

## **BABERGH AND MID SUFFOLK DISTRICT COUNCILS**

Minutes of the meeting of the **JOINT AUDIT AND STANDARDS COMMITTEE** held in the King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Monday, 27 November 2023

### **PRESENT:**

Chair: Bryn Hurren (Joint-Chair)

Councillors: Austin Davies Adrienne Marriott  
John Matthissen (Joint-Chair) Mary McLaren  
James Patchett Tim Register  
John Whitehead

### **In attendance:**

Councillor(s): Alastair McCraw  
Andrew Mellen

Officers: Interim Monitoring Officer (JR)  
Director - Corporate Resources (ME)  
Director – Customers, Digital Transformation & Improvement (SW)  
Corporate Manager – Internal Audit (JS)  
Corporate Manager – Strategic Policy (JH)  
Assistant Manager – Financial Accountant (MH)  
Risk Management Lead (TF)  
Governance Officer (BW)

### **Apologies:**

Simon Dowling  
Isabelle Reece

## **24 SUBSTITUTES AND APOLOGIES**

24.1 Apologies were received from Councillor Simon Dowling and Councillor Isabelle Reece.

## **25 DECLARATION OF INTERESTS**

25.1 None received.

## **26 JAC/23/11 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 25 SEPTEMBER 2023**

It was **RESOLVED**: -

**That the minutes of the meeting held on the 25<sup>th</sup> September 2023, as set out in the tabled papers, be approved.**

**27 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME**

27.1 None received.

**28 QUESTIONS BY THE PUBLIC**

28.1 None received.

**29 QUESTIONS BY COUNCILLORS**

29.1 None received.

**30 JAC/23/12 TREASURY MANAGEMENT HALF YEAR REPORT 2023/24**

30.1 The Chair invited the Assistant Manager – Financial Accountant to introduce the report to the committee.

30.2 Councillor McLaren questioned whether there was an external regulatory body that ensured the Councils were compliant. The Assistant Manager – Financial Accountant responded that the Councils had to comply with Chartered Institute of Public Finance and Accountancy (CIPFA) and the Council's treasury management advisors Arlingclose ensured compliance.

30.3 Councillor McLaren further questioned whether the advice against lending to other Councils was under a Public Works Loan Board (PWLB) scheme, or if it was local authority borrowing. The Director – Corporate Resources responded that this was local authority to local authority borrowing, and these had been advised against borrowing to by Arlingclose as they had credit scores that were rated as unacceptable.

30.4 Councillor Davies queried why 8 million had been paid off a long term loan with a lower interest rate rather than paying short term borrowing with higher interest rates. The Director – Corporate Resources responded that as loans were fixed by maturity dates there could be penalties if they are paid any earlier.

30.5 Councillor Matthissen clarified that 84 million of the borrowing came from mortgages from Council houses.

30.6 Councillor McLaren questioned what projects the Councils could use PWLB funding for. The Director – Corporate Resources responded that these would be used for Capital schemes that came through Council for decision, and in the recommendations, it would outline the use of PWLB schemes and the maturity rate.

30.7 Councillor McLaren queried why there was a distinct difference on the financial position of both Councils. The Director – Corporate Resources

responded that the differences were historical and down to Babergh freezing Council Tax for extended periods, and Mid Suffolk had more housing growth and new homes bonuses. This meant both Councils had different funding sources.

- 30.8 Councillor Davies referred to page 28 of the report and questioned point 1.15 relating to pooled funds changes in valuation, and the change in legislation relating to this. The Director – Corporate Resources responded that the Councils would adhere to the legislation and if any pooled funds do change in value funds may need to be set aside to cover the loss.
- 30.9 Councillor Whitehead questioned what the process was for recovering bad debts from the funding circle. The Director – Corporate Resources responded that this was managed through the funding circle, and they recovered the debts.
- 30.10 Councillor Davies suggested that in relation to tables on the CIFCO a timeframe of the period covered should be provided.
- 30.11 Councillor Matthissen further suggested that interest receivable and interest repayable be amended to loans to and from CIFCO for clarity.
- 30.12 Councillor Hurren questioned what the position was on the loan of 84 million in the HRA. The Director – Corporate Resources responded that many of the loans had a maturity date of 2050, and under the HRA 30 year business plan funds are being ringfenced for these loans.
- 30.13 Councillor Hurren proposed recommendation 3.1 as detailed in the report. Councillor Matthissen seconded this motion.

By a unanimous vote.

**It was RESOLVED: -**

**That the Treasury Management activity for the first six months of 2023/24 as set out in this report and Appendices be noted.**

- 30.14 Councillor McLaren proposed recommendation 3.2 as set out in the report for Babergh Members only. Councillor Register seconded the motion.

By a unanimous Babergh vote.

**It was Recommended to Babergh Council: -**

**That it be noted that Babergh District Council's treasury management activity for the first six months of 2023/24 was in accordance with the approved Treasury Management Strategy, and that the Council has complied with all the Treasury Management Indicators for this period.**

- 30.15 Councillor Davies proposed recommendation 3.3 as set out in the report for

Mid Suffolk Members only. Councillor Whitehead seconded the motion.

By a unanimous Mid Suffolk vote.

**It was Recommended to Mid Suffolk Council: -**

**That it be noted that Mid Suffolk District Council's treasury management activity for the first six months of 2023/24 was in accordance with the approved Treasury Management Strategy, and that, except for one occasion when the Council exceeded its daily bank account limit with Lloyds, as mentioned in Appendix C, paragraph 4.1, the Council has complied with all the Treasury Management Indicators for this period.**

### **31 JAC/23/13 MID TERM INTERNAL AUDIT REPORT**

- 31.1 The Chair invited the Corporate Manager - Internal Audit to introduce the report.
- 31.2 Councillor Hurren queried whether the items with limited assurance would be completed by the end of the year. The Corporate Manager – Internal Audit responded that as part of the audit process recommendations with limited and poor assurance would be followed up on.
- 31.3 Councillor Hurren questioned whether there was an issue with resources within the Audit team as it was a small team. The Corporate Manager – Internal Audit responded that whilst this was an issue it was currently manageable, and time could be allocated accordingly.
- 31.4 Councillor Regester asked for clarification on procurement cards. The Corporate Manager – Internal Audit responded that they were like credit cards with set limits and authorisation limits. All users of procurement cards had to sign an undertaking to comply with policies.
- 31.5 Councillor Matthissen raised concern about unplanned demand and whether this effected the Audit team and was a risk. The Corporate Manager – Internal Audit responded that unplanned work was increasing, however it was manageable. There was a degree of flexibility within audits that were risk based and a judgement would be made on high risk audits to be undertaken first.
- 31.6 Councillor Marriott queried what the guidance was for gifts and hospitality. The Corporate Manager – Internal Audit responded that there was guidance for officers and Members which had a recording and declaration process, however as a general rule gifts should not be accepted.
- 31.7 Councillor Matthissen questioned whether there were any outstanding disputes with Parishes over elections costs. The Interim Monitoring Officer responded that there had not been many disputes, and many had been resolved with only one outstanding.

- 31.8 Councillor Matthissen asked for clarification on the reporting process following negative audits. The Corporate Manager – Internal Audit responded that all audits have an audit report which would be taken to person being audited and the corporate manager. This would then be taken to the director if necessary.
- 31.9 Councillor McLaren asked what the primary concern in risk management was. The Corporate Manager – Internal Audit responded that handover arrangements in staff changeover was a great risk as they do not always go smoothly, and these arrangements are key for continuity.
- 31.10 Councillor Hurren questioned how work from home arrangements were working. The Corporate Manager – Internal Audit responded that it is the responsibility of managers to ensure that staff have the relevant knowledge base, and if that knowledge base is not sufficient it was down to managers to address as this is a necessity wherever officers were working.
- 31.11 Councillor Register queried whether departments had shared resources to demonstrate how other service areas operated. The Corporate Manager – Internal Audit responded that it was the responsibility of managers to ensure that knowledge bases are in place as not having these in place is a risk as new members of staff need tools in place for handover.
- 31.12 Councillor Whitehead questioned what the aspirational level of assurance was. The Corporate Manager – Internal Audit responded that substantial assurance was the ideal level of assurance.
- 31.13 Councillor Patchett suggested that in future reports a matrix be put in place showing end dates and follow up actions with who is responsible for actions in order to show accountability. The Corporate Manager – Internal Audit responded that this could be provided in the report going forward.
- 31.14 Councillor Matthissen proposed the recommendation as set out in the report. Councillor Register seconded the motion.

By a unanimous vote.

**It was RESOLVED: -**

**That the contents of this Internal Audit report, supported by Appendix A, be noted.**

## **32 JAC/23/14 ANNUAL RISK MANAGEMENT STRATEGY UPDATE**

- 32.1 The Chair invited the Mid Suffolk Cabinet Member for Performance and Resilience and the Babergh Cabinet Member for Customers, Digital Transformation & Improvement to introduce the report.
- 32.2 Councillor Matthissen suggested that risk management training be organised

for all Members. The Corporate Manager – Strategic Policy responded that training would be provided for all Members in the new year as risk was the responsibility of everyone.

- 32.3 Councillor McLaren questioned how it would be ensured that all officers would be knowledgeable about risk. The Risk Management Lead responded that a risk management portal had been established and contained training and guidance for officers and Members. Additionally bespoke training would be held with individual service areas, and workshops would be held where necessary.
- 32.4 Councillor Marriott queried whether deescalated risks were revisited. The Risk Management Lead responded that deescalated risks were under constant surveillance.
- 32.5 Councillor Hurren proposed the recommendation as set out in the report, with the additional recommendation to provide training on Risk Management to all Members. Councillor Register seconded the motion.

By a unanimous vote.

**It was RESOLVED: -**

**1.1 That given changes in the administrations, newly elected members of the Joint Audit and Standards Committee note the progress to improve strategic risk management in alignment with the HM Government Orange Book since January 2022, and support the ongoing schedule of continuous improvement for the Councils' joint risk management arrangements.**

**1.2 That training be provided to all Members on Risk Management.**

### **33 JAC/23/15 BRIEFING NOTE: UPDATE ON PREVIOUS YEARS' FINANCIAL STATEMENTS**

- 33.1 The Chair invited the Director – Corporate Resources to introduce the briefing note.
- 33.2 Councillor Register questioned why the report from 2020 had not been released whilst the Councils were setting their 2024/25 budgets. The Director – Corporate Resources responded that there was a national staffing issue for external audits for Councils.
- 33.3 Councillor McLaren questioned whether there would be an impact or conflict if fraud was found in a previous audit. The Director – Corporate Resources responded that fraud would be more likely to be found under an internal audit.
- 33.4 Councillor Davies queried when the outstanding reports would be ready. The Director – Corporate Resources responded that they would be see if any of

the outdated reports could be added to the 2020/21 report.

- 33.5 Councillor Matthissen outlined that the briefing note made clear what the situation was nationally, and as Joint Chair he had attended webinars which had proposals on how to resolve this issue.
- 33.6 Councillor Hurren questioned whether if the Council needed a loan for a project if the outstanding audits would effect this. The Director – Corporate Resources responded that as the Council’s had a credit rating, they would still be able to receive loans, however this is a risk and had indirect effects.
- 33.7 Councillor Whitehead stated that in the public sector private firms have different rules, and it was appalling that it had gotten to this stage.
- 33.8 Councillor Matthissen highlighted that the Council’s companies had up to date audits in place.
- 33.9 The Briefing Note: Update on Previous Years’ Financial Statements was noted.

**34 JAC/23/16 FORWARD PLAN**

- 34.1 Councillor Matthissen highlighted that the ESG Updated proposed to go to the November meeting had been moved to the January meeting and would be covered under the Treasury Management report.

**35 EXCLUSION OF THE PUBLIC (WHICH TERM INCLUDES THE PRESS)**

The meeting was not required to go into closed session.

**36 JAC/23/17 CONFIRMATION OF THE CONFIDENTIAL MINUTES OF THE MEETING HELD ON 25 SEPTEMBER 2023**

**It was RESOLVED: -**

**That confidential minutes of the meeting held on 25 September 2023 be confirmed and signed as a true record.**

The business of the meeting was concluded at 12:09 pm.

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Chair