

Present:	Councillor Geoff Ellis (<i>in the Chair</i>)
Councillors:	Laura McWilliams, Thomas Dyer, Gary Hewson, Jackie Kirk, Rebecca Longbottom and Bill Mara
Independent Member:	Jane Nellist
Apologies for Absence:	None.

85. Confirmation of Minutes - 15 December 2020

RESOLVED that the minutes of the meeting held on 15 December 2020 be confirmed.

86. Declarations of Interest

No declarations of interest were received.

87. Prudential Indicators 20-21 - 2023/24 and Treasury Management Strategy 2021/22

Sarah Hardy, Principal Finance Business Partner:

- a. presented a report for Audit Committee to scrutinise and recommend to Council for approval the adoption of the 15 statutory prudential indicators and 8 local indicators for the period 2020/21 to 2023/24, together with the 2021/22 Treasury Management Strategy, prior to being reported to Council for final approval
- b. referred to training undertaken prior to the start of this meeting in relation to Treasury Management in order to help members take an informed view on the contents of this report
- c. summarised the key prudential indicators which had been incorporated into the 2021/22 strategy; the projected capital expenditure would determine the capital financing or borrowing requirement, which would in turn determine the actual level of external borrowing taken and hence, cash balances available for investment
- d. reported on the methodology employed for selecting investment counterparties as detailed at paragraph 2.2 of the report
- e. advised that the strategy for 2020/21 had been prepared taking into account changes in the Prudential Code and Treasury Management Code
- f. outlined the operation of the Council's prudential indicators, its treasury function and its likely activities for the forthcoming year, incorporating the four key Council reporting requirements as follows:
 - Prudential and Treasury Indicators
 - Minimum Revenue Provision (MRP) Statement
 - Treasury Management Strategy

- Investment Strategy

g. referred to information provided at paragraph number 4.1.2 of the report in relation to Capital Expenditure and Financing, which would be broken down further between the General Fund and Housing Revenue Account as requested by members

h. requested that Audit Committee review the content of the report and its associated appendices and recommend to Council for approval.

Members considered further the content of the report.

Question: Referred to the Key Prudential Indicators table in paragraph 2.1 of the report and asked if the difference in total between 2020/21 and 2021/22 was due to the Western Growth Corridor?

Response: No it related to all of the schemes within the capital programme not just the Western Growth Corridor.

Question: Was the 2.3million in capital receipts guaranteed income to the Council?

Response: It was an estimated figure based on what we would expect the assets to sell for in the current market.

Question: How had the situation with the Travel Lodge affected any of the borrowing repayments?

Response: There had been no impact on repayments.

RESOLVED that:

1. The prudential indicators detailed in Section 4.1 and Appendix 1 of the report be recommended to Council for approval.
2. The Treasury Management Strategy (including the Treasury Management Prudential Indicators and the Investment Strategy) as set out in Section 4 and Appendix 3 of the report be recommended to Council for approval.
3. The revised MRP policy detailed in Appendix 2 of the report be recommended to Council for approval.
4. The revised Treasury Management Practices and Schedules detailed in Appendix 4 of the report be recommended to Council for approval.

88. Internal Audit Progress Report

John Scott, Audit Manager:

- a. presented the Internal Audit Progress Report to Audit Committee, incorporating the overall position reached so far and summaries of the outcome of audits completed during the period December 2020 to January 2021, as detailed at Appendix A

- b. highlighted that Audit Committee held the responsibility for receiving a regular progress report from Internal Audit on the delivery of the Internal Audit Plan as a key requirement of public sector internal audit standards
- c. detailed the content of the report covering the following main areas:
 - Progress Against the Plan
 - Summary of Audit Work
 - Implementation of Audit Recommendations
 - Current Areas of Interest Relevant to the Audit Committee
- d. invited committees questions and comments

Question: Asked for clarification on the consultancy work.

Response: Clarified that it was in depth internal work not external consultancy work. The Rogue Landlord Scheme would be looked at alongside management to see what lessons could be learned.

Question: Referred to the national fraud figures and commented that it would interesting to compare the national figure to the Lincoln figures to provide context.

Response: Yes a comparison could be provided in the Fraud and Error report which would be brought to committee in May or June.

Question: The HRA had recently changed the way that it worked to area by area, have you been requested to complete an audit to see how it functions?

Response: Yes it would be considered as part of the plan for 2021/22.

RESOLVED that the report be accepted and the monitoring arrangements be continued.

89. Audit Committee Terms of Reference

John Scott, Audit Manager:

- a. presented a report to obtain comments on the Audit Committee terms of reference as part of an annual review.
- b. advised that the Audit Committee terms of reference were based on best practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Audit Committee was also referenced within the Public Sector Internal Audit Standards.
- c. referred to the current terms of reference attached at Appendix A of the report and advised that there were no suggested changes at the current time.
- d. invited committees questions and comments

Question: It had been agreed previously that a qualified accountant needed to be on the committee. Did this need to be reflected in the Terms of Reference?

Response: It had been raised previously and agreed that it was best practice but the committee did not want it to be mandatory as part of the Terms of Reference.

RESOLVED that the Audit Committee terms of reference be noted

90. Internal Audit Charter

John Scott, Audit Manager:

- a. presented the Internal Audit Charter for annual review .
- b. advised that the current Charter was approved by the Audit Committee and Council in December 2019. There had been no new national guidance since then and no changes were suggested at this time.
- c. invited committees questions and comments.

The committed considered the contents of the report.

RESOLVED that the current Charter be noted.

91. Audit Committee and Internal Audit Review of Effectiveness

John Scott, Audit Manager:

- a. presented a report to provide details of the review of effectiveness of the Audit Committee and Internal Audit, and obtain agreement in terms of the composition of a member review group to carry out this task
- b. advised that it was good practice undertake regular reviews of effectiveness of internal audit and the audit committee against terms of reference, standards and guidance.
- c. advised that both internal audit and the audit committee had recently updated their terms of reference and these were reviewed again in February 2021.
- d. advised that Internal Audit was subject to a formal assessment against audit standards in October 2016, and there would be no further assessment later in 2021.
- e. requested nominations for the formation of a review group in February/March to report back to Audit Committee June 2021, consisting of the Audit Committee Chair, Independent Member, plus any other member who may wish to be included, with assistance from the Chief Finance Officer and Audit Manager
- f. requested member's consideration of the report, and agreement on the composition of the review group.

RESOLVED that the composition of the Review Group be agreed as follows:

- Councillor G Ellis – Chair
- Councillor L McWilliams – Vice Chair
- Councillor Tom Dyer

- Jane Nellist, Independent Member

92. **Audit Committee Work Programme**

John Scott, Audit Manager:

- a. presented a report to inform members of Audit Committee on the work programme for 2020/21 as detailed at Appendix A of the report.
- b. advised that the frequency of meetings had been reviewed and revised to take into account impacts relating to the pandemic and was considered appropriate for 2020/21.

RESOLVED that the contents of the Audit Committee work programme 2020/21 be noted.

93. **Fraud Risk Register**

John Scott, Audit Manager:

- a. presented a report to provide Audit Committee with an updated fraud risk register for consideration.
- b. explained that the Audit committee had a responsibility within its terms of reference to monitor the Councils anti-fraud and anti-corruption arrangements including an assessment of fraud risks.
- c. referred to paragraph 4 of the report and detailed the following:
 - Highest risks
 - i. High Amber risks
 - ii. Other Amber risks with “possible” likelihood or “major” impact
 - New Risks
 - Removed risks
 - Changes in risk score
 - Mitigation/Actions
 - i. Council Tax
 - ii. IT/ Data/ Cyber fraud
 - Links to CIPFA Fraud and Corruption tracker 2019
- d. advised that the CIPFA survey showed that Council tax fraud represented 78% of the identified instances of fraud with an estimated value of £30.6m followed by disabled parking concession (Blue Badge scheme) and housing frauds represented 10% and 5% of the total cases of UK public sector fraud, respectively.
- e. invited members questions and comments

Question: Referred to risk 15 in relation to Council Tax and asked in relation to Houses in Multiple Occupation what approach did the Council take to prove that they were students ?

Response: A response would be sought from the relevant team and circulated to members.

Question: Referred to risk 23 in relation to Elections and asked if any risks had been identified in relation to Covid-19?

Response: A piece of work had been commissioned where a risk assessment would be completed for each of the processes including the count, postal votes and at each of the polling stations.

Question: There had recently been an increase in the number of telephone scams going around, did this risk need to be reassessed?

Response: That risk could be reviewed and discussed and then reported back to committee.

RESOLVED that the fraud risk register be noted.

94. Exclusion of the Press and Public

RESOLVED that the press and public be excluded from the meeting during consideration of the following item(s) of business because it is likely that if members of the public were present there would be a disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

95. Fraud Risk Register PART B

Minute number 93 included details of the discussion associated with this item.

(Only Appendix A Fraud Risk Register was contained here as exempt information.)