



Committee: AUDIT COMMITTEE
Date: WEDNESDAY, 24 MAY 2023
Venue: MORECAMBE TOWN HALL
Time: 6.10 P.M.

A G E N D A

1. **Apologies for Absence**

2. **Appointment of Vice-Chair**

To appoint a Vice-Chair for the 2023/24 municipal year (the Vice-Chair must not be a member of Cabinet or Overview and Scrutiny)

3. **Minutes**

Minutes of meeting held on 22nd March 2023 (previously circulated).

4. **Items of Urgent Business authorised by the Chair**

5. **Declarations of Interest**

To receive declarations by Councillors of interests in respect of items on this Agenda.

Councillors are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 9 and in the interests of clarity and transparency, Councillors should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Councillors are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

6. **Risk Management Update** (Pages 3 - 8)

Report of the Chief Executive

7. **Internal Audit Progress Report** (Pages 9 - 24)

Report of the Internal Audit and Assurance Manager

Published 19 May

8. **Statement of Accounts Update** (Pages 25 - 30)

Report of the Chief Finance Officer.

Published 19 May

9. **Training and Work Programme** (Pages 31 - 33)

Report of the Chief Finance Officer

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Membership of this committee was not known at the time of agenda publication and will be agreed at the Annual Council meeting on 22 May 2023.

(ii) Substitute Membership

Membership of this committee was not known at the time of agenda publication and will be agreed at the Annual Council meeting on 22 May 2023.

(iii) Queries regarding this Agenda

Please contact Democratic Services - email democracy@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Democratic Support, telephone 582000, or alternatively email democracy@lancaster.gov.uk.

MARK DAVIES,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER, LA1 1PJ

Published on 16 May, 2023.

AUDIT COMMITTEE**Strategic Risk Management****24 May 2023****Report of Chief Executive****PURPOSE OF REPORT**

To provide the Committee with an update on the authority's progress in updating the Strategic Risk Register.

This report is public.

RECOMMENDATIONS

1. The Audit Committee note the updated Strategic Risk Register, as shown as appendix A.

- 1.0 Report**
- 1.1 Audit Committee received a report on 22 March 2024 providing an update of the Strategic Risk Register.
- 1.2 Since the previous report, two further strategic risks have been added. Both have control measures and action plans in place to manage the risks. The new risks are:
 - SR20 – Non-compliance with Building Safety Executive for LCC owned high-rise buildings.
 - SR21 – Non-compliance with Regulator of Social Housing Standards.
- 1.3 Audit Committee members are asked to note Appendix A; any comments will be considered and implemented as appropriate in the ongoing risk management process.
- 1.4 The GRACE (Governance, Risk Assessment and Control Evaluation) system has been updated since the end of Q4 and in line with our policy risks will be reviewed every quarter.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

No direct impact arising from this report, which provides an updated copy of the authority's Strategic Risk Register.

LEGAL IMPLICATIONS

No direct legal implications arising from this report.

FINANCIAL IMPLICATIONS

No direct financial implications arising from this report.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No direct resource implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has contributed to this report in his role as Head of Financial Services, including responsibility for Internal Audit.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

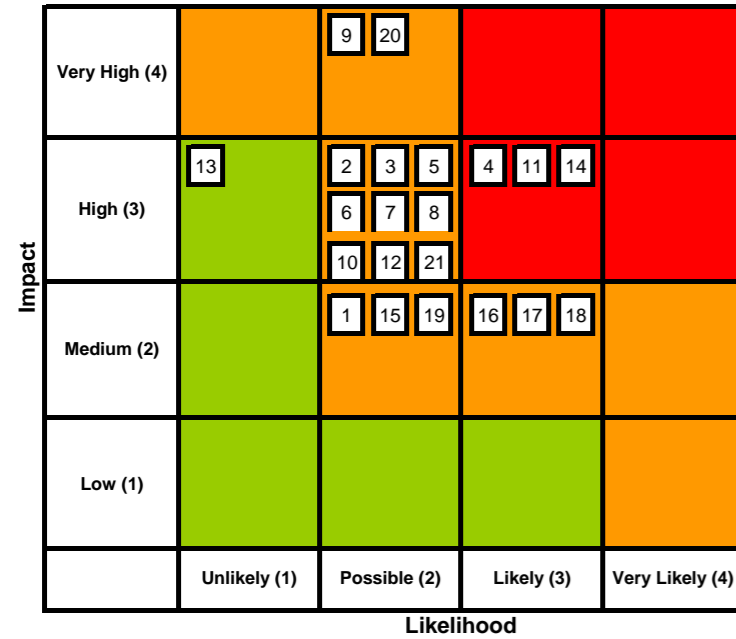
BACKGROUND PAPERS

Appendix A: Strategic Risk Register –
Produced 12.05.23

Contact Officer: Chief Executive
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Ref: N/A

Actions Plans By Entity with Control Measures - 12/05/2023

Entity: Strategic Risk Register, Risk Assessment open, Current Risk version, Risk is open



Risk No.	Risk	Risk Description	Residual Risk Score	Risk Category	Existing Control Measure Description	Action Plan Title	Action Plan Description	Action Plan Owners	Action Plan Type	Action Plan Due Date	Most Recent Review Date	Review Comment
Strategic Risk Register												
1	SR01 Central Government funding is insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability.	Central Government funding and/or revenues collected are insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability. Link to Plan 2030: Value for Money	4	Financial	Officer/Member Working Groups - Capital Assurance Group (CAG) and Financial Resilience Group (FRG) Council Strategies - Funding the Future Strategy, Road to Ambition, Investment Strategy, Reserves Strategy and Medium Term Financial Strategy Monthly income monitoring by applicable services Formal quarterly reporting to Cabinet and Budget and Performance Panel	Outcomes Based Resourcing Commercialisation Funding the Future Strategy Business Plans for Investments Fees and Charges Income Monitoring	Review of existing budgets to identify areas for realignment/ refocusing or cessation to deliver efficiencies but ensuring that Services remain aligned with the Councils Priorities. Development of other alternative service delivery vehicles to deliver efficiencies and/ or operational surpluses which can be reinvested into Council Services. E.g. Salt Ayre The Strategy contains 4 Pillars to achieve Financial Stability. 1) Investment to reduce costs; 2) Pursuing efficiencies with vigour; 3) Outcomes based resourcing; and 4) Commercialisation Develop business plans for investment particularly in relation to decarbonisation and renewable energy generation. Regular monitoring and forecasting by services of all fees and charges. To be undertaken by Heads of Service and Managers.	Mark Davies Paul Thompson Paul Thompson Paul Thompson	In Progress In Progress In Progress In Progress	30/12/2024 01/10/2023 31/03/2024 31/03/2024	01/03/2023	Initial review resulting in the update of action plan items and dates
2	SR02 The Council fails to meet the 2024/25 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects.	The Council fails to meet the 2024/25 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects. Link to Plan 2030: Value for Money	6	Financial	Budget and Performance Panel Reserves Policy Project Managers - suitably skilled PMs assigned to lead strategic projects Programme Managers (for specific programmes) Programme Delivery Board Cabinet Portfolio Holder Outcomes Based Resourcing for 23/24 financial year Project Delivery Board - Consisting of Executive Team to monitor delivery via monthly and quarterly reports and provide support and challenge to each project as required. Meeting Monthly. Programme Manager - Established to provide a central co-ordination point for all the Council's projects and performance. Responsible for co-ordination and monitoring. Delivering Our Ambitions Quarterly Monitoring Reports - Monitoring report linking Projects, Performance and Resources presented to Cabinet and Budget & Performance Panel.	Outcomes Based Resourcing	Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.	Mark Davies Paul Thompson	Implemented	31/12/2024	01/03/2023	Initial review resulting in the update of action plan items and dates and some action plan items marked as complete and moved into control measures

				Quarterly Cabinet Meetings - Project and Financial information present to Cabinet/ Portfolio providing an opportunity for review and discussion of performance.								
				As part of the Funding the Future Strategy, the Outcomes Based Resourcing exercise is commencing July 2022 to identify revenue savings for 2023/24 and beyond.								
3	SR03 The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver	The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver effective services, projects and council priorities. The cost of living crisis means will further exacerbate this. Link to Plan 2030: Investing in Our Skills	6	Management	Recruitment and Retention Policy Annual Appraisal Process Pay and Grading Structure - The new pay and grading structure and job evaluation process will ensure that all posts are objectively evaluated and then placed on a new pay and grading scale. Recent experience suggests that this assisted in attracting applicants with the desired skills and values. Restructure Toolkit - In order to retain the most talented staff as we go through the OBR process, a restructure toolkit has been produced. A People Strategy is launched to ensure staff experience, development and management are aligned to support the success of the council's workforce.					12/05/2023	Risk reviewed and completed action moved to control measure	
4	SR04 The use of council assets is not maximised leading to insufficient funding to meet the funding gap and deliver capital projects.	Future capital investment is dependent on capital receipts from the sale and utilisation of council assets. At present the Council does not have an Asset Management Plan to assist with the identification and management of council assets. Link to Plan 2030: Innovative Public Service	9	Assets	Capital Strategy Group	Asset Management Plan	Asset Management Plan will be written to ensure its findings can be incorporated into the 2024/25 budget cycle	Jonathan Noad Joanne Wilkinson	In Progress	30/09/2023	01/03/2023	Initial review resulting in the update of action plan items and dates and reassigning of action plan owners.
5	SR05 Council services are disrupted and / or additional services are required and costs are incurred as a result of national emergencies	Council services are disrupted and / or additional services are required and costs are incurred as a result of national emergencies.	6	Regulatory	Lancashire Resilience Forum Emergency plans Business Continuity Plans Government Planning Follow Government Direction - The Council continues to adequately resource its emergency planning function, including maintaining its team of out of appropriately trained emergency response officers. Financial Planning - Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic. Business Resilience - The Council continues to invest in resilience measures eg technology to facilitate remote homeworking. Partnerships - The Council continues to allocate resource to developing its key partnerships LRF, CSP and local resilience partners	Financial Planning Community Resilience Adaptation Schemes	Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic. The Council supports community resilience through CEPGs and FLAG groups etc The Council appraises and potentially invests in schemes and activities that provide adaptation (eg Lune river defence)	Suzanne Lodge Suzanne Lodge Suzanne Lodge	In Progress In Progress In Progress	31/03/2024 31/03/2024 31/03/2024	12/05/2023	No change but will contact appropriate officers to update further.
6	SR06 The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030.	In January 2019 the Council declared a 'climate change emergency' and have now sought endorsement of an approach to reduce the Council's direct Co2 emissions to 'net zero' by 2030. Whilst an action plan is in place, costs associated with implementing the actions are considerable and are constantly under review.	6	Environment	Delivery plan in place Peoples Jury - The Council considers the recommendations of the Peoples Jury and builds recs that can be delivered directly by the Council into its plans	Delivery Plan Local area energy plan	The Council continues to work on the delivery of its action plan. More details can be found on our website: https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates Local area energy plan in process of being commissioned.	Mark Davies Mark Cassidy	In Progress In Progress	31/03/2024 30/06/2023	10/05/2023	Additional action plan item added and risk score reduced.
7	SR07 The Council fails to deliver its key priorities due to the lack of an underpinning strategy setting out expected delivery / outcomes.	On the 29 January 2019, Full Council approved the Council's strategic priorities for the purpose of informing budget decisions for 2020-21 and future years.	6	Opportunities/Outcomes	Carbon Zero + More details can be found on our website: https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates Medium Term Financial Strategy (MTFS) - in place to set out how the council proposes to manage its financial resources in line with corporate priorities. Programme Management - in place to ensure strategy is followed and monitored on a regular basis. Corporate Plan / Plan 2030 - Updated in December 2021 to lay out the councils vision.	Prosperity Plan Local Development Plan	No Change for FiF Strategy. Cabinet and SLT are undertaking an extensive programme to develop the corporate planning, budgeting and performance management of the Council. Local Development Plan	Mark Davies Suzanne Lodge Paul Thompson Mark Davies Suzanne Lodge Paul Thompson	In Progress In Progress	30/09/2024 30/09/2024	10/05/2023	New administration may change corporate plan priorities / outcomes.
8	SR08 The Council fails to deliver its key projects due to the lack of staffing capacity and resources (financial) within the Council.	The Council has a number of key projects (Canal Quarter, Eden North, OBR, My Mainway, Heysham Gateway, Bailrigg etc) all of which have detailed strategies for implementation however delivery may not be achieved due to the lack of staff/resources within the council. Link to Plan 2030: Investing in Our Skills	6	Financial New Partnerships/Projects/Contracts	Local Plan Medium Term Financial Strategy (MTFS) Investment Strategy Capital Programme The Council continues to resource key service teams in Planning, economic development, regeneration, property investment and facilities management.	Local Plan Funding the Future Strategy Reserves Capital Programme	Local Plan Funding the Future Strategy Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic planning strategies. Ensure capital programme is prioritised to facilitate match funding leverage and maximise the potential to attract external funding.	Mark Davies Mark Davies Mark Davies Paul Thompson Mark Davies Paul Thompson	In Progress In Progress In Progress In Progress	31/03/2024 31/03/2024 31/03/2024 31/03/2024	01/03/2023	Initial review resulting in the update of action plan items and dates and moving one one completed action into control measures.

					Staffing Capacity Issues	HRBPs working with services where there are staffing capacity issues to find solutions, e.g. succession planning where there are hard to fill roles, more creative online campaigns for recruitment; service reviews to be undertaken as part of OBR. Wider People Strategy to support services to attract and retain staff	Alex Kinch	In Progress	30/09/2023			
9	SR09 The Council's services are disrupted by a cybersecurity issue.	The Council's services are disrupted by a cybersecurity issue. Failure to prevent data loss and privacy incidents leading to financial/ data loss, disruption or damage to the reputation of the Council.	8	Reputation Assets	Business Continuity Plans Training of staff in cybersecurity Vulnerability Testing Cloud Hosted Immutable Backups Anti virus devices Network Monitoring Use of firewalls NCSC active cyber defence services	Cyber Treatment Plan Cyber treatment plan funding obtained to help achieve increase Council resilience and security LGA training funding key officers trained in CISM & CISSP Staff trained in information security principles	Paul Thompson Paul Thompson Paul Thompson	In Progress In Progress In Progress	31/03/2024 31/03/2024 31/03/2024	12/05/2023		Inherent and residual risk scores updated following conversation with Paul Thompson / Stephen Hargreaves.
10	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities. Link to Plan 2030: Value for money	6	Regulatory	Continued monitoring and horizon scanning of Government policy Clear and focused Council strategy to maximise alignment with Government policy and resourcing Strategic Plans - Continue to develop Council strategic plans and documentation in light of emerging Government policy					01/03/2023		Initial review resulting in the update of action plan items and dates.
11	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities.	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities.	9	Financial	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues Strategic responsiveness through continued risk management review Agility and Resilience - Continue to develop agility and resilience across the organisation Strategic risk management approach					01/03/2023		Initial review resulting in the update of action plan items and dates.
12	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation.	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation. Link to Plan 2030: Innovative Public Service	6	Financial	Comprehensive, robust and transparent approach to budget development and service delivery.	OBR	Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.	Mark Davies Paul Thompson	In Progress	31/12/2024	01/03/2023	Initial review resulting in the update of action plan items and dates
13	SR13 The Council's reputation is damaged through local concerns or activities.	SR13 The Council's reputation is damaged through local concerns or activities. Link to Plan 2030: Community Engagement	3	Reputation	Pro-active communications and transparency Strategic management of all Council activities to ensure continued high reputation Delivery of Services - Continue to manage and deliver services in a way that supports the authority's reputation as a Co-operative, Kind and Responsible Council.	Strategic communication	Strategically communicate and engage with residents, partners and stakeholders to ensure actions align with reputation	Mark Davies	In Progress	30/09/2023	01/03/2023	Initial review resulting in the update of action plan items and dates and move of one completed action plan item into control measures.
14	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services.	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services. Link to Plan 2030: Value for money	9	Financial	Budget and Performance Panel Reserves Policy Continue financial forecasting and scenario planning e.g. for energy costs	Move to sustainable solutions	Minimise exposure to cost spikes such as energy by moving to sustainable solutions independent of external pressures	Mark Davies	In Progress	31/12/2024	01/03/2023	Initial review resulting in the update of action plan items and dates and movement of one completed action to control measures.
15	SR15 The Council's infrastructure and assets fail to meet the future needs of the organisation and the residents of the district.	SR15 The Council's infrastructure and assets fail to meet the future needs of the organisation and the residents of the district. Link to Plan 2030: Innovative Public Services, Value for money	4	Assets	Asset Management Plan Continuous review of assets and infrastructure	Asset Management Plan	Conduct a major review of Council infrastructure and assets, taking a future focused approach to asset management.	Mark Davies	In Progress	30/09/2023	01/03/2023	Initial review resulting in the update of action plan items and dates and movement of one complete action to the control measures section.
16	SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local residents and businesses.	SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local residents and businesses. Link to Plan 2030: Enabling	6	Customers/Citizens	Corporate Plan Policy Framework Continuous review of strategy and policy, and alignment with service delivery.					01/03/2023		Initial review resulting in a complete action plan item being moved into the control measures section.
17	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities.	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities.	6	Reputation Management	Corporate Governance Continuous review of governance processes to ensure they are fit for purpose	Training and development	Training and development to ensure staff and members are equipped to follow governance requirements	Luke Gorst	In Progress	31/03/2024	10/05/2023	A program of training is now underway and offered to all

services to all members (new and existing) to cover standards, planning, licensing etc to ensure good governance. Continual review of processes and internal training offered to services from legal. Ongoing advice given to all services on legal matters.

18	SR18 Failure of the South Lancaster Growth Catalyst programme to deliver high quality homes and recoup financial investment.	SR18 Failure of the South Lancaster Growth Catalyst programme to deliver high quality homes and recoup financial investment. Link to Plan 2030: Access to Quality Housing, Investment and Regeneration	6	Financial New Partnerships/Projects/Contracts	Programme Management	Partnership Working with County Council	Continued development of partnership working with Lancashire County Council to successfully deliver the programme alongside engagement with local partners and residents	Mark Davies Jonathan Noad	In Progress	31/03/2024	01/03/2023	Initial review resulting in the update of action plan items and dates
19	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area.	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area. Link to Plan 2030: Investment and Regeneration	4	Assets New Partnerships/Projects/Contracts	Programme Management	Development of a Canal Quarter Masterplan	Development of a Canal Quarter Masterplan that sets out a route to successful regeneration of the area in line with local needs and the Council's priorities	Jonathan Noad	In Progress	31/03/2024	01/03/2023	Initial review resulting in the update of action plan items and dates
20	SR20 - Non compliance with Building Safety Executive for LCC owned high-rise buildings	LCC has three high rise buildings which now fall under the Building Safety Act 2022, and require registration with the Building Safety Executive (BSE). There are numerous risks around non-compliance, due to the buildings not meeting specified standards. These risks are:- 1. Failure to register with BSE for 3 x blocks by 1st October 2023. 2. Submit safety case files for each block by 1st October 2023. 3. Establish Tenants Voice by 1st October 2023. 4. Undertake the legal obligations of the Act, including fire door audits, cladding survey, premises information box, signage 5. Risk of financial penalty for non-compliance with the Building Safety Act 2022.	8	Economic Financial Reputation Assets Customers/Citizens	Asset and Compliance Team in RMS working through registration documents Pennington Choices have been employed and providing guidance on registration process Further testing of fire doors being undertaken to seek certification Fortnightly senior housing management meetings updating on risks and plans around building safety review.	Registration with BSE for high rise blocks	Establish Tenants Voice by 1st October 2023 - Working with Pete Linsley / Rachael Harland to determine appropriate membership and establish terms of reference.	Pete Linsley Paul Mackie Joanne Wilkinson	Proposed	14/07/2023	10/05/2023	Previous cabinet report submitted Oct 2022 detailing approach to building safety. Progress in place for building registration and regular senior management (housing team meetings in place).
						Registration with BSE for high risk blocks	Submit safety case files for each block by 1st October 2023 - Template obtained from Penningtons, currently under review in terms of records and resources (physical and financial)	Dennis Graham Paul Mackie Joanne Wilkinson	In Progress	16/06/2023		
						Registration with BSE for high rise blocks	Undertake legal actions of the Building Safety Act - fire door audits. Tersus appointed via Fusion 21 Framework - currently awaiting quotation for cladding survey and appointment of a Fire Engineer to review fire door test findings and specify remedial actions.	Dennis Graham Paul Mackie Joanne Wilkinson	In Progress	16/06/2023		
21	SR21 - Non compliance with Regulator of Social Housing Standards	The Social Housing White Paper and subsequent amendments have highlighted a significant shift in requirements for social housing providers. This will be the biggest shift in a generation, with changes to standards and expectations. Failure to keep up with changes could result in unlimited fines / DLUHC, Regulator or Ombudsman intervention / bad publicity.	6	Economic Financial Reputation Management Assets Customers/Citizens Regulatory	Attendance at benchmarking groups with the Regulator / Ombudsman Action planning within the service occurs in preparation for changes Quarterly reports available for portfolio holder outlining changes in the previous quarter produced. Service Improvement Plan well established	Social Housing Regulation	Training for new members to be delivered so members are clear on regulation expectations.	Joanne Wilkinson	Proposed	29/09/2023	10/05/2023	Housing Providers are currently going through a significant shift in terms of Regulation and expectations. Team are awaiting final publication of the social housing white paper through parliament and subsequently consultation with the regulator around new requirements / standards.
						Social Housing Regulation	Seek to develop a member advisory group for continued / wider input into the housing service.	Joanne Wilkinson	Proposed	29/09/2023		

AUDIT COMMITTEE

24 May 2023

Internal Audit Progress Report**Report of Head of Internal Audit****PURPOSE OF REPORT**

To advise Members of the latest monitoring position regarding the Internal Audit plans 2021/22 and 2022/23

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

This report is public

RECOMMENDATIONS

(1) **That the latest monitoring position in relation to the 2021/22 and 2022/23 audit plans be noted.**

1.0 Audit Plan monitoring

1.1 Mersey Internal Audit Agency (MIAA) were appointed as the Council Internal Auditors in October 2021 and an initial internal audit plan agreed at that time by the Audit Committee. The plan is designed to focus on mandated and core assurances.

1.2 As part of the service provision MIAA include a separate progress report to each Audit Committee detailing progress against the agreed plans and highlighting key messages for Audit Committee attention.

1.3 Management Team and Service Managers continue to be consulted in delivering both the audit plan and the Annual Governance Statement action plan.

2.0 Options and Options Analysis (including risk assessment)

2.1 As this report is for noting there are no other options presented.

3.0 Conclusion

3.1 The programme of audits for the rest of the year continues to be implemented in consultation with Service Managers.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None directly arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Plan 2021/22

[Agenda for Audit Committee on Wednesday, 24th November 2021, 6.10 p.m. - Lancaster City Council](#)

Internal Audit Plan 2022/23

[Agenda for Audit Committee on Wednesday, 23rd March 2022, 6.10 p.m. - Lancaster City Council](#)

MIAA Internal Audit Progress Reports

[Agenda for Audit Committee on Wednesday, 25th May 2022, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 23rd November 2022, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 22nd March 2023, 6.10 p.m. - Lancaster City Council](#)

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Internal Audit Progress Report Audit Committee (May 2023)

Lancaster City Council

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1 Introduction

2 Key Messages for Audit Committee Attention

Appendix A: Contract Performance

Appendix B: Performance Indicators

Appendix C: Key Areas from our Work and Actions to be Delivered

Appendix D: Follow-up of Previous Audit Actions

Appendix E: Assurance Definitions and Risk Classifications

Your Team

Name	Role	Contact Details
Louise Cobain	Engagement Lead	Louise.Cobain@miaa.nhs.uk 07795 564916
Fiona Hill	Engagement Manager	Fiona.Hill@miaa.nhs.uk 07825 592842

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

1 Introduction

This report provides an update to the Audit Committee in respect of progress made against the Internal Audit Plans for 2021/22 and 2022/23 and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request. In addition, a consolidated follow up position is reported on a periodic basis to the Audit Committee.

This progress report covers the period of March 2023 to May 2023.

2 Executive Summary

There has been the focus on the following areas:

<p>2021/22 Audit Reviews</p>	<p>MIAA were appointed as the internal audit provider in November 2021 and as such, delivery of the 21/22 Internal Audit Plan did not commence until December 2021. There have been ongoing pressures at the council which have impacted on this delivery, as such requests have been received to delay a number of reviews.</p> <p>These reviews will be included in the 2022/23 Head of Internal Audit Opinion.</p> <p>The remaining review for 2021/22 below has been finalised</p> <ul style="list-style-type: none"> • HR Assurance Review – Assurance Opinion not provided <p>Appendix C provides details of Key Areas and Actions to be delivered.</p>
<p>2022/23 Audit Reviews</p>	<p>Since the previous Audit and Standards Committee, the following reviews have been finalised:</p> <ul style="list-style-type: none"> • Council Resilience – Limited Assurance • Externally Managed Events – Substantial Assurance <p>The following 2022/23 reviews are progressing or are in draft report stage:</p> <ul style="list-style-type: none"> • Data Protection and Policy Follow-up Review (Draft Report) • Council Time Recording Systems (Draft Report) • CCTV Compliance (Draft Report)

	<ul style="list-style-type: none"> • Risk Management (Draft Report) • Assurance Mapping Exercise (Draft Report) • Project Management (In progress) • Key Financial Controls (In progress) • Contract Management (In progress) • Recruitment (In progress) <p>The following 2022/23 review is due to start imminently and is being scoped:</p> <ul style="list-style-type: none"> • Climate Change <p>Appendix A provides an overview of the delivery of your Head of Internal Audit Opinion for 2022/23.</p> <p>Appendix B provides information on Internal Audit performance.</p>
Follow-up	<p>A summary of the status of audit actions was provided at the previous Audit Committee in March. We will continue to follow-up outstanding actions and will provide a further update at the July 2023 meeting.</p>
Audit Plan Changes	<p>Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.</p> <ul style="list-style-type: none"> • There are no current proposals to amend the approved audit plan.
MIAA Quality of Service Indicators	<p>MIAA operate systems to ISO Quality Standards. Public Sector Internal Audit Standards (PSIAS) require MIAA to ‘develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.’ This programme must include internal and external assessments.</p> <p>External assessments must be conducted at least once every five years. Our last external assessment was completed in 2020 and concluded MIAA fully complies with PSIAS (as previously reported to Audit Committee).</p> <p>We also undertake regular internal assessments to ensure our ongoing compliance with requirements. We have recently completed our annual self-assessment of compliance with PSIAS and can confirm full compliance with PSIAS.</p>

Cyber Essentials	<p>MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security in order to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.</p> <p>We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and have, for several years, been certified to the national Cyber Essentials standard.</p> <p>This October, however, we enhanced this further becoming one of only circa 20 NHS organisations certified to the more exacting Cyber Essentials Plus standard. Certification to this standard required rigorous independent testing of our cyber security controls across our devices. That we have achieved this certification is a demonstration not only of the security of our devices but also a validation of the proactive monitoring and maintenance that we have in place to protect data and systems from malicious threats.</p>
Insights	<p>Collaborative Masterclass Events</p> <ul style="list-style-type: none">• MIAA Audit Committee Members Event - MIAA (21st June 2023)

Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

Below sets out the position regarding the 2021/22 Internal Audit reviews. Please note, reviews which were not included in the 2021/22 Head of Internal Audit Opinion*, will be included in the opinion for 2022/23

HOIA Opinion Area	Status	Assurance Level
2021/22 Reviews		
Collection of Income & Reconciliations*	Completed	Limited Assurance
Property Investment Strategy / Capital Schemes*	Completed	Substantial Assurance
Council Tax*	Completed	Moderate Assurance
Efficiency Programme Delivery *	Completed	Moderate Assurance
Effectiveness of HR Arrangements*	Completed	Not applicable

Below sets out the overview of delivery for your Head of Internal Audit Opinion for 2022/23.

2022/23 Reviews		
HOIA Opinion Area	Status	Assurance Level
Risk Management		
Risk Management	Draft report	
Risk Based Reviews		
Key Financial Controls	In progress	
Budgeting	Completed	Substantial
Project Management	In progress	
Assurance Mapping	Draft report	
Climate Change/Carbon Neutral Work	Planning	

Recruitment	In progress	
Council Resilience/Emergency Preparedness	Completed	Limited
Contract Management	In progress	
Time Recording Systems	Draft report	
CCTV Compliance	Draft report	
Externally Managed Events	Completed	Substantial
Data Protection and Policy Follow-up	Draft report	
IT Resilience/Cyber	Completed	Confidential

Follow Up

Quarter 2	Completed	N/A
Quarter 4	Completed	N/A

Management

Head of Internal Audit Opinion/Annual Report/Annual Governance Statement	Ongoing	N/A
Planning and Management		
Reporting and Meetings		
Contingency		

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	<p>There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.</p> <p>MIAA were appointed as the internal audit provider in November 2021 and as such, delivery of the 21/22 Internal Audit Plan did not commence until December 2021. It was agreed that delivery relating to 21/22 would continue into 22/23. In addition, there have been ongoing pressures at the council which have impacted on this delivery.</p> <p>These reviews will be included in the 2022/23 HoIAO.</p>
Issue a Client Satisfaction Questionnaire following completion of every audit.	Ongoing	Green	Link to questionnaire included within each audit report.
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

Appendix C: Key Areas from our Work and Actions to be Delivered

Report Title	Effectiveness of HR arrangements
Executive Sponsor	Chief Officer – Policy and People
Objective	To assess the progress in relation to the recommendations made within the 2020 HR Assurance report.
Assurance Level	Not applicable
Summary	<p>Since the publication of the HR Assurance Review in 2020, good progress has been made in the completion of the action plan.</p> <p>The HR Assurance review contained a total of 35 recommendations to be implemented, we have confirmed that all of these actions were transferred into the Council action plan. The Council plan contained an action for each recommendation along with a responsible officer, except for those which were no longer applicable.</p> <p>A summary of the status from our review of the 35 recommendations is as follows:</p> <ul style="list-style-type: none"> • Nine actions are no longer applicable. • Five actions marked as complete by the Council have been assessed by MIAA as in progress and require further work, including the roll out of E-learning, and the update of the Electronic Signature Policy. • Four actions require the review and update of HR Policies. This is in progress. • One action requires an Internal Audit Review which is included in the 2023/24 Internal Audit Plan. • We have verified that the remaining 16 actions have been completed, although one action could be further enhanced with clarity on decisions and actions taken at Leadership Team meetings. <p>We completed our review through discussions with staff and management, walkthrough of new processes and review of updated template documents.</p>

Report Title	Council Resilience			
Executive Sponsor	Chief Officer – Policy and People			
Objective	To evaluate the design and operating effectiveness of the arrangements that the Council has in place to ensure it as an organisation is prepared for emergencies are robust and tests emergency plans in place and that any lessons learnt had been identified and implemented			
Assurance Level	Limited			
Recommendations	0 X Critical	3 x High	3 x Medium	1 x Low
Summary	<p>Overall, the review identified that controls were in the process of being designed and established and as such need to be built upon and embedded across the organisation to ensure future operating effectiveness.</p> <p>The service resilience and emergency planning processes within the council are currently in development and this review was reflective of the progress made and outlined improvements that should be included in the ongoing work.</p> <p>The council are currently drafting a Corporate Resilience Plan and have also developed a service resilience plan template for all services to populate. At the time of our review some services still needed to fully complete their resilience plans. Once plans are completed, they will need to be tested with lessons learned actioned.</p> <p>The council is currently establishing a Resilience and Recovery Group providing oversight and accountability to the whole process.</p>			
Key Risks Highlighted with No Agreed Action	N/A			

Report Title	Externally Managed Events			
Executive Sponsor	Chief Officer – Environment & Place			

Objective	To evaluate the design and operating effectiveness of the arrangements that the Council had in place for events managed by third parties on Council property and land.			
Assurance Level	Substantial			
Recommendations	0 X Critical	0 x High	1 x Medium	6 x Low
Summary	<p>The review highlighted that whilst there was generally a good system of control, there were some weaknesses in relation to externally managed events, and as such we have noted some areas for further enhancement.</p> <p>Areas for improvement include operational procedures to be put in place set out the process to be followed by Council Officers for event applications received, the name of the Council Officer and the date of booking form appraisals and risk assessment reviews to be noted on forms, and the Councils website to be updated to include the booking form template and guidance notes relating to events held in Parks, Open Spaces and on the Promenade.</p> <p>The Council is an active member of the multi-agency Lancaster District Event Safety Advisory Group (ESAG), which provides organisers with safety advice and where large events are appraised. The posts of Chair and Secretary of ESAG are both held by representatives of Lancaster City Council.</p>			
Key Risks Highlighted with No Agreed Action	N/A			

Appendix D: Follow-up of previous internal audit recommendations

The status of the actions is as at March 2023 a further update will be provided in July 2023.

AUDIT TITLE (YEAR)	NO OF RECS MADE	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS			
			✓/S	P	X	Not due	C	H	M	L
Previous Audit Team Reviews										
Debt Legal Recovery Services (2021/22)	5	Limited	3	2	-	-	-	-	-	-
Insurance (2019/20)	11	Limited	7	4	-	-	-	-	-	-
Procurement & Contract Management (2018/19)	18	Limited	6	3	9	-	-	-	-	-
GDPR	Being followed up as a separate review which is at draft report stage									
HR Assurance	Followed up as a separate review included in this report.									
MIAA Audit Reviews										
Main Accounting System (2021/22)	4	Substantial	1	1	-	2	-	-	-	3
Treasury Management (2021/22)	5	Substantial	2	-	-	3	-	-	1	2
Business Support Grants (2021/22)	4	Substantial	1	-	-	3	-	-	1	2
Council Tax (2021/22)	8	Moderate	3	-	-	5	-	1	4	-
P2P System (2021/22)	4	Limited	-	1	-	3	-	2	2	-
Conflicts of Interest (2021/22)	9	Substantial	4	-	-	5	-	-	1	4
Risk Management (2021/22)	5	No Assurance	5	-	-	-	-	-	-	-
Efficiency Delivery (2021/22)	5	Moderate	-	-	-	5	-	1	3	1

AUDIT TITLE (YEAR)	NO OF RECS MADE	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS			
			✓/S	P	X	Not due	C	H	M	L
Property Investment Strategy (2021/22)	2	Substantial	-	-	-	2	-	-	1	1
Collection of Income and Reconciliations (2021/22)	4	Limited	1	-	-	3	-	2	-	1
Budgetary Controls (2022/23)	3	Substantial	-	-	-	3	-	-	1	2
TOTALS	87		33	11	9	34	-	6	14	16

Key to recommendations:

- ✓/S Implemented or Superseded
- P Partially implemented/recommendation in progress
- X Recommendation not implemented
- ND Not due for follow up
- C Critical priority recommendation
- H High priority recommendation
- M Medium priority recommendation
- L Low priority recommendation

Debt Recovery – Key actions outstanding are regarding exploring the reporting functions of the systems in use.

Insurance – Key actions are around improvements to be made to the claims spreadsheet. These are all in progress.

Procurement & Contract Management – We will include the points outstanding from this review in our Contract Management Review.

Risk Management – This review has been superseded with the 2022/23 Risk Management Review, where the actions will be followed up.

Appendix E: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.
Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function, or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or could have a significant impact upon the achievement of key system, function, or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function, or process objectives. has exposed the system, function, or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function, or process objectives; however, implementation of the recommendation would improve overall control.

AUDIT COMMITTEE**Statement of Accounts Update****24 May 2023****Report of Chief Finance Officer****PURPOSE OF REPORT**

To provide the Committee with an updated position regarding the conclusion of the audits of the 2019/20, 2020/21 and 2021/22 Statement of Accounts and the preparations for production of the 2022/23 Financial Statements.

This report is public.

RECOMMENDATIONS

The Audit Committee is recommended to note the following areas.

1. **The progress of the audit of the 2019/20, 2020/21 & 2021/22 Statement of Accounts**
2. **The state of preparation in closure and production of 2022/23 Statement of Accounts**

1.0 INTRODUCTION

- 1.1 Members will be aware of the long standing issues in relation to the 2019/20, 2020/21 and 2021/22 Statement of Accounts. This paper seeks to inform Members on their current progress and provide updates on the Council's actions to prepare for production of the 2022/23 statements.
- 1.2 The position in regard to the Statement of Accounts audits has progressed from previous updates, the schedule of outstanding work required to conclude the 2019/20 and 2020/21 audits provided by the External Auditor 01 March 2023 is now substantially complete and includes all responses to supplementary questions and requests with the exception of work to support the Value for Money (VfM) Conclusion.
- 1.3 Details of the outstanding works for each of the financial years together with a summary of the progress and impact of the work currently outstanding is included in the paragraphs below.

2.0 2019/20 STATEMENT OF ACCOUNTS POSITION

2.1 In line with previous updates, the only significant matters that remain outstanding are the objection from a local Council Taxpayer in regard to Note 42: Contingent Liabilities, and the impact of the national infrastructure assets issue as previously reported, both of these issues are discussed at section 5 below.

3.0 2020/21 STATEMENT OF ACCOUNTS POSITION

3.1 As noted previously all audit matters that have been brought to officers' attention and requests for additional information to date have been addressed and any required revisions made to the draft 2020/21 financial statements.

3.4 The Committee will also be aware that, as with 2019/20 statement, Note 42: Contingent Liabilities, was once again subject to formal objections by a local Council Taxpayer. The External Auditor is still considering the objections in accordance with regulatory guidance. As noted above the impact of the national infrastructure assets issue will impact the 2020/21 Statements.

4.0 2021/22 STATEMENT OF ACCOUNTS POSITION

4.1 The draft 2021/22 Statement of Accounts were published on the Council's website ahead of the 31 July 2022 deadline. A link was sent to Council Members, and paper copies are available on request.

4.2 The External Auditors are yet to formally provide the Committee with a plan for the delivery of the 2021/22 Audit and neither the s151 Officer nor key members of the finance team are aware of any substantial audit work having been undertaken on the 2021/22 Financial Statements to date.

4.3 The Committee should also note that, as with the 2019/20 & 2021/20 Statement of Accounts, Note 42: Contingent Liabilities, is subject to formal objections by local Council Taxpayer. The External Auditor is still considering the objections in accordance with regulatory guidance but it is hoped that the information supplied will assist in resolving all outstanding matters in this area. Further discussion is provided below.

5.0 OUTSTANDING MATTERS

5.1 The following paragraphs provide a summary of the significant issues that still remain outstanding, which should on completion allow the 2019/20 and 2020/21 audits to be concluded.

Objections to the Financial Statements

5.2 The Committee will recall that the 2019/20, 2020/21 and 2021/22 Statement of Accounts are subject to formal objections by local Council Taxpayer. In order to finally conclude the audit, the External Auditors requested that the Council seek assurance from a number of external third parties. Officers from Legal and Economic Growth and Regeneration services have been collating this information with two of the assurances requested having been presented to the External Auditors for consideration and, without any information to the contrary, are assumed to have been accepted by them.

5.3 Following a meeting in December with the remaining third party a number of additional items have now been provided to the External Auditor and we await confirmation from them that they are satisfied, or, if not, what further assurances they require.

- 5.4 To address the final outstanding source of assurance a meeting has now been arranged in early June with the external third party to discuss any issues in relation to information supplied as part of previous discussions, and what is required to resolve this matter. It is critical that, rather than the repetitive pattern of question, response, delay, further questions from the Auditor that has been experienced, he now clearly states what specific further assurances, he seeks to enable discussions to be concluded.
- 5.5 Committee Members should be aware that the annual Audit Fee does not contain an amount for dealing with objections and so the associated costs will be borne by the Council. Current estimates are an additional cost to the Council of c£31K.

Infrastructure Assets Restatement

- 5.6 As initially reported to the Committee 25th May 2022 and subject of several updates, CIPFA was made aware of issues relating to the derecognition of parts of infrastructure assets. Specifically, where Councils have incurred on the replacement, or enhancement of existing infrastructure assets they may not be readily able to identify the cost and accumulated depreciation relating to the original asset components being replaced or enhanced.
- 5.7 This has been a long running and contentious issue and has caused significant delays to a significant number of Councils across the Country, which now appears to have been resolved. The restatement exercise is well underway, having been delayed by the work to address the auditors schedule of outstanding work during March, and subsequently by the closure of the 2022/23 accounts. It will be presented to the auditors for review at the earliest opportunity.

Work to support the Value for Money Conclusions

- 5.8 In addition to providing an opinion of the Council's Financial Statements the External Auditor is required to consider and report on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.
- 5.9 Information requested by the External Auditor to support their consideration is being collated across the Council. However, as the assessments relate to both 2019/20 and 2020/21 the information requested can stretch back to 2017/18 and earlier. It is hoped that all the documents and internal assessment will be available to present to the External Auditor by mid-June.

Statement of Accounts 2021/22

- 5.10 Although a substantial amount of work has been undertaken to address the 2019/20 and 2020/21 Statement of Accounts neither the s151 Officer nor key members of the finance team are aware of any substantial audit work having been undertaken on the 2021/22 Financial Statements to date.
- 5.11 As noted in previous updates this lack of work on the 2021/22 Financial Statements should be of concern to the Committee as this significant volume of work will need to be undertaken at some point which will severely impact staff, from both a well-being perspective and also prevent them from supporting other Council projects such as Eden, Mainway, OBR, Canal Quarter. In addition, the Council's incoming External Auditors, KPMG will require both the 2021/22 and 2022/23 audits to be concluded before they can commence their work in 2023/24.

6.0 PREPARATION FOR 2022/23 STATEMENT OF ACCOUNTS

- 6.1 At previous meeting the Committee noted the revised submission for the draft statement of accounts deadline has reverted to its pre COVID deadline of 31st May, a reduction of 2 months from the previous 31st July.
- 6.2 At its meeting 22nd March the Committee supported the s151 Officers proposal to delay submission of the 2022/23 Draft Financial Statements. Given the continued backlog of work and lack of progress in addressing 2021/22 financial statements there was limited benefit in stretching the already under resourced finance team in achieving the shorter deadline. The closedown of the 2022/23 Financial Statements is progressing and we aim to have the draft statements published on the Council’s website by 31st July 2023
- 6.3 Although disappointing not to achieve the 31st May 2023 deadline the additional time has enabled the Finance Team to assist the auditors in moving forward with the 2019/20 and 2020/21 backlog, as well offer continuing to support the Council’s significant projects and assist the recent local elections whilst simultaneously producing the 2022/23 Financial Statements
- 6.4 The Council is required to publish a notice on its website advising of the delay and once available they must publish the formal Notice of the Commencement of the Period for the Exercise of Public Rights. This is the 30 day period during which any person interested or any journalist may, on reasonable notice, inspect and make copies of the accounts or any Local Government Elector may raise an objection to any item of account.

7.0 DETAILS OF CONSULTATION

- 7.1 The report provides the Committee with an update on the progress of the audit of the Statement of Accounts 2019/20 to 2021/22 and preparation for the 2022/23 Statement production and so consultation has been limited to discussion with the External Auditors.

8.0 OPTIONS AND OPTIONS ANALYSIS

- 8.1 As the report is for noting no alternative options are put forward, but the Committee could make supplementary recommendations regarding any matters arising.

9.0 CONCLUSION

- 9.1 Members should note the progress and matters arising to date.

CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):
No implications directly arising.

LEGAL IMPLICATIONS
S27 of the Local Audit and Accountability Act 2014 makes provision for an elector of the Council’s area to make an objection to the local auditor in respect of the grounds set out at paragraph 3.4 of this Report. On receipt of an objection the local auditor must decide (a) whether to consider the objection, and (b) if the auditor does so, whether to take action within paragraph (a) and (b) of s27(1) in response.

In considering any objection, the auditor will need to have regard to the provisions of the 2014 Act and the code of audit practice applicable to the Council. The Local auditor must in carrying out functions under the 2014 Act, have regard to guidance issued by the Comptroller and Auditor General under paragraph 9 of Schedule 6 of the 2014 Act. This includes the Auditor Guidance Note 4.

An objector aggrieved by a decision of a local auditor not to consider the objection or not to apply for a declaration under s28 of the 2014 Act may within 6 weeks from notification of the decision require the auditor to provide written reasons for the decision and within 21 days from receipt of the written reasons may appeal against the decision to the court.

FINANCIAL IMPLICATIONS

There are no financial implication flowing directly from this report.
However, Member’s should be aware of the additional audit fees that may accrue because of the objection to the financial statements.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No implications directly arising.

SECTION 151 OFFICER’S COMMENTS

This report forms part of the Chief Finance Officer’s responsibilities, under his role as s151 Officer.

MONITORING OFFICER’S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Statement of Accounts 2019/20
<http://www.lancaster.gov.uk/the-council-and-democracy/budgets-and-spending/statement-of-accounts>

Statement of Accounts 2020/21
<http://www.lancaster.gov.uk/the-council-and-democracy/budgets-and-spending/statement-of-accounts>

Statement of Accounts 2021/22
<https://www.lancaster.gov.uk/the-council-and-democracy/budgets-and-spending/statement-of-accounts>

External Audit Plan 2020/21
[Agenda for Audit Committee on Wednesday, 23rd March 2022, 6.10 p.m. - Lancaster City Council](#)

Statement of Accounts Updates
[Agenda for Audit Committee on Wednesday,](#)

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Ref:

[23rd November 2022, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 25th May 2022, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 23rd March 2022, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 24th November 2021, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 22nd March 2023, 6.10 p.m. - Lancaster City Council](#)

AUDIT COMMITTEE

Audit Committee Proposed Training & Work Programme 2023/24

Report of Chief Finance Officer

24 May 2023

PURPOSE OF REPORT
To consider the Proposed Training & Work Programme for 2023/24
This report is public

RECOMMENDATION

- (1) That the Audit Committee note the proposed Programme, as detailed in Appendix A and make any further suggestions if required

1.0 INTRODUCTION

- 1.1 Audit Committees are a key component of the Council's Corporate Governance framework. Their overall purpose being to provide those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance process. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

2.0 PURPOSE OF THE REPORT

- 2.1 To provide the Audit Committee with details of expected reports and deadlines to enable it to meet its obligations as outlined in section 1.1 above and within its Terms of Reference.

3.0 DETAILS OF CONSULTATION

- 3.1 None specifically regarding this report, however the content and timing of the various reports have been discussed and agreed with the relevant officers.

4.0 OPTIONS AND OPTIONS ANALYSIS

- 4.1 The options available are to accept the proposed work programme attached at Appendix A, or recommend alternatives as necessary

5.0 CONCLUSION

5.1 The attached proposed work programme will enable the Audit Committee to meet its obligations as outlined in section 1.1 above and its Terms of Reference

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>Not applicable</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>None directly arising from this report</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Section 151 Officer has authored this report in his capacity as Chief Finance Officer</p>	
<p>LEGAL IMPLICATIONS</p> <p>None directly arising from this report</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments</p>	
<p>BACKGROUND PAPERS</p> <p>Audit Committees Terms of Reference</p> <p>Agenda for Audit Committee on Wednesday, 22nd March 2023, 6.10 p.m. - Lancaster City Council</p>	<p>Contact Officer: Paul Thompson Telephone: 01524 582603 E-mail: pthompson@lancaster.gov.uk Ref:</p>

Audit Committee Training & Work Programme 2023/24

Contacts

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Meeting Date	Training/ Report	Agenda Publication	Training Provider/ Report Author
24th May 2023	<p>Training 17.00 - 18.00 The Role of the Audit Committee</p> <p>Report Risk Management Update Internal Audit Progress Report Statement of Accounts Update Audit Committee Training & Work Programme</p>	15th May 2023	Mersey Internal Audit Agency Chief Executive Head of Internal Audit CFO/ s151 Officer CFO/ s151 Officer
26th July 2023	<p>Training 17.00 - 18.00 TBC: Statement of Accounts 2022/23 or Risk Management</p> <p>Report Risk Management Q1 Update Internal Audit Annual Report 2022/23 Counter Fraud Annual Report 2022/23 CIPFA Financial Management Code Annual Governance Statement 2022/23 Audit Committee Assurances in Relation to the Financial Reporting Process</p>	17th July 2023	CFO/ s151 Officer or Mersey Internal Audit Agency Chief Executive HoIA Corporate Fraud Manager CFO/ s151 Officer Monitoring Officer CFO/ s151 Officer
22nd November 2023	<p>Training 17.00 - 18.00 TBC: Statement of Accounts 2022/23 or Risk Management</p> <p>Report Risk Management Q2 Update Internal Audit Progress Report Review of Internal Audit Effectiveness Annual Review of Audit Committee Performance Statement of Accounts Update AGS Action Plan Monitoring External Audit Plan: Year ending 31 March 2023</p>	13th November 2023	Chief Executive HoIA HoIA HoIA CFO/ s151 Officer CFO/ s151 Officer CFO/ s151 Officer
20th March 2024	<p>Training 17.00 - 18.00 Fraud Awareness</p> <p>Report Risk Management Q3 Update Annual Review of Audit Committee Terms of Reference 2024/25 Internal Audit Charter Internal Audit Strategy and Risk Based Plan 2024/25 Internal Audit Progress Report Review of the Council's Counter Fraud Policies Annual Review of the Regulation of Investigatory Powers Act 2020 (RIPA) Policy and Procedure AGS Action Plan Monitoring Statement of Accounts Update Proposed Accounting Policies and Critical Judgements used in the Preparation of the Statement of Accounts 2023/24</p>	11th March 2024	Corporate Fraud Team Chief Executive HoIA HoIA HoIA HoIA Corporate Fraud Manager Information Governance Manager Monitoring Officer CFO/ s151 Officer CFO/ s151 Officer