

AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY, 6 FEBRUARY 2023 - 4.00 PM



PRESENT: Councillor K French (Chairman), Councillor Mrs M Davis (Vice-Chairman), Councillor I Benney, Councillor G Booth, Councillor Mrs J French, Councillor N Meekins, Councillor J Mockett, Councillor M Purser, Councillor S Tierney and Councillor R Wicks

APOLOGIES: Councillor R Skoulding and Councillor F Yeulett

Officers in attendance: Sam Anthony (Head of HR and OD), Mark Saunders (Chief Accountant) and Linda Albon (Member Services & Governance Officer)

ARMC18/21 PREVIOUS MINUTES.

The minutes of the meeting of 17 October 2023 were approved and signed.

ARMC19/21 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2023/24

Members considered the Treasury Management Strategy Statement and Annual Investment Strategy 2023/24 report presented by Mark Saunders.

Members made comments, asked questions and received responses as follows:

- Councillor Booth said he is assuming that this covers the investment provided to Fenland Future Ltd. Mark Saunders confirmed it will do and more detail can be found in the Capital Strategy that accompanies the committee report. Councillor Booth said obviously it has an impact on this council because we are effectively making a loan facility available to FFL, which is a subsidiary of FDC, so it looks like the amount of capital debt gets up to about £35m. As a facility of up to £25m was agreed, does that mean the Council effectively has £10m of other debts? Mark Saunders replied that is correct but currently we are not exceeding that £25m ceiling and there are no plans to do that for the next couple of years. Councillor Booth said his concern is this is a facility we are making to FFL, but with no oversight of where the money is going because meetings of the Investment Board go into confidential session, so effectively we are being asked to approve a strategy where there is £25m of debt but we do not know where it is being invested. Mark Saunders responded that the accountant gets all the information that goes to the Investment Board and then Cabinet and Council will get the appropriate reports at the appropriate times as to what those investments are. Currently all that is happening is the planning process going through for a couple of developments without going into the nitty gritty of the costings and the advantages of those developments yet. Councillor Booth said he thinks it is fair to say that with the way governance arrangements have been established, when those decisions are taken, they are taken as confidential items. As a committee, we are not entitled to see what happens so in theory we are being asked to judge that the governance arrangements are appropriate for that loan facility to be put in place without seeing them. Mark Saunders said Cabinet and Council would have to approve it eventually, but they are approving a facility under which that borrowing can be undertaken. In respect of the actual loans, we will go into further details with the Investment Board and Cabinet in due course. Councillor Booth said, but again those meetings go into confidential session. Mark Saunders responded that this committee gets

to see the update and monitoring reports so will see any loans that go to FFL. Councillor Booth said it would be good to see a detailed breakdown of where those loan facilities are going.

- Councillor Mrs French said that she believes that as an elected member, Councillor Booth is entitled to ask for this information which members of the public are not. Unless it is commercially sensitive information, there is no reason why it should be refused. Councillor Booth said if we are to undertake our role as a critical friend to ensure we are satisfied that the governance arrangements and risks taken are appropriate we need to have oversight of the whole process.
- Mark Saunders added that accounting reporting for FFL currently has been limited because there has been little activity but as a limited company they will be filing accounts with Companies House in the future and that will contain all the details of any loans received from FDC for any other developments. However, he took Councillor Booth's comments on board.

Proposed by Councillor Mrs French, seconded by Councillor Purser and AGREED to endorse the strategy detailed in the report to be included in the final budget report for 2023/24.

Councillor Booth asked it to be added as a note to the recommendations that the committee do get oversight of how that investment strategy is taken forward and brought back to this committee.

ARMC20/21 CORPORATE RISK REGISTER QUARTERLY UPDATE

Members considered the Corporate Risk Register Quarterly Update report presented by Sam Anthony.

Members made comments, asked questions and received responses as follows:

- Councillor Booth said he had previously raised about being able to see decreases or increases in the risk ratings. There seems to have been no movement this time round and he wondered if any more thought had been given on how this information can be presented so going forward the Committee can track whether the situation is improving or not. Sam Anthony responded that the risk ratings have remained the same; they are reviewed quarterly but Stephen Beacher, Head of ICT Digital and Resilience, is now responsible for this and it would be best to direct the question to him.
- Councillor Booth suggested as an observation about the presentation of the report that the guidance at the beginning should appear as an appendix after the actual register to save wading through pages of policy first. Sam Anthony agreed and said she would pass that on.
- Councillor Booth referred to the governance arrangements around project management and asked what had been done to improve the situation. Sam Anthony responded that a review has been undertaken of the current project management arrangement and we use our own system which has been rolled out across the organisation for a consistent approach with all project management and a project management board to feedback progress. This gives greater scrutiny amongst Corporate Management Team and Management Team for progress and updates for all projects.
- Councillor Purser said he would like noted his gratitude to Sam Anthony and Mark Saunders and their respective teams for all their work in compiling these reports.

Proposed by Councillor Booth, seconded by Councillor Purser and Members AGREED to note the latest Corporate Risk Register.

ARMC21/21 INTERNAL AUDIT PLAN 2022/23

Members considered the Internal Audit Plan 2022/23 Progress Report Q2 and Q3 presented by Mark Saunders.

Members made comments, asked questions and received responses as follows:

- Councillor Mrs French said it was sad to lose Kathy Woodward as Internal Audit Manager, and she asked if two staff members was sufficient, or would there be a need to look for additional staff later? Sam Anthony responded that it probably would not be sufficient, but we are looking at a resourcing plan and options for how Audit is managed and resourced going forward.
- Councillor Booth asked if agency staff have been considered to help fill the gaps. Sam Anthony replied that consideration had been given to agency options, but as this is very expensive a shared arrangement with other local authorities is being explored and procured as an interim measure whilst looking at resourcing it ourselves.
- Councillor Wicks asked if it is an option to reschedule some of the internal audits this quarter and if so, what catch-up arrangements will be put in place. Mark Saunders replied that there will certainly be a prioritisation of the audits that need to be done by the end of the year. The arrangements for catching up will be determined by when the appropriate resources are in place and a reassessment made of what audits need to be done and how best we make use of the time available.
- Councillor Booth said there is a list of all the other activities the team have been involved in at section 2.4 of the report and he wondered whether this should be scaled back. Sam Anthony confirmed that this list is being looked at to rank what we can and cannot do; some of these, such as the National Fraud Initiative, are a mandatory requirement but some can certainly be scaled back.
- Councillor Booth mentioned the 3Cs review and said it had been marked as adequate with several recommendations. His concern is how it can be said to be adequate given the nature of some of the issues raised around governance and the MI because it goes to the core of how complaints are dealt with and managed going forward. It seems the rating might be a little low on that particular review. Mark Saunders responded that there were no high recommendations, they were mostly medium or low, but we can find out more about it. Sam Anthony agreed this can certainly be fed back.

Proposed by Councillor Mrs French, seconded by Councillor Booth and Members AGREED to note the activity and performance of the internal audit function.

ARMC22/21 AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME

Councillor Miss French presented the Audit and Risk Management Committee Work Programme 2022/23 for information.

Members AGREED to note the contents of the Audit and Risk Management Committee work programme.

ARMC23/21 ITEMS OF TOPICAL INTEREST.

There were no items of topical interest for discussion.

4.34 pm

Chairman