

<b>Present:</b>	Councillor Rebecca Longbottom ( <i>in the Chair</i> )
<b>Councillors:</b>	David Clarkson, Thomas Dyer, Gary Hewson and Rosanne Kirk
<b>Independent Member:</b>	Jane Nellist
<b>Apologies for Absence:</b>	Councillor Helena Mair and Councillor Calum Watt

**51. Confirmation of Minutes - 14 December 2021**

RESOLVED that the minutes of the meeting held on 14 December 2021 be confirmed.

**52. Matters Arising**

The Chair referred to minute 41 and asked if the unqualified audit opinion had been issued on 31<sup>st</sup> January 2021.

Jaclyn Gibson, Chief Finance Officer advised that there had been a slight delay with issuing the unqualified audit opinion, it was currently going through final checks and balances and would hopefully be issued by 15<sup>th</sup> February 2022. An email would be circulated to members of the Audit Committee to confirm that the unqualified audit opinion had been issued.

**53. Declarations of Interest**

Councillor Vaughan declared a Personal Interest in minute 54 as his Grand Daughter worked in the Finance Section at City of Lincoln Council.

**54. Prudential Indicators 21-22 - 2024/25 and Treasury Management Strategy 2022/23**

Sarah Hardy, Principal Finance Business Partner:

- a. presented a report for Audit Committee to scrutinise and recommend to the Executive for approval the adoption of the 15 statutory prudential indicators and 8 local indicators for the period 2021/22 to 2024/25, together with the 2022/23 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 2022/23 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 2022/23 had been prepared taking into account changes in the Prudential Code and Treasury Management Code as detailed at paragraph 2.3 of the report.
- 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. requested that Audit Committee review the content of the report and its associated appendices and recommend to Executive and Council for approval.
- h. invited questions and comments

The committee discussed in detail the arrangements that had been put in place for the Treasury Management training and suggestions were made to hold virtual training at a time that was not immediately before Audit Committee. Officers responded that consideration would be given to when and how training sessions could be delivered in future.

The Chair referred to another District Councils Treasury Management Strategy which included a paragraph in relation to investing in Environmental, Social and Governance (ESG) and asked if something similar could be included in the City of Lincoln Council Treasury Management Strategy. Officers responded that whilst the Council would like to make this statement, in practice it would be difficult to achieve. A balance was needed between investing in ESG and the Councils finances. The committee further commented that it was important to recognise ESG and should be considered going forward. Officers agreed that this would be investigated and to find out how it could be implemented and evidenced and to understand the affect that this would have on the Councils finances. This would be considered and options would be proposed in next year's Treasury Management Strategy.

RESOLVED that:

1. The prudential indicators detailed in Section 4.1 and Appendix 1 of the report be recommended to Executive and 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 Executive and Council for approval.
3. The revised MRP policy detailed in Appendix 2 of the report be recommended to Executive and Council for approval.

## 55. Audit Recommendations - Licensing (Verbal Report)

Francesca Bell, PPASB & Licensing Service Manager gave the following update on outstanding Licensing audit recommendations.

- Management felt that an operational enforcement strategy was not required as this would be duplication. There was already a overarching directorate enforcement policy, also each licensing function had a policy which included enforcement.
- A formal quality control system had been partially implemented which included sampling, team meetings, and one to one meetings with management. This would be formalised through policy notes.
- Improved software was required to develop more meaningful KPI's and a consistent approach to logging complaints. A new system would be piloted which would allow data reports to be pulled from the system

Members of the committee asked the following questions and received relevant responses:

**Question:** Asked how the new system had been approached.

**Response:** We were approached by the company and asked to test the software at no cost to the council.

**Question:** Asked if the Council would be using the national database for taxi drivers.

**Response:** The National Database for Taxi and Private Hire Licence Revocation and Refusals would be implemented shortly.

RESOLVED that the update be noted.

## 56. Internal Audit Progress Report

Paul Berry, Principal Auditor:

- 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 2021 to January 2022, 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
  - Current areas of interest relevant to the Audit Committee
- d. invited members' questions and comments

**Question:** Asked for clarification on the Charterfields Board in relation to the Western Growth Corridor.

**Response:** The Charterfields Board was an officer board which was identified as the delivery board in the delivery agreement, for the Western Growth Corridor development, between the Council and the other landowner. It consisted of four representatives from the Council and four representatives from Lindums.

**Question:** Asked what resources were at risk in relation to the Western Growth Corridor.

**Response:** The audit report was referring to risks in relation to internal staffing capacity, but that steps would be taken to increase administrative and project management resources if required.

**Question:** Asked for information on the communication strategy in relation to the Western Growth Corridor.

**Response:** Communication would be done with residents in relation to work on the development and then specific marketing of the homes when they were ready to be sold.

**Question:** Further asked how the communication with residents would be done.

**Response:** The communication and engagement plan would be developed ahead of phase 1a of the development.

**Question:** Referred to the work undertaken by external audit firms and asked if this work would continue and if the Audit Manager would be replaced.

**Response:** The external audit firm was used to complete a set amount of work which would be completed by the end of March 2022 and further work would not be needed next year. The Audit Manager had been appointed and would start on 21<sup>st</sup> February 2022.

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

## 57. Review of Code of Corporate Governance 2022

Jacyln Gibson, Chief Finance Officer:

- a. presented a report to inform Audit Committee of the outcome of a review of the Code of Corporate Governance
- b. confirmed that City of Lincoln Council adopted a new Code of Corporate Governance in March 2017 and agreed to undertake an annual review to ensure it remained current
- c. advised that Internal Audit and Corporate Policy undertook a full assessment of the Council's governance framework commencing March 2021 through a review of the Council's Code of Corporate Governance (policies and processes) and its use in the review process to develop the Annual Governance Statement to identify any significant issues, or other areas that may require monitoring
- d. reported that apart from a few minor wording changes to reflect that Covid-19 activities were still ongoing, there were no further changes required at this time and it was proposed the next review should be in February 2023.

RESOLVED

1. that the review of the Code of Corporate Governance 2022 be noted
2. that there were no significant changes to the Code of Corporate Governance 2022 be noted
3. that the next review date for the Code of Corporate Governance of February 2023 be agreed

**58. Audit Committee Work Programme**

Jaclyn Gibson, Chief Finance Officer:

- a. presented a report to inform members of the Audit Committee on the work programme for 2021/22 as detailed at Appendix A of the report.
- b. referred to paragraph 3 of the report and highlighted the changes to the work programme.
- c. advised that the Audit Committee Terms of Reference was attached at Annex A of the report for information.
- d. referred to paragraph 4 of the report and gave an overview of the learning and development plan to support members in the delivery of their roles.

RESOLVED that the contents of the Audit Committee work programme 2021/22 be noted.