

For Council: 7 December 2020 APPENDIX 3

Lichfield City Council

Minutes of the Audit Committee meeting held via 'Zoom' at 6.30pm on Thursday, 3 December 2020

Present: Councillors M Warfield (Chairman), Mrs J Greaves, I Jackson, A Lax, D Robertson, A Smith and C Spruce.

Apologies: None

In Attendance: Mr A Briggs (Town Clerk and RFO), Mr G Keatley (Internal Auditor) and Ms A James (Accounts Officer).

6 DECLARATIONS OF INTEREST AND REQUESTS FOR DISPENSATION

None

7 MINUTES

RESOLVED: *That the Minutes of the meeting of the Audit Committee held on 11 June 2020 [adopted by the City Council on 15 June 2020] be confirmed as a correct record.*

8 MATTERS ARISING

Cllr D Robertson thanked the Town Clerk for preparing initial scoping information regarding solar panel incentives following the previous meeting.

9 INTERNAL AUDITOR – ENGAGEMENT AND SCOPE OF AUDIT

The Committee considered the Town Clerk's agenda report and draft Internal Auditor Engagement Letter. The report and draft letter were compiled as a result of a request from the External Auditor during the 2019/20 Audit and resulted from officers not having access to all of the information requested due to password protection put in place by a now deceased member of staff.

Cllr A Smith asked for confirmation as to current practices regarding password protection; the Town Clerk confirmed that confidential matters are now stored on a drive with restricted access that can be amended by the City Council's IT support provider if the appropriate authority is given.

RECOMMENDATION TO COUNCIL: *That the appointment of Graham Keatley as Internal Auditor is confirmed and that the Council adopt the proposed Internal Auditor Engagement Letter and Scope of Audit as contained therein.*

[a copy of the draft letter forms ENCLOSURE 1 to these Minutes]

10 STATEMENT OF ACCOUNTS – SIX MONTHS

The Committee considered the Town Clerk's report for the half year period 1 April – 30 September 2020. Two queries were raised by Cllr D Robertson:

- **Parks and Footpaths Budget forecast:** The Town Clerk confirmed that the relatively low year end forecast figure was due to several factors, including a generally lower level of expensive tree-related work during 2020/21, however there was scope for higher than anticipated costs if there were to be a particularly inclement winter.

- **CIL:** The Town Clerk confirmed the additional CIL allocation was a result of an incorrect allocation by LDC that was rectified in August 2020.

RESOLVED: That the report be noted.

11 2021/22 BUDGET

The Committee considered a draft 2021/22 budget that had been compiled for comment and with several assumptions made; an increase in the precept of £1.69 for a band D property, a 75% reduction in Guildhall lettings income, social distancing to remain in place on the Market Square and all Civic Events to go ahead as normal. Several members of the Committee spoke on this matter, stating that the current situation is in a state of flux and it would be wrong to seek to recommend any major changes until the 'new normal' becomes clear. There was emphasis however on the need to ensure the City Council returns to balanced budgets at the earliest opportunity. Councillor D Robertson raised two queries:

- **No apparent inflationary increases evident in budget heads:** The Town Clerk confirmed the reapportionment of the salary of the Museum Support Officer to the Johnson Birthplace budget head had resulted in a corresponding reduction across other budget heads which served to hide the applied inflationary increase.
- **Accuracy of the Arts/Tourism and Twinning budget head given the current situation with both Brexit and COVID-19:** The Town Clerk confirmed there could be wide variations in this budget head if less or more Twinning work and project funding were to fall to LCC as a result of Brexit, and whether planned Twinning events could go ahead as a result of COVID-19 or lack of funding from the Erasmus+ scheme. As a result of the potential variation and unknowns, the budget had been prepared on a 'best estimate' basis based on past years' costs.

Councillor Lax raised concerns regarding the continuing loss incurred by the Markets function. The Town Clerk confirmed that the Markets Working Group is due to meet on 16 December to discuss a number of matters, many of which will have a bearing on the financial impact of the Markets on City Council budgets.

12 DATE AND TIME OF NEXT MEETING

Scheduled for Thursday, 11 March 2021 at 6.30pm.

**THERE BEING NO FURTHER BUSINESS
THE CHAIRMAN DECLARED THE MEETING CLOSED AT 6.52PM**

Audit Committee Minutes 3 December 2020: ENCLOSRE 1
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PROPOSED INTERNAL AUDITOR ENGAGEMENT LETTER

Dear Mr Keatley

Internal Auditor to Lichfield City Council – Engagement Letter

Following resolution of the Council on 7 December 2020, I confirm your appointment as Internal Auditor to Lichfield City Council on the terms as set out below. Please sign and return one copy of this letter to the City council offices.

1. Roles and responsibilities

Of the Council:

The Council is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions including arrangements for the management of risk.

The Council is required to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control set out in the Joint Practitioners Advisory Group publication: Governance and Accountability for Local Councils – A Practitioners Guide.

Of the Internal Auditor:

The Internal Auditor is responsible for reviewing whether the Council's financial management is adequate and effective, and that it has a sound system of internal control. The Internal Auditor will liaise with the Town Clerk on all assignments and will report to the Council/Audit Committee twice per year, or more frequently if appropriate.

2. Audit planning

The Council has in place a strategic audit plan covering the main governance and financial systems and this is reviewed annually.

The Internal Auditor will carry out the audit to enable him to provide assurance to members and officers, and to enable him to complete and sign off Section 4 of the Annual Return in advance of its submission to the Council and the external auditor.

The programme of work for the year will be determined annually between the Clerk, the Audit Committee, the Council and the Internal Auditor prior to the commencement of work.

3. Reporting requirements

The Internal Auditor will report to the Audit Committee twice per year as a minimum. In the event of a serious matter coming to light during the year, the Internal Auditor may report to the Council or Audit Committee at other times.

During the year, the Internal Auditor will report the provisional results of his work to the Clerk as he considers appropriate.

To enable the Internal Auditor to fully complete Section 4 of the Annual Return, he will carry out work relating to the year-end in April. The results of such work will be reported alongside the presentation of the Annual Return to the Council.

4. Independence and competence

It is essential that the internal audit function is sufficiently independent of other financial controls and procedures of the Council.

The Internal Auditor will inform the Town Clerk immediately he becomes aware of any conflict of interest that may adversely affect his ability to carry out the audit objectively and independently.

The Internal Auditor will carry out the internal audit competently and in compliance with proper practice in a way that will meet the business needs of the Council. In the event that the Internal Auditor becomes aware of matters that may affect his competence, he will inform the Clerk or the Leader of the Council immediately.

5. Access to information, members and officers

The Internal Auditor shall have the right of access during the audit to such accounts, vouchers, correspondence, accounting systems, minutes and other records as are necessary for the performance of the audit.

The Internal Auditor shall have the right of access to any member or officer to discuss and to receive information and explanations in connection with any matter arising from the audit. The Town Clerk will support the Auditor in the proper pursuance of his duties.

6. Period of engagement

The Internal Auditor is appointed on a permanent basis through a standard City council contract of employment.

7. Remuneration

It is agreed between the Internal Auditor and the Council that the Internal Auditor be contracted to work 10 hours/week and will receive pro rata holiday entitlements in line with standard clauses in the City council contract of employment. The current salary for the post is fixed at SCP35 (new basis).

In the event that minor additional paid work is required, the terms will be agreed between the Town Clerk and the Internal Auditor; if any significant variation is required the matter will be presented to Council or to the Audit Committee for consideration.

Yours sincerely,

Tony Briggs
Town Clerk