

<b>Present:</b>	Councillor Chris Burke ( <i>in the Chair</i> )
<b>Councillors:</b>	David Clarkson, Gary Hewson, Clare Smalley, Calum Watt and Emily Wood
<b>Independent Member:</b>	None.
<b>Apologies for Absence:</b>	Councillor Thomas Dyer and Jane Nellist

**46. Confirmation of Minutes - 12 December 2023**

RESOLVED that the minutes of the meeting held on 12 December 2023 be confirmed and signed by the Chair.

**47. Declarations of Interest**

No declarations of interest were received.

**48. External Audit - Annual Auditor's Report 2021/22**

Mark Surridge, representing the External Auditor, Mazars:

- a. presented the Annual Auditors Report for 2021/22 as attached at Appendix A of the report
- b. advised that the Annual Auditors Report 2021/22; although addressed to the Council, it was also designed to be read by a wider audience, including members of the public and other external stakeholders and a copy would be placed on the Council's website
- c. explained that the annual audit itself covered the Statement of Accounts for 2021/22, the Value for Money (VFM) arrangements and wider reporting responsibilities
- d. reported that in summary, the External Auditors believed the authority's arrangements were adequately operated.

RESOLVED that the content of the Annual Auditors Report from Mazars be noted.

**49. External Audit - Annual Auditor's Report 2022/23**

Mark Surridge, representing the External Auditor, Mazars:

- a. presented the Annual Auditors Report for 2022/23 as attached at Appendix A of the report
- b. advised that the Annual Auditors Report 2022/23; although addressed to the Council, it was also designed to be read by a wider audience, including members of the public and other external stakeholders and a copy would be placed on the Council's website

- c. explained that the annual audit itself covered the Statement of Accounts for 2022/23, the Value for Money (VFM) arrangements and wider reporting responsibilities
- d. reported that in summary the External Auditors believed the authority's arrangements were adequately operated.

RESOLVED that the content of the Annual Auditors Report from Mazars be noted.

**50. Prudential Indicators 2023/24 to 2026/27 and Treasury Management Strategy 2024/25**

Laura Shipley, Financial Services Manager:

- a. presented a report for Audit Committee to review and recommend to Council for approval and the adoption of the:
  - Treasury Management Strategy 2024/25;
  - Prudential Indicators;
  - Minimum Revenue Provision (MRP) Policy;
  - Treasury Management Practices (TMPS's)
- 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 2024/25 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. 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
- e. requested that Audit Committee review the content of the report and its associated appendices and recommend to Council for approval.

RESOLVED that:

1. The Treasury Management Strategy 2024/25 including the Prudential Indicators be recommended to Council for approval.
2. The Minimum Revenue Provision Policy amended from 2023/24 be recommended to Council for approval.
3. The Treasury Management Practices be recommended to Council for approval.

## **51. Anti-Bribery Policy**

Amanda Stanislawski, Audit Manager:

- a. presented a revised version of the Anti-Bribery Policy as detailed at Appendix A of the report
- b. explained that the policy was reviewed and updated every two years or upon any significant change to the law
- c. reported that the Bribery Act 2010 made it an offence to offer, promise or give a bribe, and to request, agree to receive or accept a bribe
- d. highlighted that the document set out the Council's policy on anti-bribery in accordance with the legislation and guidance
- e. reported that a comparison to other recent Local Authority Anti-Bribery policies and best practice documents found that only paragraph 10 within the policy required updating. This paragraph had been updated to reflect 2015 Public Contract Regulations. Other changes made were to the formatting to bring it into line with other policies i.e adding a front sheet and review table

RESOLVED that the latest version of the Anti-Bribery Policy be approved.

## **52. Review of the Effectiveness of the Audit Committee**

Jaclyn Gibson, Chief Finance Officer:

- a. presented a report to review the effectiveness of the Audit Committee against Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Audit Committees 2022
- b. advised that the assessment was completed by the Chief Finance Officer and the Audit Manager initially and a roundtable discussion took place with members
- c. explained that a score of 165/200 was achieved for the Self-Assessment of Good Practise and whilst not scored, a good level of compliance was achieved against the evaluation of the impact of and effectiveness of the Audit Committee
- d. summarised the following areas of the assessment:
  - Terms of Reference review
  - CIPFA Self-Assessment
  - CIPFA Evaluation of the impact and effectiveness of the Audit Committee
  - Summary and Conclusions
- e. explained that the Chair and Vice Chair had only been in place since June 2023, ensuring that they had the necessary processes in place, support, skills and knowledge was key to maintaining the effectiveness of the Audit Committee

- f. referred to the Action Plan contained at Appendix C of the report and advised that this would ensure that the maintaining of the effectiveness of Audit Committee was achieved and it also enabled a revised training plan to be compiled to address any 'gaps' in knowledge and skills identified for the Audit Committee as a whole. Progress against this plan would be brought to this Committee

- g. invited committee's comments and questions:

**Comment:** The CIPFA Position Statement and CIPFA Guidance on Audit Committees that had been provided for members attending the roundtable discussion were very useful documents. Would it be possible to circulate these documents to all members of the Audit Committee along with the Audit Committee Terms of Reference at the beginning of each municipal year?

**Response:** Yes, these documents could be circulated to members at the beginning of each municipal year.

**Question:** The CIPFA Guidance emphasised looking at risk registers in relation to major projects and partnerships. Could the risk assessments for the Western Growth Corridor be brought to Audit Committee?

**Response from Officers:** There needed to be a balance between what was considered at Performance Scrutiny Committee and what was considered at Audit Committee. The role of Performance Scrutiny Committee was to consider performance, expenditure and risk. The Western Growth Corridor was part of the audit plan for this year, and the results would be presented to Audit Committee in due course once the audit was completed. This would provide the Audit Committee with an opportunity to scrutinise the Western Growth Corridor Audit.

**Response from External Audit:** External Audit considered the value for money arrangements and governance. The Western Growth Corridor project including the risk assessments would be considered as part of that work.

**Question:** In future could all members be invited to attend audit training rather than just members of the Audit Committee? This would provide all members with a flavour of the committee and ensure some consistency if membership changed due to elections.

**Response:** Yes, all members could be invited to attend audit training in the future.

RESOLVED that:

1. The Review of the Effectiveness of the Audit Committee and Action plan be noted.
2. The CIPFA Position Statement and CIPFA Guidance be circulated to members of the Audit Committee for information at the beginning of each municipal year.
3. All members be invited to attend training in relation to the Audit Committee.

### 53. **Independent Member**

Amanda Stanislawski, Audit Manager:

- a. presented a report to consider the arrangements for the appointment of Independent Members to the Audit Committee

- b. gave the background to the report and advised that the current Independent Member had been in post since April 2016 and under the terms of the appointment, extensions could be given every two years up to a maximum term of eight years, which would therefore expire in April 2024
- c. advised that the CIPFA guidance 2022 recommended that Councils appoint two Independent Members to the Audit Committee for the reasons set out at paragraph 3.1 of the officers report
- d. requested that members consider that the Audit Committee Terms of Reference be updated to set out that a minimum of one independent member and a maximum of two be appointed. This would allow flexibility if there was difficulty in recruiting two Independent Members
- e. advised that the committee was responsible for determining and authorising the allowances for the Independent Members
- f. highlighted the level of remuneration paid to Independent Members of other local councils as set out in the table at paragraph 4.3 of the officers report
- g. requested that committee review the remuneration of the Independent Audit Committee Member and consider whether an increase was required for 2024/25
- h. invited committee's questions and comments:

**Comment:** The comparison of remuneration paid at other local councils was useful and showed that the current rate of pay was comparable.

**Comment:** Noted that the Independent Member had received the same remuneration since 2016.

**Question:** Were travel expenses included in the current allowance and if not, could they be included?

**Response:** Travel expenses were not included within the current allowance. Yes, it was an option if the committee wished to include travel expenses in the allowance.

**Question:** Could the Independent Member be paid the same rate of pay as West Lindsey District Council which was £60 per meeting?

**Response:** There were 6 Audit Committee meetings annually, therefore this would be a reduction to the current pay. If the committee were minded to pay an allowance per meeting then the rate per meeting would need to be increased.

**Question:** How was the decision made to appoint the Independent Member?

**Response:** The applicants would be interviewed by the Chief Finance Officer, Audit Manager and representatives from the Audit Committee. The Audit Committee would confirm the appointment.

The committee considered all of the options discussed in relation to the remuneration of the Independent Member and overall were supportive of the remuneration to be updated to £500 per year plus travel expenses.

RESOLVED that:

1. An additional Independent Audit Committee Member be appointed and incorporated into the revised Audit Committee Terms of Reference to be submitted to Council for approval.
2. The remuneration of the Independent Audit Committee Member be revised to £500 per year plus travel expenses.
3. The re-advertising of the position of Independent Audit Committee member to be appointed for the June Audit Committee be approved.

**54. Audit Committee Work Programme**

Amanda Stanislawski, Audit Manager:

- a. presented a report to inform members of the Audit Committee on the work programme for 2023/24 as detailed at Appendix B of the report
- b. referred to paragraph 3 of the report which highlighted the changes to the work programme
- c. advised that the Audit Committee Terms of Reference was attached at Appendix A of the report for information.

The committee considered the contents of the report.

RESOLVED that the contents of the Audit Committee work programme 2023/24 be noted.