

AUDIT COMMITTEE

6.10 P.M.

23RD MARCH 2022

PRESENT:- Councillors Paul Stubbins (Chair) and Geoff Knight (Vice-Chair), Oliver Robinson and Malcolm Thomas.

Apologies for Absence:

Councillors Abbott Bryning, Darren Clifford and Peter Yates

Officers in attendance:

Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Louise Cobain	Head of Internal Audit
Jayne Wainwright	Engagement Manager
Sarah Moorghen	Democratic Support Officer

Also in attendance:

Paul Hewitson	Deloitte LLP
Caroline Jaimeson	Deloitte LLP

26 MINUTES

The minutes of the meeting held on 25th November 2021 were signed by the Chair as a correct record.

27 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of urgent business.

28 DECLARATIONS OF INTEREST

There were no declarations of interest.

29 AUDIT COMMITTEE TERMS OF REFERENCE 2022/23

The Head of Internal Audit presented a report on the Annual Review of the Audit Committee's Terms of Reference (TOR).

It was reported that since the TOR were last reviewed, in March 2021, no further amendments had been made.

It was proposed by Councillor Geoff Knight and seconded by Councillor Oliver Robinson:

"That the Audit Committee's Terms of Reference be accepted and adopted and referred to Full Council for approval."

A vote was then taken on the proposition, which was carried unanimously.

Resolved:

- (1) That the Audit Committee's Terms of Reference be accepted and adopted and referred to Full Council for approval.

30 INTERNAL AUDIT CHARTER

The Head of Internal Audit presented the Internal Audit Charter.

It was reported that this was an annual document which established compliance with professional standards for Internal Audit.

Resolved:

- (1) That the Internal Audit Charter be approved.

31 INTERNAL AUDIT STRATEGY AND RISK BASED PLAN 2022/23

The Head of Internal Audit presented a report on the Internal Audit Plan 2022/23 which explained the internal audit and risk-based plan.

The Committee asked a number of questions in relation to IT resilience and phishing attacks.

It was proposed by Councillor Geoff Knight and seconded by Councillor Paul Stubbins:

"That the Internal Audit Plan be approved."

A vote was then taken on the proposition, which was carried unanimously.

Resolved:

- (1) That the Internal Audit Plan be approved.

32 INTERNAL AUDIT MONITORING

The Head of Internal Audit presented the Internal Audit Progress Report.

It was reported that work on risk management had commenced but that the start of work on HR had been delayed due to new staff starting within that department.

The Committee was advised that all other works for the year had been scheduled.

Resolved;

- (1) That the report be noted.

33 REVIEW OF MONEY LAUNDERING POLICIES

The Chief Finance Officer presented a report which sought approval for a proposed policy dealing with the Council's exposure and responsibilities in relation to money laundering activities and the proceeds of crime.

The Committee was advised that whilst the Chief Finance Officer was formally identified as the Council's Money Laundering Reporting Officer (MLRO) in 2021, a formal review and refresh of the policy had not been undertaken for several years.

It was reported that the policy had now been refreshed to reflect current legislation and best practice guidance and had not resulted in significant changes or required amendment to the Financial Regulations and Procedures. A copy of the policy was appended to the report for the Committee's consideration.

Members were informed that a detailed Anti-Money Laundering Guidance Note was being produced in support of the policy. It was proposed to use this document as the basis for providing appropriate levels of training and guidance to relevant employees and elected Members.

Members asked a number of questions in relation to training and financial services penalties.

It was proposed by Councillor Geoff Knight and seconded by Councillor Oliver Robinson:

"That the proposed Anti-Money Laundering Policy be approved."

A vote was then taken on the proposition, which was carried unanimously.

Resolved:

(1) That the proposed Anti-Money Laundering Policy be approved.

34 ANNUAL REVIEW OF THE REGULATION OF INVESTIGATORY POWERS ACT 2020 (RIPA) POLICY AND PROCEDURE

The Committee were presented with a report on the Annual Review of Investigatory Powers Act 2020 (RIPA) Policy and Procedure which updated Members on the current state of the RIPA Policy and Procedure.

The RIPA policy was last reviewed and approved by the Audit Committee on 25th November 2020.

The Committee was advised that the City Council had a remote desktop inspection by the Investigatory Powers Commissioner's Officer (IPCO) in July 2020.

The recommendations in the 2020, report which were outside of the policy amendments, included training of officers engaged in investigatory areas and training of the new Director of Corporate Services in their role as Authorising Officer. These recommendations had been actioned to an extent but as yet the Director of Corporate Services had not undertaken RIPA Authorising Officer training.

The Committee was advised that following a review of the policy, there was seen to be no need for the RIPA policy to be updated from its current format. This would be reviewed again next year.

It was reported that the Council had had one RIPA Surveillance authorisation in December of 2020. This was the first and only authorisation that the Council had had since 2014.

Members asked questions in relation to decision making process and access to information for insurance companies.

It was agreed that the Information Governance Manager would be invited to a future meeting to offer some training specifically on RIPA.

Resolved:

- (1) Members noted that there are no changes proposed to the RIPA policy this year but that this policy will remain under annual review to ensure its fitness for purpose in line with the recommendations made by the Investigatory Powers Commissioner's Office (IPCO).
- (2) Members noted that the Council have had one RIPA Authorisation and subsequent cancellation in December 2020.

35 RISK MANAGEMENT Q3 UPDATE

The Chief Finance Officer advised the Committee that the Chair had requested a Risk Management Update Report from the Director of Corporate Services. That report had not been made available and the Director of Corporate Services was unable to attend the meeting.

Resolved:

- (1) That the item be deferred to the next meeting of the Audit Committee.

36 EXTERNAL AUDIT PLAN 2020/21

The Chief Finance Officer reported that the External Auditors, Deloitte LLP had provided an External Auditors plan for the audit of the Statement of Accounts 2022/21.

The External Auditors report was appended to the report for the Committee's consideration.

The External Auditors advised the Committee that they had determined materiality as £2 million and the misstatement reporting threshold as £100,006. The Committee confirmed they were satisfied with these limits.

The Committee was advised that there were 3 area of significant risk; a) Classification of COVID 19 Grants; b) Property Valuations; and c) Management override of controls.

It was reported that there had been a change in how Value for Monday (VFM) was

reported and that there was now a requirement for a narrative report. The initial work on VFM had shown no significant weaknesses at the moment.

One objection had been received and a response was currently being formulated.

The Committee asked a number of questions in relation to the objections.

Resolved:

(1) The Committee noted the Lancaster City Council's Audit Plan for 2020/21.

37 STATEMENT OF ACCOUNTS UPDATE

The Chief Finance Officer provided an oral report on the Statement of Accounts Update.

The Committee was advised that the 2019/20 Accounts were substantially complete save for a note on contingent liabilities. Objections and issues raised on those accounts had added significantly to the timescales. It was hoped that these issues could now be satisfactorily resolved so as to prevent any future challenge.

It was reported that work was ongoing with the 2020/21 Accounts and these were not far from satisfactory.

The deadline for close down on the 2021/22 Accounts was March 31st 2022.

The Committee was also advised that infrastructure assets, particularly those pre-dating 1994 had been identified as a risk.

Members asked questions on the deadlines for completion of accounts, the resolutions of objections and the valuation of infrastructure assets.

Resolved:

(1) That the Statement of Accounts Update be noted.

38 PROPOSED ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS USED IN THE PREPARATION OF THE STATEMENT OF ACCOUNTS 2021/22

The Chief Finance Officer presented a report which set out the Council's proposed accountability policies on critical judgements to be adopted in completing the 2021/22 Statement of Accounts.

It was reported that the policies must be disclosed as a note to the annual accounts and a copy was appended to the report for the Committee's consideration.

The Committee was advised that there had been no significant changes from the policies used to prepare the 2021/22 Statement of Accounts.

It was proposed by Councillor Geoff Knight and seconded by Councillor Oliver Robinson:

"That the recommendations as set out in the external audit plan be approved".

A vote was then taken on the proposition, which was carried unanimously.

Resolved:

- (1) That the Council's proposed accounting policies to be adopted in completing the 2021/22 Statement of Accounts, as set out in Appendix 1 of the report, be approved.
- (2) That the critical judgements made by management when producing the Statement of Accounts, as set out in Appendix 2 of the report, be noted.

Chair

(The meeting ended at 7.20 p.m.)

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