

## AUDIT COMMITTEE

6.10 P.M.

20TH JULY 2022

**PRESENT:-** Councillors Paul Stubbins (Chair), Abbott Bryning, Darren Clifford, Tim Dant and Peter Yates

Apologies for Absence:

Councillor Geoff Knight

Officers in attendance:

Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Rephael Walmsley	Solicitor (Deputy Monitoring Officer)
Jayne Wainwright	Engagement Manager
Sarah Moorghen	Democratic Services Manager

Also in attendance:

Paul Hewitson	Deloitte LLP
Caroline Jaimeson	Deloitte LLP

### 12 MINUTES

The Chair advised the Committee that at minute 11 – Work Programme the Chair had requested that the planned schedule of review of the Strategic Risk Register and Risk Management Process be swapped, such that the Strategic Risk Register be reviewed at the July 2022 meeting and the Risk Management Process be reviewed at the subsequent meeting.

Subject to this amendment the minutes of the previous meeting held on 25<sup>th</sup> May 2022 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.

***With the agreement of the Committee the Chair moved item 5, Annual Governance Statement 2021/22, to the end of the agenda.***

### 15 CIPFA FINANCIAL MANAGEMENT CODE

The Chief Finance Officer presented a report which advised the Committee that the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued a Financial Management (FM) Code which aimed to ensure a high standard of financial

management in local authorities. The report provided an assessment of the Council's current compliance with the code together with areas for improvement.

The results of the assessment were appended to the report for the Committee's consideration.

It was reported that the assessment was up to 31<sup>st</sup> March 2022. Since then, there had been a new Chief Executive and changes to the Exec Team. It was also that case that some of the required actions had potentially already been acted upon.

Members asked a number of questions regarding how items were assessed as Green/Amber/Red, recruitment and the changes to the Exec Team.

**Resolved:**

- (1) That on page 25 of the Report the action *"Increased use of benchmarking data and peer review for inclusion in business case and as part of Outcomes Based Resourcing (OBR) to focus on VfM aspects."* be updated to include reference to Risk Management, as *"Increased use of benchmarking data and peer review and rigorous risk management analysis, for inclusion in business case and as part of Outcomes Based Resourcing (OBR) to focus on VfM aspects"*.
- (2) That item N on the assessment (Appendix page 42), *"The Leadership team takes action... "* a paragraph be included to state; *"It is recognised that routine performance review must include a consistent approach to risk identification and assessment alongside project performance, resourcing and financial data"*.

## 16 STRATEGIC RISK MANAGEMENT

The Chief Finance Officer presented a report of the Chief Executive which set out the authorities current and planned approach to Strategic Risk Management.

The Strategic Risk Register (as of July 2022) was appended to the report for the Committee's consideration.

Members asked a number of questions about the new risk management software, GRACE, staffing capacity to keep risk management up to date and whether there should be an item for EDEN on the register.

It was noted that there would be a further update on risk management at the Committee's next meeting in November 2022.

**Resolved:**

That the update on the authority's approach to Strategic Risk Management, and the latest update to the authority's Strategic Risk Register be noted.

## 17 INTERNAL AUDIT ANNUAL REPORT 2021/22

The Engagement Manager presented a report of the which advised the Committee that the purpose of the Head of Internal Audit Opinion (HoIAO) Report was to contribute to the assurances available to the Accountable Officer and the Council which underpinned

the Council's own assessment of the effectiveness of the organisation's system of internal control. This Opinion assisted the Council in the completion of its Annual Governance Statement (AGS), along with considerations of organisational performance, regulatory compliance and the wider operating environment.

The Committee was advised that in October 2021, MIAA had been requested to support Lancaster City Council, both in terms of providing a Head of Internal Audit service and delivery of the 2021/22 internal audit plan. The previous in-house internal audit provision had ceased and there had been little or no internal audit activity for the period April – October 2021. As such, the Internal Audit Plan developed by MIAA, focused upon mandated and core assurances and priority areas highlighted within Lancaster City Council's 2020/21 Annual Governance Statement.

The Committee was advised that furthermore, this opinion was provided in the context that the Council like other organisations across the public sector had continued to face unprecedented challenges due to COVID-19.

Based on this it was reported that the overall opinion for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 was a limited assurance.

The Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22 was appended to the report for the Committee's consideration.

**Resolved:**

That the Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22 be noted.

**18 ANNUAL GOVERNANCE STATEMENT 2021/22**

The Deputy Monitoring Officer presented a report which required the Committee to approve the draft Annual Governance Statement (AGS) for 2021/22 for inclusion in the Annual Statement of Accounts following a review of the Council's governance arrangements.

The Committee was advised that in accordance with the Accounts and Audit Regulations 2015 the Council was required to prepare an AGS for publication alongside the Statement of Accounts. The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) jointly issued a Framework and guidance in relation to the preparation of the AGS.

The Draft Annual Governance Statement 2021/22 was appended to the report for the report for the Committee's consideration.

The Committee asked a number of questions in relation to the Statement of Accounts to which the Chief Finance Officer provided a oral update and advised that there had been no significant changes since the last update to Committee at its meeting in May 2022.

**Resolved:**

That the Annual Governance Statement (AGS) for 2021/2, subject to the following amendments;

- (1) That the paragraph titled "Strategic Risk Management" (page 21) be amended to "Risk Management" and make reference to "operational risks". After the sentence, *"As a result, Internal Audit have not been able to utilise this risk register to inform and prioritise their audit work"* insert *"Consistent risk management practice is also needed across all departments of the council to allow effective oversight and escalation of risk ownership and reporting."* and;
- (2) The sentence *"The executive team have prioritised a comprehensive review of the end-to-end policies, plans, controls, and capacity in place for Risk, Improvement, Audit and Assurance, and will provide regular updates on this work to Audit Committee."* to be amended to *"The executive team have prioritised a comprehensive review of the end-to-end policies, plans, controls, and capacity in place for Risk Management, included in which will be the recognition of areas of good practice. Regular updates on this work will be provided to Audit Committee";*

be recommended for adoption and for signing by the Chief Executive and the Leader of the Council, subject to any minor non-material changes.

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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](mailto:smoorghen@lancaster.gov.uk)**