



Lichfield City Council

Donegal House, Bore Street, Lichfield, Staffordshire, WS13 6LU

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Town Clerk: **Anthony Briggs** BA (Hons), CILCA

2 March 2023

To: Members of the Audit Committee

Councillor M Warfield (Chair) and Councillors J Greaves, I Jackson, A Lax, D Robertson, A Smith and C Spruce

Also to: A James (Accounts Officer) & G Keatley (Internal Auditor)

Dear Councillor

Audit Committee

You are invited to attend a meeting of the Audit Committee to be held via 'Zoom' at **4.00pm on Thursday, 9 March 2023** for the transaction of the following business. Any member of the Committee unable to attend should forward their apologies to the Town Clerk.

A link enabling members to join the meeting will be circulated separately. The 'Zoom' link and password is available to the public by email to the Town Clerk.

Yours sincerely

Tony Briggs
Town Clerk

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST AND REQUESTS FOR DISPENSATION

3 MINUTES

To confirm as a correct record the Minutes of the Audit Committee Meeting held on 8 December 2022 **attached**. [*Minutes adopted by the City Council on 12 December 2022, having been previously circulated, the appendices to the minutes are not included*]

4 MATTERS ARISING FROM MINUTES

5 INTERNAL AUDIT REPORT 2022-2023

To consider the detailed report of the Internal Auditor **ENCLOSURE 1**.

RECOMMENDED: The Committee to make a recommendation to Council to note the Internal Audit Annual Report 2022-23 and adopt the recommendations and timescales as contained in that Report.

6 ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL

To conduct the annual review of the effectiveness of the system of internal control, **Appendix A** attached.

RECOMMENDED: The Committee to make a recommendation that the Review findings be presented to Council for adoption.

7 TREASURY MANAGEMENT POLICY AND STRATEGY STATEMENT

To agree the Treasury Management Policy and Strategy Statement 2023-2024, **Appendix B**, attached.

RECOMMENDED: The Committee to make a recommendation to Council to adopt the Treasury Management Policy and Strategy Statement 2023-2024 (as amended).

8 RESERVES POLICY

To consider the proposed Reserves Policy as outlined in the report attached as **Appendix C**.

RECOMMENDED: The Committee to make a recommendation to Council to adopt the Reserves Policy (as amended).

9 AUDIT PLAN

To consider the proposed work plan for the Internal Auditor for the year 2023/24, attached as **Appendix D**.

RECOMMENDED: The Committee to make a recommendation to Council that the Audit Plan (as amended) be adopted.

10 DATE AND TIME OF NEXT MEETING

Currently anticipated to be Thursday 8 June 2023 at 4pm, but to be confirmed via the City Council's approved Calendar of Meetings. The Committee has previously expressed a preference that the first meeting of the Committee post-election be in person.

ANY OTHER URGENT BUSINESS AT THE DISCRETION OF THE CHAIR

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Lichfield City Council

Minutes of the Meeting of the Audit Committee held via 'Zoom' on Thursday 8 December 2022 at 4.00pm

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

In attendance: A Briggs (Town Clerk and RFO), G Keatley (Internal Auditor)

Apologies: None

7. DECLARATIONS OF INTEREST AND REQUESTS FOR DISPENSATION

None

8. MINUTES AND MATTERS ARISING

RESOLVED: *The Minutes of the meeting held on 9 June 2022 be agreed as a correct record.*

9. STATEMENT OF ACCOUNTS – SIX MONTHS

Members considered the six-month budget summary. The Town Clerk confirmed that utility charges associated with the council's supply via arrangements with Staffordshire County Council were set for the whole of the 22/23 financial year, allowing accurate forecasts to be made despite market price fluctuations. Cllr D Robertson stated that the good financial controls in place had seen a reduction in the estimated overspend by approximately £10,000 since the three-month summary, with Cllr Lax adding that it was hoped that the actual figures would reflect that positivity at the end of the year. The Town Clerk also confirmed that the overspend in the Arts/Tourism/Twinning line was associated with the Christmas lights provision. It was agreed that consideration would be given to separating 'Twinning' from that line given the reduced provision of that function.

RESOLVED: *That the report be noted*

As the Chair did not move to the next item, the Deputy Chair assumed the Chair

10. RISK MANAGEMENT STRATEGY

Members carried out the annual consideration of the City Council's Risk Management Strategy. Cllr A Smith questioned whether it would be appropriate in the future to add more information on the council's 'risk appetite' for particular functions, i.e. that some functions are so important and/or beneficial that that a reasonable 'risk v benefit' summary could be included. The Town Clerk confirmed this could be investigated.

Cllr A Lax highlighted fraud risk and fraud awareness training, with the Internal Auditor confirming good controls are in place. Cllr Lax also raised the possibility of building loss due to fire (for example) and asked whether important documents could be easily retrieved, perhaps with a 'grab bag' of important items available if speedy exit from the building is necessary. The Town Clerk confirmed important documents are stored in a fireproof cabinet and server back up to a cloud is undertaken automatically.

Cllr C Spruce asked that the strategy be put before the committee twice annually (December and June) to ensure it remains up to date and members aware of the risks. Cllr D Robertson suggested that 22 separate risks was too many, and that perhaps only those risks colour coded yellow or above should be considered by the Committee. Discussion followed and it was agreed that the document is relatively new and the committee will continue to feel its way through it.

RESOLVED:

- a) *The Committee considers the risk management strategy to be appropriate and therefore makes a **recommendation to Council** that the strategy be adopted*
- b) *The document to be considered by Audit Committee twice annually – at the meetings in June and December.*

11. DEBT RECOVERY POLICY

Following Cllr C Ball's suggestion at September Council, members discussed whether it would be appropriate to amend the current delegated authority to the Town Clerk/RFO regarding the write off of debt, increasing the amount from the current level of £100. The Committee agreed that Cllr Ball's point was valid and agreed with his suggested £500 limit. It was also agreed that the manner in which debts are allowed to accrue and are chased is at least as important as any write-off figure. The Internal Auditor confirmed that good controls are in place, with LCC staff quickly chasing late payments.

RECOMMENDATION TO COUNCIL: *That the Debt Recovery policy be revised to allow bad debts of up to £500 to be written off by the Town Clerk/RFO in consultation with the Leader of the Council where such debts are considered uneconomic or unreasonable to pursue further. The current policy states the maximum amount of such debt is £100.*

12. ASSET REGISTER AND ASSET REGISTER POLICY

Following a note under 'minor scope for improvement' as provided by the external auditor during consideration of the 2021/22 Audit return, the Committee was asked to consider an updated Asset Register and associated Asset Register Policy that reflected the amendments suggested by the external auditor and clarified how the Asset Register would be managed and reviewed in the future.

Cllr A Lax highlighted the marquee insurance for the Sheriff's Ride, the Town Clerk confirmed this would be removed for the 23/24 policy schedule but did appear in the 22/23 schedule as there was no resolution as to the future of the Ride at that point. Cllr D Robertson asked whether open spaces owned by the council should be included. The Internal Auditor confirmed that they had not been included on the AGAR to date, but that such inclusion was possible, though with a nominal value of £1 to comply with guidelines. Cllr A Lax stated that the asset register needed to work as a document and inclusion of too much detail could impact on that usability.

Cllr Spruce suggested that all land owned by the City Council be collated into a document and circulated to Audit Committee members, thereby providing the information in one place, but not overloading the asset register itself. The Town Clerk confirmed that the mapping programme introduced early in 2022 carried significant information on LCC ownership, together with PDF mapping documents of each, allowing collation to be relatively straightforward.

RESOLVED: *That the land owned by LCC be collated and the resulting document circulated to Audit Committee members.*

RECOMMENDATION TO COUNCIL: *That the revised Asset Register and draft Asset Register Policy be adopted.*

13. LCC INVESTMENTS

The Town Clerk gave a verbal update, confirming that following his discussions with the City Council's Account Manager in November, notice was being given to release all funds from the City Council's Nat West Notice account, in order that such funds could be reallocated to other accounts under the Nat West banner that are providing a higher rate of interest. It is anticipated that this process will be completed by late January/early February 2023.

RESOLVED: *That the report be noted.*

14. DATE AND TIME OF NEXT MEETING

Scheduled for Thursday 9 March 2023 at 4pm. The Committee confirmed it wished to continue to meet via 'Zoom', but Cllr C Spruce asked whether a blended meeting could take place in the Moulton Room. The Town Clerk stated that the wi-fi signal was not especially strong and that it may not support a hybrid meeting, but also that with LCC's current equipment it would be difficult to ensure all members could see and hear discussions appropriately. Cllr A Smith concurred, stating that additional technology would be required for a hybrid meeting to be effective. The Committee agreed that the newly constituted Audit Committee that will follow the May 2023 elections would be well advised to hold its initial meeting in person.

THERE BEING NO FURTHER BUSINESS

THE CHAIR DECLARED THE MEETING CLOSED AT 4.40pm

THE REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

Legislative framework

Regulation 4 of the Accounts and Audit Regulations 2015 (Accounting records and control systems) requires the authority's responsible financial officer must determine, on behalf of the authority-

- 1) The form of its accounting records and supporting records ensuring that the authorities accounting records are kept up to date
- 2) Its financial control system including measures to ensure that the financial records are recorded timely and accurately, enable prevention and detection of inaccuracies and fraud, ensure risk is appropriately managed and identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers.

Regulation 5 of the Accounts and Audit Regulation 2015 (Internal Audit) requires that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance process, taking into account public sector internal auditing standards or guidance".

The starting point for the review will usually be an assessment against the internal audit standards set out in the guide. These include making an assessment in relation to:

- Scope of internal Audit
- Independence
- Competence
- Relationships
- Audit planning and reporting

A key point is that it is the responsibility of the body to conduct the annual review; it is not a review that will be carried out by the external auditor as part of the annual audit.

Whilst there will usually be input from the internal audit provider, he or she cannot be allowed to influence the direction or extent of the review.

The results of the review are then reported to and considered by a full meeting of the members for consideration. There are no hard and fast rules as to who actually performs the review, but bodies may wish to set up a small working party for this purpose.

What should the review of the system of internal audit cover?

Under the 2015 Regulations a relevant authority must conduct an annual review of the system of internal audit which:

Facilitates the effective exercise of its functions and achievement of its aims and objectives;
Ensures that the financial and operational management of the authority is effective; and
Includes effective arrangements for the management of risk.

The outcome of the review

The review of the effectiveness of the system of internal audit cannot be considered in isolation as it feeds into the review of the wider system of internal control. The report on the review should include an opinion as to whether or not the internal audit system is effective. Any areas for development or change should be identified in the report and an action plan produced, setting out the proposed remedial actions, the people responsible for delivering them, and the deadlines for completion of the actions.

1 Meeting the Standards

Expected Standard	Evidence of Achievement	Response
1. Scope of internal audit	Terms of reference were approved by full Council	Yes, Council adopts the Internal Audit Action Plan and work programme: Internal Auditor in receipt of Council formal engagement letter setting out requirements.
	Scope of audit work takes into account risk management processes and wider internal control	Yes, included in checks undertaken by Internal Auditor
	Terms of reference define audit responsibilities in relation to fraud	Yes, detailed in approved Anti-Fraud manual
2. Independence	Internal Auditor has direct access to those charged with governance.	Yes
	Reports are made in own name to management.	Yes
	Auditor does not have any other role within the council.	Yes
3. Competence	No evidence that internal audit work has not been carried out ethically, with integrity and objectivity.	Yes
4. Relationships	Responsible officers (Town Clerk (RFO), etc) are consulted on the internal audit plan and on the scope of each audit.	Yes
	Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters.	Yes, defined in approved Standing Orders, Whistle-Blowing Policy
	The responsibilities of board/council members are understood; training of members is carried out as necessary.	Yes. Notably via the City Council's Audit Committee
5 Audit Planning and reporting	The Audit Plan properly takes account of corporate risk.	Yes
	The Audit Plan has been approved by the council	Yes
	Internal Audit has reported in accordance with the Plan	Yes. Report to full Council 13 March 2023

2 Review of Effectiveness

Characteristics of 'effectiveness'	Evidence of Achievement	Suggested Response
Internal audit work is planned	Planned Internal audit work is based on risk assessment and designed to meet the body's governance assurance needs.	Yes
Understanding the whole organisation its needs and objectives	The annual audit plan demonstrates how audit work will provide assurance in relation to the body's annual governance statement.	Yes
Add value and assist the organisation in achieving its objectives	Demonstrated through positive management responses to recommendations and follow up action where called for.	Yes
Be forward looking	When identifying risks and in formulating the annual audit plan, changes on national agenda are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	Yes
Be challenging	Internal audit focuses on risks and encourages managers/members to develop their own responses to risks, rather than relying solely on audit recommendations. The aim of this is to encourage greater ownership of the control environment.	Yes
Ensure the right resources are available	Adequate resource is made available for internal audit to complete its work.	Yes
	Internal auditor understands the body and the legal and corporate framework in which it operates.	Yes. Internal Auditor has worked for the City Council/Charter Trustees continuously since 1974.

Lichfield City Council

TREASURY MANAGEMENT POLICY AND STRATEGY STATEMENT 2023-24

Treasury management covers the borrowing, investment and cash flow of the Council and the effective management of risks in relation to these activities. Treasury management is an important element in the overall management of the Council's financial affairs.

THE POLICY

That the Council adopts the CIPFA Treasury Management Code modified to the Council's requirements.

Treasury Management is defined as *"the management of the local authority's cash flow, its borrowing and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks"*. (CIPFA)

The Council's treasury activities are for debt and investment management, and the Council will not take up speculative positions which may be interpreted as trading activities.

The purpose of this statement is to establish how the authority will manage its activities in relation to borrowing and investments.

Borrowing

Local council borrowing is governed by Schedule I of the Local Government Act 2003. Parish and town councils in England have to apply and receive permission from the Ministry of Housing, Communities & Local Government before taking any borrowing. Temporary borrowing (i.e. up to 364 days) does not require such approval.

The authority will review its borrowing requirements annually when formulating its annual budget. The Council currently has no borrowing, and no borrowing requirement has been identified for the forthcoming year.

Investments

The Council adopts the guidance under section 15(1)(a) of the Local Government Act 2003.

The authority will review its Investment Strategy annually (see investment Policy below).

Treasury Management Practices

The Council has adopted the Treasury Management Practices (TMP) which set out the manner in which the authority will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.

The Treasury Management Strategy Statement 2023-24

The Treasury Management Strategy details the expected activities of the treasury function.

Borrowing - there is not anticipated to be any borrowing requirement for the year.

Investments - to be in accordance with the approved Investment Strategy

INVESTMENT POLICY

With reference to Secretary of State's Guidance under section 15 (1)(a) of the Local government Act 2003 and the CIPFA Code of Practice for Treasury Management in the Public Services.

ANNUAL INVESTMENT STRATEGY

Definition of Treasury Management in the Public Services: *"The management of the organisation's cash flow, its banking, money market and capital transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks"*.

Strategy Guidelines

The main principles governing the Council's investment criteria are the security and liquidity of its investments before yield, although the yield or return on the investment will be a consideration, subject to adequate security and liquidity.

The Council will ensure it has sufficient liquidity in its investments. This is set out in liquidity investments below.

The RFO will maintain a counterpart list in compliance with these criteria and will revise and submit to Council for approval as necessary.

Liquidity of Investments

The Council will carefully balance the use of short term or specified investments and non-specified investments. All the core investment balance and any cash flow investments will be maintained as short term or specified investments.

Specified Investments

These investments are sterling investments of not more than one-year maturity. These are low risk assets where the possibility of loss of principle or investment income is low. These would include investment with:

- The UK government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity)
- A Local authority, parish or community council
- An investment scheme that has been awarded a high credit rating by a credit rating agency
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society).

Credit Rating Agency - Standards & Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to say the time and amount of monies which will be invested in these bodies. These criteria are:

Security	Limit
Marketable securities issued or guaranteed by the UK Government i.e., UK Treasury bills or a gilt with less than one year to mature	The authority has no plans to invest in such securities and would require specialist advice in order to do so.
Other Local authorities, parish councils or community councils.	The authority has no plans to invest in these institutions.
Fixed Term Time deposits	Approve – UK clearing Banks (currently, but not restricted to, Nat West) to a maximum limit of £4,000,000
Money Market Funds	The authority currently has no plans to invest in these funds. Any change to this policy would require approval by full Council

Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as specified above). These investments have a greater potential risk.

These would include sterling investments with:

- Securities admitted to the Official List of the Stock Exchange which are guaranteed by the UK Government (such as supranational bonds). These are fixed income bonds although the value of the bond may rise or fall before maturity. The bond may be sold before maturity.
- Gilt edged securities with a maturity of greater than one year
- Institutions not meeting the basic security of greater than one year
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society) for deposits with a majority of greater than one year

Security	Limit
Security issued or guaranteed by non-UK EU governments and Supranational securities	The authority has no plans to invest in such securities and would require specialist financial advice in order to do so.
Gilt edge securities	The authority has no plans to invest in such securities and would require specialist financial advice in order to do so.
Securities issued by corporate, banks and building societies, including floating rate notes, commercial paper, assets backed securities and certificates of deposits longer than 1 year.	The authority has no plans to invest in such securities and would require specialist financial advice in order to do so.

LICHFIELD CITY COUNCIL

RESERVES POLICY

1. Introduction

The Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organisation. Section 50 of the Local Government Act 1992 requires that local precepting authorities have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

The Council will hold reserves for these three purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing-this forms part of the general reserves
- A contingency to cushion the impact of unexpected events or emergencies - this also forms part of general reserves
- A means of building up funds often referred to as earmarked reserves, to meet known or predicted requirements.

2. General Fund Balance

The general fund balance, commonly termed the 'working balance' is a balance on the council's revenue account which is not held for any specific purpose other than to cushion the council's finances against any unexpected short term cash flow problems.

The general fund balance is to be maintained at a level based upon a risk assessment carried out by the Responsible Finance Officer (RFO). The working balance to be maintained at a minimum level approximately seven months of costs (currently approximately £600,000).

When setting the budget for the forthcoming year, any surplus on the reserve above the required balance may be used to fund capital expenditure, be appropriated to earmarked reserves or used to limit any increase in the precept.

3. Financial Risk Management

In order to assess the adequacy of the general fund when setting the annual budget, the RFO will take account of the strategic, operational and financial risks facing the council. The requirement of the level of the general fund balance for the forthcoming year will therefore be based upon a risk assessment of the council's main areas of income and expenditure and take into account provisions and contingencies that may be required.

The main items to be considered are:

Financial Risk	Analysis of risk
Inflation assumptions	Inflation increases at a higher rate than assumed for items such as Pay Awards, Utilities and Supplies and Service Costs.
Insurance	To enable the Council to meet the excesses of claims not covered by insurance
Collection of Income	There is a reduction in collection performance for Guildhall and Markets.
Elections/referendum	insufficient resources to meet Parish elections/referendum costs
Grounds Maintenance costs	Impact of unexpected increase in costs
Impact of Vat Tribunal Decisions	Impact of back dated VAT liability
Contingencies	To meet unexpected events or emergencies
Pandemic/Emergency	To meet the impact on Services

4. Statutory Reserves

Local Authorities also hold reserves that arise out of the interaction of legislation and proper accounting practices.

- Section 106 agreements with Developer
- Community Infrastructure Levy (CIL)

5. Earmarked Reserves

Earmarked Reserves represent amounts that are generally built up over a period of time which are earmarked for specific items of expenditure to meet known or anticipated liabilities or projects. The 'setting aside' of funds to meet known future expenditure reduces the impact of meeting the full expenditure in one year. The Council, when establishing an earmarked reserve, will set out:

- The reason/purpose of the reserve;
- How and when the reserve can be used;
- Procedures for the management and control of the reserve; a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

The following earmarked reserves will be held by the council;

Budget description	Use	Total Reserve 2021/22 £	Total Reserve 2022/23 £	Total Reserve 2023/24 £	
Repairs and Renewal-Buildings					
Dr Johnson Birthplace Listed Building No 1292492 Grade I	To provide for future capital works and maintenance as outlined in Capital Reserve -Analysis of Funding Requirements 2021/22 to 2031/32.Council 27/02/2020	£477,785	£386,085	£328,085	
Guildhall Listed Building No 1187740 Grade II		£362,233	£349,233	£349,233	
Donegal House Listed Building No 1209722 Grade II*		£15,000	£15,000	£15,000	
Cruck House Listed Building No 1194899 Grade II*		£8,000	-	-	
Friary Clock Tower Listed Building No 1218909 Grade II		£30,000	£30,000	£30,000	
War Memorial and Garden Wall, Balustrade and Gate Listed Building No 1187733 Grade II*		-	-	-	
Boswell Statute Listed Building No 1187726 Grade: II		-	-	-	
Dr Johnson Statute Listed Building No 1217846 Grade: II*		-	-	-	
Stafford Road ,Pinfold Listed Building No 1194898 Grade: II		-	-	-	
Borrowcop Pavilion Listed Building No 1187718 Grade: II		-	-	-	
Prince Rupert's Mound Listed Building No 1021362 Ancient monument		-	-	-	
Grey Friars Listed Building No 1008544 Ancient Monument		-	-	-	
Community Centres -Curborough, -Boley Hall, -Darwin Hall.		£403,000	£352,000	£72,000	
Market Square and Toilet Block		-	-	-	
Closed Churchyards		-	-	-	
Open spaces- footpath resurfacing		-	-	-	
Open spaces-updating/replacement of Bus Shelters		£15,000	£15,000	£15,000	
Christmas Lights-replacement		-	-	-	
Street Lighting (Approx.. 20-year lifespan)		To provide for replacement and updating of Street Lighting	-	-	-
Open Spaces-Street Furniture		To provide for replacement and updating of Street Furniture	£16,900	-	-
Capital Grants		£40,000	£40,000	£40,000	
All Properties Contingency Administration costs		£213,734	£189,624	£165,044	
Capital Reserve	Total	£1,581,652	£1,376,942	£1,014,362	
Grant Aid Reserve	In accordance with Council Minute 2 March 2020 any underspending of grant allocation to be carried forward.	£11,570	£6,570	£6,570	
Election Reserve	To build up the reserve over to fund the local elections and any ad hoc by-elections	£55,000	£55,000	-	
Dr Samuel Johnson Birthplace Grant	Grant Aid	£792	-	-	
Community Infrastructure Levy (CIL) Neighbourhood Plan-Meaningful Proportion	In accordance with the requirements of CIL legislation	£106,057	£188,459	£171,154	
Total Earmarked Reserves		£1,755,071	£1,626,971	£1,192,086	

6. Review of adequacy of balances and reserves

In assessing the adequacy of reserves the strategic, operational and financial risks facing the authority will be taken into account. The level of earmarked reserves will be reviewed as part of the annual budget preparation.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide now provides full guidance on the generally accepted recommendation with regards to the appropriate minimal level of a smaller Authority's General Reserve. They state this reserve should be maintained between three months and twelve months of Net Revenue Expenditure (NRE).

NRE is effectively Precept/Levy less any loan repayment and/or amounts included in Precept for Capital Projects and transfer to earmarked Reserves. The City Council's status against this guidance is set out below:

	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Estimated	2023/24 Estimated
General Reserve	£689,373	£743,080	£727,988	£704,712	£704,712
NRE	£757,180	£871,597	£801,308	£855,814	£835,450
Months	11	10	11	10	10

LICHFIELD CITY COUNCIL

AUDIT PLAN

1. Purpose of the Report

To consider the work programme for the Internal Auditor for the year 2023-24.

2. Statement of Reasons

The Internal Auditor must ensure that all activities of the Council are subject to an internal audit review in accordance with the Accounts and Audit (England) Regulations 2011

The identification of these activities has been agreed with the Town Clerk, considering perceived priorities and risks, which cumulates in the production of a strategic plan.

The Audit Plan has been compiled and is set out below.

The plan is based upon the following principles:

- An attempt has been made, based upon the Internal Auditor's experience, to target areas that are known to be high risk
- Based on information available, to include those areas which have not been subject to a recent audit review

By achieving the Audit Plan, the Internal Auditor will be providing the Town Clerk and councillors with the necessary assurance that the internal controls are in place and are operating effectively.

At the end of each year, an audit report will be issued detailing the findings of the reviews together with any recommendations required to be implemented in order to achieve the required level of control.

3. Recommendation

To approve the Audit Plan

AUDIT PLAN

1. Financial Services

- 1.1. Fraud and Corruption Checklist
- 1.2. Main Accounting System
- 1.3. Creditors
- 1.4. Sundry Debtors
- 1.5. Payroll
- 1.6. Management of VAT
- 1.7. Banking Arrangements
- 1.8. Petty Cash
- 1.9. Income Monitoring
- 1.10. Budgetary Controls
- 1.11. End of year closedown
- 1.12. Statement of Account

2. Strategic Policies

- 2.1 Treasury Management Policy and Strategy Statement
- 2.2 Investment Policy
- 2.3 Treasury Management Practices

3. Specific Reviews

- 3.1 Financial Regulations and procedures
- 3.2 Contract Standing Orders
- 3.3 Review Internal Audit Recommendations
- 3.4 Capital Works
- 3.5 Local Government Transparency Code 2015
- 3.6 Insurance
- 3.7 Members Code of Conduct and Disclosure of Interests
- 3.8 The Samuel Johnson Birthplace Museum
- 3.9 Policy and Procedure Documentation-Employees
- 3.10 Further Developments
- 3.11 Review of Corporate Governance
- 3.12 Any other areas Identified during the year of Audit

4. Management and Insurance Risk Register