rather than the company's ability to continue);  
Letter should be signed off "Yours sincerely" (rather than "Yours faithfully").

## RESOLVED

1. that the Statement of Accounts for the year ended 31st March 2023 (attached at Appendix A to the report) be approved and that the Chairman (as Presiding Person) be authorised to sign the accounts on behalf of the Audit Committee subject to any adjustments that may be identified by the External Auditors as they finalise their work, in consultation with the Section 151 Officer, and to be notified to other members of the Committee;
2. that the Letter of Representation, as per Appendix B to the report, be approved for signature by the Chief Financial Officer, subject to the amendments outlined in (v) above.

### Reason

1&2. To comply with the Accounts and Audit (England) Regulations 2015.

### 36. TREASURY MANAGEMENT MID-YEAR REVIEW (SIX MONTHS APRIL TO SEPTEMBER 2023)

Considered, a report of the Director Finance, Governance and Contracts: Treasury Management Mid-Year Review (Six Months April-September 2023) (item 8 on the agenda filed with these minutes).

Assisting with consideration of the matter: Director Finance, Governance and Contracts.

Summary, key points of discussion:

- (i) The report has been considered by Cabinet on 16th November.
- (ii) Treasury management practice had been in accordance with the parameters of the Capital Strategy agreed by Council in February.
- (iii) Performance had been positively affected by increased interest rates. Investment interest earned of £1.3m useful to budget.
- (iv) The Property Fund position was more challenging.
- (v) Overall, expected to be comfortably ahead of budget this year.
- (vi) Reference to anticipated effect next year of some debt repayments, briefly outlined, but not a matter for this year.
- (vii) Re: overspend Shepshed Public Realm, may have been change in scope. Unforeseen costs common to such schemes briefly outlined, also affected by inflation.
- (viii) Re: Internal Investment Portfolio, continually changing and based on security, liquidity and return, parameters for this set out in Treasury Management Strategy Statement.

**RESOLVED** that the mid-year review of the Treasury Management Strategy Statement, Prudential Borrowing and Treasury Indicators be noted.

Reason

The Committee was content with the position set out in the report.

*Following the conclusion of the above item, the Committee confirmed that there were no issues raised during this meeting that it wished to forward to the Scrutiny Commission to consider.*

NOTES:

1. Councillor Popley attended this meeting virtually as he was unwell. Decisions were taken only by Committee members physically present at the meeting.
2. The following officer listed as present attended this meeting virtually: Acting Head of Finance. 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.