



## **Audit Committee**

**Date:** Thursday, 22 February 2024

**Time:** 10.30 am

**Location:** Bainbridge Room, Copeland Centre, Catherine Street, Whitehaven, CA28 7SJ

**Present:** Cllr L Patrick (Chair), Cllr M Harris, Cllr C McCarron-Holmes, Cllr D Moore (Vice-Chair), Cllr A Semple and Cllr B Wernham

**In Attendance** Senior Democratic Services Officer  
Chief Legal Officer (Monitoring Officer)  
Chief Finance Officer (Section 151 Officer)  
Acting Head of Internal Audit and Risk Management

- (a) Councillor Kelly attended the meeting in his capacity as Executive Member - Cumberland Policy and Regulatory Services.
- (b) Louise Wilkinson the proposed Independent Member of the Audit Committee attended the meeting as an observer.
- (c) Michael Green and Matt Derrick, Grant Thornton representatives attended the meeting for agenda item 6 – Audit Findings Report Value for Money – Copeland Borough Council (Years Ended 31 March 2019 and 31 March 2020) – Draft (minute no AUC. 66/23 refers).
- (d) Councillor Wernham joined the meeting at 10.48 am and left at 11.30 am.

### **AUC.61/23 Apologies for Absence**

Apologies for absence were received from Councillors Ghayouba and Troughton (Councillors Harris and McCarron-Holmes attended respectively as substitutes for this meeting only).

### **AUC.62/23 Disclosures of Interest**

It was noted that there were no disclosures of interest on this occasion.

### **AUC.63/23 Exclusion of Press and Public**

**RESOLVED,** that that the press and public be excluded from the meeting during consideration of Agenda Item 10 – Appointment of Independent Audit Committee Member (minute no AUC.70/23 refers) on the grounds that it contains exempt information as defined under Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

### **AUC.64/23 Public Participation**

There was no public participation to be considered at this meeting.

### **AUC.65/23 Minutes of Previous Meeting**

**RESOLVED**, that the minutes of the meeting of the Audit Committee held on 23 January 2024 be approved and signed by the Chair.

### **AUC.66/23 Audit Findings Report Value for Money - Copeland Borough Council (Years Ended 31 March 2019 and 31 March 2020) - Draft**

Members were informed that due to the timescales and the relative complexity of the response required Cumberland Council had been unable to provide management responses to the report.

The Committee, therefore, unanimously agreed that the report would be deferred until the next meeting of Audit Committee scheduled for 25 March 2024.

**RESOLVED**, that the report be deferred until the Audit Committee meeting scheduled for 25 March 2024.

### **AUC.67/23 Internal Audit Progress Report (February) 2023/24**

Members received a report which provided an overview of the work carried out by Internal Audit since the previous Audit Committee on 23 January 2024.

The Committee noted the informal update which had been obtained from Public Health in relation to progress against recommendations made by the recent black mould audit.

Members then considered the following final audit assignments:-

#### **AUC.67/23a Progress Against Internal Audit Plan 2023/24**

The Committee was informed that the Internal Audit Plan currently included 49 audit assignments and noted a summary of the progress.

#### **AUC.67/23b Disabled Facilities Grants**

Members were advised that from the areas examined and tested as part of the audit review it was considered the current controls operating within the Disabled Facilities Grants (DFG) process provided reasonable assurances.

The Committee was informed there had been clear recognition of a need to harmonise the existing three services to both meet the Council's legal obligations from the Local Government Review Change Order and ensure a consistent and equitable service was available consistently across the Cumberland Council footprint.

Members were advised that a number of steps had already been made to achieve this and a Working Group was in place to drive forward change, but that further work was needed to ensure timely implementation of harmonisation.

The Committee drew attention to the recommendation to review the current structure to ensure management arrangements assigned responsibility for strategic leadership and the decision-making required to drive forward the aggregation and harmonisation of the DFG service. The Acting Head of Internal Audit and Risk Management confirmed that a Lead should be in place by 31 March 2024 to oversee this.

Members emphasised the importance of the service and welcomed the recommendation that a cost benefit analysis of existing systems and a review of the ICT case management system should be undertaken with a plan to implement one system for the Team.

The Committee noted that each Team had maintained its own financial records and had faced difficulties in accessing financial information, making budget monitoring challenging. Members were advised this was a wider Council control concern due to financial system issues and they welcomed a further report in the future on the work Financial Services were undertaking to find a resolution.

During the course of discussion a Member suggested that extensive home visits and consideration of any financial implications should be undertaken with individuals.

### **AUC.67/23c Newman Secondary School**

Members were advised that from the areas examined and tested as part of the audit review it was considered the current controls operating within Newman Catholic School provided reasonable assurance.

The Committee discussed the approval of the budget and was advised that the School was now clear the Full Governing Body should have sight of this and that it was documented in their meeting minutes.

A suggestion was made that all Governors should receive appropriate training and it was agreed this would be included in the counter-fraud work.

During the course of discussing the Acting Head of Internal Audit and Risk Management confirmed that the Authority was responsible for all LEA schools and that academies were separate.

**RESOLVED,** that

- (1) the progress against the Audit Plan for 2023/24 be noted;
- (2) the final audit assignments (referred to at appendices 2-3) be received;
- (3) a further report on the financial systems be considered at a future meeting of the Committee;
- (4) a focus be placed on the transparency of financial assessments for those adapting their homes.

## **AUC.68/23 Treasury Management Strategy Statement, Annual Investment Strategy & Minimum Revenue Provision Policy Statement 2024-25**

The Committee considered a report which detailed the Authority's proposed Treasury Management Strategy Statement and Investment Strategy for 2024-25, Minimum Revenue Provision (MRP) Policy Statement for 2024-25 and Prudential and Treasury Indicators for 2024-25 to 2026-27.

Members received an explanation regarding the Capital Financing Requirement and the Chief Finance Officer confirmed that currently the Authority would not need to borrow additional funds.

The Committee drew attention to the historic nature of the Authority's inherited Public Works Loan Board (PWLB) loan portfolio and exclusive use of fixed rate loans which meant interest rates applying to individual loans within the Council's PWLB loan portfolio ranged from 1.21% to 9.5%. It was agreed that further information on this would be provided in a written response from the Chief Finance Officer.

The Committee highlighted their responsibility for ensuring effective scrutiny of the Treasury Management Strategy and policies and emphasised the importance of continued training and the continuity of membership of the Audit Committee. Members suggested that the inclusion of information regarding counter-parties would be beneficial in future reports.

The Chair, on behalf of the members, thanked officers for their report and asked that the Committee be involved in discussions when developing the MRP Policy Statement for 2025-26 and that future reports include a glossary.

**RESOLVED**, that

- (1) the following be recommended to full Council for approval:-
  - (a) the proposed Treasury Management Strategy Statement & Investment Strategy for 2024-25 (included in sections 2 and 3 of Appendix 1 of the report);
  - (b) the MRP Policy Statement for 2024-25 (as set out in section 4 of Appendix 1 of the report);
  - (c) the prudential and treasury indicators for 2024-25, 2025-26 and 2026-27, including the Authority's Authorised Borrowing Limit, (detailed in Section 5 of Appendix 1 of the report);
  - (d) the revised prudential and treasury indicators for 2023-24 (set out in Section 5 of Appendix 1 of the report) which have been updated to reflect the changes made to the 2023-24 capital budget as part of the 2024-25 capital budget proposals;
- (2) future training for members includes:-
  - (a) derivatives;
  - (b) Treasury Management Policy;
  - (c) Minimum Revenue Provision.

### **AUC.69/23 Date and Time of Next Meeting**

It was noted that the next meeting of the Committee would be held on Monday 25 March 2024 at 10.30 am at Allerdale House, Workington.

The Chair highlighted to members that the next meeting of the Committee may last longer than originally scheduled due to the significant amount of business to be considered.

The meeting adjourned from 11.30 to 11.40 am when all members, with the exception of Councillor Wernham were present.

The press and public left the meeting at this point.

### **AUC.70/23 Appointment of Independent Audit Committee Member**

Members considered a report which informed them of the process to appoint an Independent Member of the Audit Committee and requested approval of appointment to the role.

The Chief Legal Officer confirmed that a robust induction and regular mandatory training would be available for the Independent Member.

The Committee unanimously agreed the nomination and it was confirmed that Councillor Kelly, the relevant Portfolio Holder, would present the report to full Council.

**RESOLVED**, that the appointment of Louise Wilkinson as the Independent Member of the Audit Committee be approved subject to ratification by full Council on 6 March 2024.

The meeting finished at 11.45 am