

AUDIT COMMITTEE

6.00 P.M.

20TH MARCH 2024

PRESENT:- Councillors Paul Stubbins (Chair), Colin Hartley (Vice-Chair), Ruth Colbridge, Peter Jackson, Sally Maddocks and David Whitaker

Officers in attendance:

Paul Thompson	Chief Officer - Resources and Section 151 Officer
Claire Dubelbeis	Projects and Performance Manager
Fiona Hill	Engagement Manager
Darrel Davies	Regional Assurance Manager
Sarah Moorghen	Democratic Support Officer

Also in attendance:

Paul Hewittson	Deloitte
Caroline Jaimeson	Deloitte

33 MINUTES

The minutes of the meeting held 22nd November 2023 were signed by the Chair as a correct record.

34 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of Urgent Business.

35 DECLARATIONS OF INTEREST

There were no declarations of interest.

36 UPDATED RISK MANAGEMENT POLICY

The Projects and Performance Manager presented a report which sought the Committee's approval of the Council's refreshed Risk Management Policy.

It was reported that the previous version of the Risk Management Policy, which was approved and published in March 2023, had been re-drafted. The amended version of the Policy was appended to the report for the Committee's consideration and details of the changes made provided in the report.

Members discussed the Policy and thanked the Project and Performance Manager for all the work which had gone into providing the Risk Management Policy.

It was moved by Councillor Paul Stubbins, seconded by Councillor Peter Jackson and resolved as follows;

Resolved:

That the refreshed Risk Management Policy be approved.

37 STRATEGIC RISK MANAGEMENT

The Projects and Performance Manager provided an update on the authority's progress in updating the Strategic Risk Register.

The Council's Strategic Risk Register was appended to the report for the Committee's consideration and showed the changes made since the report was last run-on November 10th 2023.

A summary of the main changes were provided and Members asked a number of questions on specific items of risk.

Members then advised that they wished to consider the content within Appendix B that was recommended to be considered in the exempt part of the meeting.

Unanimously Resolved:-

That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting to enable the Committee to consider Appendix B to the report, on the grounds that could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

Members of the Committee then considered the Appendix. The Committee discussed and asked a number of questions in relation to the exempt appendix.

After considering the exempt Appendix the meeting continued in public.

Resolved:

That the report be noted.

38 INTERNAL AUDIT PROGRESS REPORT

The Engagement Manager presented a report which advised Members of the latest monitoring position regarding the Internal Audit plans 2022/23 and 2023/24 and provided a summary of Internal Audit activity which complied with the requirements of the Public Sector Internal Audit Standards.

It was reported that an Internal Audit Plan was agreed on an annual basis and continually reviewed during the year for appropriateness.

The Internal Audit Progress Report was appended to the report for the Committee's consideration.

The Committee was advised that 2 reports had been finalised on the IKEN Management System (Moderate Assurance), and Contract Management Review (Limited Assurance) as well as an opinion given on Defra Food Waste Management Capital Grant.

It was also reported that significant progress had been made with respect of the number of outstanding actions.

The Committee was advised on the following amendments to the approved Audit Plan;

- To defer the Corporate Health & Safety Review until Q1/2 2024.
- To perform a Budgetary Management Review using the time assigned to Key Financial Systems.
- To replace the Housing Inspection Review with a Reactive Maintenance Review.

Resolved:

That the amendments to the approved Audit Plan be approved and the latest monitoring position in relation to the 2022/23 and 2023/24 Audit Plans be noted.

39 ANNUAL REVIEW OF THE INTERNAL AUDIT CHARTER

The Engagement Manager presented a report on the annual review of the Internal Audit Charter.

The Committee was advised that the Internal Audit Charter was last approved at the Audit Committee meeting in March 2023. The Charter had been reviewed and no changes had been deemed necessary for 2024/25.

The Internal Audit Charter was appended to the report for the Committee's consideration.

It was moved by Councillor Paul Stubbins, seconded by Councillor Sally Maddocks and resolved as follows.

Resolved:

That the Internal Audit Charter be approved.

40 INTERNAL AUDIT PLAN 2024/25

The Regional Assurance Director presented a report on the planned Internal Audit Work for the forthcoming year.

The Internal Audit Plan for 2024/25 was appended to the report for the Committee's consideration. The Committee was advised that this was not set in stone and could be amended if things changed.

Resolved;

- (1) That the 2024/25 Annual Internal Audit Plan and draft Strategic Plan to 2025/26 be approved.
- (2) That the Committee note that reports dealing with both progress against the Plan and outcomes achieved will be submitted to each meeting.
- (3) That the Committee note that Plan changes will be reported during the year.

41 AGS ACTION PLAN

The Projects and Performance Manager provided the Committee with an update on the Action Plan referred to in the Annual Governance Statement (AGS) in connection with other governance issues identified.

The Committee was advised in July 2023 that the Council had issued its AGS following the Audit Committee's consideration of the document on 26th July 2023. The AGS had identified various issues to be addressed. These were split into two categories – (a) Other Governance Issues and (b) Significant Challenges for 2022/23 and beyond.

The Committee was provided with an update on "Other Governance Issues" as set out on the AGS Action Plan in November 2023 and was that advised that since then good progress had been made against the Action Plan.

Members asked a number of questions in particular with regard to issues regarding policy review/updating.

The Committee discussed in detail the Review of the Festival Market and it was questioned whether the Festival Market management review was in fact mid-way through, as reported, as the work had only just been scoped.

The Chair asked it to be noted that expected assurance from completion of investigation (arising from whistleblower complaints in March 2023) had not been provided to Audit Committee in a timely manner. This action (included in the review of the Festival Market) was not started in 8 months from when the action was set.

The Chair requested that the Chief Officer – Sustainable Growth be invited to update the Committee on resolution of the issue and forecast completion of all action. The Chair also advised the Committee that he would follow up his concerns with the Chief Executive.

Resolved:

- (1) That the progress and steps yet to be taken on the Action Plan be noted.
- (2) That the Chief Officer - Sustainable Growth be invited to provide an update on the Festival Market Review.

The Chair adjourned the meeting at 8:00 p.m. and reconvened at 8:10 p.m.

42 STATEMENT OF ACCOUNTS UPDATE

The Chief Finance Officer presented a report which provided an updates position regarding the conclusion of the audits for 2019/20, 2020/21, 2021/22 and 2022/23 Statement of Accounts, and the preparations for the production of the 2023/24 Financial Statements.

The Committee was advised that the position remained broadly unchanged from previous updates in relation to the 2019/20, 2020/21, 2021/22 and 2022/23 Statement of Accounts.

The report contained an update on each of the Statement of Accounts and the Committee was advised that no audit work had been undertaken on the 2021/22 and 2022/23 Financial Statements.

The Committee was given an update on the preparation for the 2023/24 Statement of Accounts. It was reported that the deadline for submission on the draft 2023/24 statement of accounts remained 31st May 2024. The Committee considered the deadline and agreed to move the deadline to the 31st July 2024.

The Committee was advised on the proposals for addressing the audit backlog and embedding timely audit. The proposals had been published for consultation and were appended to the report for the Committee's consideration.

It was reported the backlog would be resolved by backstop dates by which the Statement of Accounts must be published. The proposed deadline for accounts up to 2022/23 was 30th September 2024. The Committee was advised that this backstop date was irrespective of whether the auditors had been able to complete the work required by Auditing Standards.

Resolved:

- (1) The deadline for the 2023/24 Statement of Accounts be moved to 31st July 2024.
- (2) That the Committee notes;
 - a. The progress of the audit of the 2019/20, 2020/21, 2021/22, 2022/23 Statement of Accounts.
 - b. Preparation for production of the 2023/24 Statement of Accounts.
 - c. The s151 Officers proposal for the submission of the draft statement of accounts for 2023/24.
 - d. The current proposals for addressing the significant issues within the Public Sector Audit regime.

43 PROPOSED ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS USED IN THE PREPARATION OF THE STATEMENT OF ACCOUNTS 2023/24

The Chief Finance Officer presented a report which set out the Council's proposed accounting policies and critical judgements to be adopted in completing the 2023/24 Statement of Accounts.

The proposed accounting policies and the critical judgements were appended to the report for the Committee's consideration.

The Committee was advised that it was best practice that both should be subject to annual review and agreement by Audit Committee. It was also reported that there had been no changes from the policies used to prepare the 2022/23 Statement of Accounts.

It was proposed by Councillor Peter Jackson, seconded by Councillor Sally Maddocks and resolved as follows:

Resolved:

That the Audit Committee:

- (1) Approves the Council's proposed accounting policies to be adopted in completing the 2023/24 Statement of Accounts.
- (2) Notes the critical judgements made by management when producing the Statement of Accounts.

Chair

(The meeting ended at 8.40 p.m.)

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