

AUDIT COMMITTEE

6.00 P.M.

21ST JULY 2021

PRESENT:- Councillors Paul Stubbins (Chair), Jason Firth (substitute for Geoff Knight) and Peter Yates (substitute for Adrian Duggan)

Apologies for Absence:

Councillors Geoff Knight (Vice-Chair), Abbott Bryning, Adrian Duggan and Oliver Robinson

Officers in attendance:

Sarah Davies	Director of Corporate Services
Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Sarah Moorghen	Democratic Support Officer
Alec Reid	Democratic Support Officer

Also in attendance:

Paul Hewitson	Deloitte LLP
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12 MINUTES

The minutes of the meeting held on the 9th June 2021 were signed by the Chair as a correct record.

13 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of urgent business.

14 DECLARATIONS OF INTEREST

There were no declarations of interest.

15 THE CIPFA FINANCIAL MANAGEMENT CODE

The Chair informed Members that this item had been deferred and would be considered at the next meeting of the Committee.

16 ANNUAL GOVERNANCE STATEMENT 2020/21

The Chief Finance Officer (CFO) presented a report on the Annual Governance Statement (AGS) for 2020/21 which, once approved by the Committee, would be signed by the Leader of the Council and Chief Executive and included in the Annual Statement of Accounts.

The draft AGS was appended to the agenda for consideration by the Committee.

It was reported that there had been progress made in the two areas that had been highlighted in the 2019/20 AGS as 'significant issues' (risk management and information

governance). The Committee was also advised that there were some areas which would present significant challenges for 2021/22 and beyond, including strategic risk management, provision of internal audit and financial sustainability.

The Committee discussed the AGS and felt that it was unrealistic to attribute all the delays in internal audit to the COVID-19 pandemic. The Committee also agreed that more regular updates regarding risk management were necessary.

It was proposed by Councillor Jason Firth and seconded by Councillor Peter Yates:

“That the recommendations set out in the report be approved, subject to, “and other circumstances” being added to the fifth paragraph on page 16 after “delays caused by the Covid-19 pandemic”, and that “and will provide regular updates” be added to the paragraph on risk management on page 18.”

Upon being put to the vote, Members voted unanimously in favour of the proposition, whereupon the Chair declared the proposal carried.

Resolved:

That, subject to, “and other circumstances” being added to the fifth paragraph on page 16 after “delays caused by the Covid-19 pandemic”, and that “and will provide regular updates” be added to the paragraph on risk management on page 18, the draft Annual Governance Statement (AGS) for 2020/21 be approved and recommended for signing by the Chief Executive and the Leader of the Council.

17 UPDATE 2019/20 STATEMENT OF ACCOUNTS

Mr Paul Hewitson (Deloitte) provided an update on the 2019/20 Statement of Accounts. The report of the External Auditor was appended to the agenda for consideration by the Committee.

The Committee asked a number of questions on the report regarding the unavailability of certain archived documents, policies for dealing with persistent complainants and external auditors fees, specifically in relation to dealing with objections raised against the accounts.

The s151 Officer advised the Committee that a full management response to the issues raised in the report would be provided following the conclusion of the audit.

Mr Hewitson was thanked for his attendance before the Committee.

Resolved:

That the report be noted.

18 INTERNAL AUDIT RESOURCING

The Director of Corporate Services presented a report which provided a synopsis of work undertaken to address matters raised relating to the transition and onward development of Lancaster City Council’s Internal Audit service. The report provided an update on progress made since the previous Audit Committee meeting on the 9th June 2021.

It was reported that an Interim Head of Business Improvement and Assurance (to undertake the Head of Internal Audit CIPFA role) and an interim auditor would be appointed. It was expected that these roles would be in place by September 2021.

The Committee was advised that the Audit programme and ways of working would be reviewed to ensure that they included all key themes identified in the Government's Audit review, as well as any risk, governance or due diligence matters identified in business as usual. In parallel, training and support across Leadership and Management Teams would better embed a risk, audit and assurance culture.

The Committee was informed that a regular meeting between the Chair of the Audit Committee, Portfolio Holder, Director of Corporate Services and Head of Internal Audit was proposed to take place to ensure satisfactory arrangements were developed and maintained.

The Chair expressed concern that the authority had been without an audit function for 3 months and that this could potentially be 6 months before the Head of Business Improvement and Assurance was in post in September 2021. Councillor Stubbins enquired about whether available provisions from other authorities had been sought to fill the gap and deal with the accumulating workload. The Committee was advised that a review of the Audit Schedule had been carried out and it was expected that all audits would be completed by the end of the year.

Resolved:

That the progress made in further developing and implementing work on provision of Internal Audit for Lancaster City Council be noted.

19 HR ASSURANCE REPORT - UPDATE

The Director of Corporate Services presented a report which provided a synopsis of work undertaken which addressed matters raised relating to the effectiveness of Lancaster City Council's HR services. The report provided an update on progress made since the last Audit Committee meeting on 9th June 2021.

It was reported that a further 12 staff consultation meetings had been held and a whole-staff 'working well' survey, helping us understand the needs, priorities, key issues and future ways of working for our employees had been conducted. A recruitment process for an interim Head of HR had been carried out, with an offer now in place subject to pre-employment checks for a start within the month. A parallel process for a permanent appointee had also commenced.

The Committee was advised that the Service review outcomes and feedback had been collated, ready for implementation by the interim Head of HR, again subject to their checking, and the relevant union and Personnel Committee engagement. Regular meetings were now in place with the Unions, and regular meetings had been proposed with the Personnel Committee Chair along with fortnightly detailed updates being provided to the Portfolio Holder for HR (the Leader). A comprehensive review of progress against the audit findings would be undertaken again in Autumn 2021.

The Committee noted that the report had only been published on the day of the meeting

and therefore Members had not had sufficient time to fully consider the report. The Chair advised that he would provide his feedback following the meeting and the Committee requested that in future all Audit Committee reports be published 5 clear working days prior to the meeting in line with the existing agenda publication deadlines.

Resolved:

- (1) That the progress made in further investigating and implementing work on HR Assurance be noted.
- (2) That Committee request that all Audit Committee reports be published 5 clear working days prior to the meeting in line with the existing agenda publication deadlines.

Chair

(The meeting ended at 7.50 p.m.)

**Any queries regarding these Minutes, please contact
Sarah Moorghen, Democratic Services - email smoorghen@lancaster.gov.uk**