

AUDIT COMMITTEE

6.00 P.M.

31ST JULY 2024

PRESENT:- Councillors Colin Hartley (Chair), David Whitaker (Vice-Chair), Peter Jackson, Isabella Metcalf-Riener and Paul Stubbins
Sandra Thornberry (Substitute for Councillor Ruth Colbridge)

Apologies for Absence:

Councillor Ruth Colbridge

Officers in attendance:

Paul Thompson	Chief Officer - Resources and Section 151 Officer
Joanne Wilkinson	Chief Officer - Housing and Property (minute 18 only)
Rephael Walmsley	Senior Solicitor and Deputy Monitoring Officer
Claire Dubelbeis	Projects and Performance Manager (minutes 11-14 only)
Louise Cobain	Head of Internal Audit
Ellie Lawson	Delivery Manager
Sarah Moorghen	Democratic Support Officer

Also in attendance:

Richard Lee	KPMG
Caroline Jamieson	Deloitte

11 MINUTES

The minutes of the meeting held 22nd May 2024 were signed by the Chair as a correct record.

12 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of Urgent Business.

13 DECLARATIONS OF INTEREST

There were no declarations of interest.

14 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 during the last quarter up until 16th July 2024.

It was proposed by Councillor Paul Stubbins and seconded by Councillor David

Whitaker and resolved unanimously when put to the vote that the press and public be excluded at this point in order that Members could consider Appendix B which was exempt under paragraph 3 of Schedule 12A of the Local Government Act, 1972;

Resolved unanimously:

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 it 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.

Following consideration of the exempt appendix the press and public were readmitted to the meeting at this point.

The Committee was provided with a summary of the main changes and advised that the Risk Register was now up to date, with no outstanding actions. Members asked questions on specific items of risk.

Resolved:

That the report be noted.

With the agreement of the Committee the Chair brought forward Item 7 – The CIPFA Financial Management Code.

15 CIPFA FINANCIAL MANAGEMENT CODE

The Chief Finance Officer presented a report on The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management 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.

Members were advised that the report was a self-assessment and review of the Council's compliance with the standards as set out in the FM Code. This report was to be considered alongside the 2023/24 Annual Governance Statement (AGS).

The results of the assessment were appended to the report for the Committee's consideration and set out the review updated for the 2023/24 position and included the activities undertaken in preparation for the 2024/25 budget.

The Chief Finance Officer talked through the report and advised the Committee on the changes to the current ratings.

Resolved:

That the report be noted.

16 INTERNAL AUDIT PROGRESS REPORT

The Head of Internal Audit presented a report which advised Members of the latest monitoring position regarding the Internal Audit plans for 2023/24 and 2024/25 and provided a summary of Internal Audit activity which complied with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Progress Report was appended to the report for the Committees consideration.

The Committee was advised that 4 reviews had been finalised on National Non-Domestic Rates (NDR) (Substantial Assurance), Climate Change (Substantial Assurance), Budget Management (Substantial Assurance) and Reactive Repairs and Maintenance (Limited Assurance).

Members were provided with an update on which 2024/25 reviews were being planned, were in progress or at draft report stage.

The Committee was advised of the following proposed amendments to the approved 2024/25 Audit plan:

- Both the Q2 Food Standards Review and Energy Review to be replaced with a Q2 Income Cash and Cards Review. The Food Standards Review would be included in the 2025/26 audit plan. The Energy Review was no longer required due to the establishment of an internal working group at the council but would be considered for inclusion in the 2025/26 audit plan.
- Both the 2023/34 Corporate Health & Safety Review and Q4 Building Statutory Compliance Review to be deferred until 2025/26 and replaced with a Q3/4 Social Housing Standards Regulations, to focus on the new regulatory regime.
- The Revenues and Benefits Review to focus on Benefit Overpayments and take place in Q3, as agreed with Preston City Council Shared Service.

Members asked questions on the report and the prioritisation of reviews.

Resolved:

That the amendments to the approved Audit Plan be approved and the latest monitoring position in relation to the 2023/24 and 2024/25 Audit Plans be noted.

17 ANNUAL GOVERNANCE STATEMENT 2023/24

The Deputy Monitoring Officer presented a report which required the Committee to approve the draft Annual Governance Statement (AGS) for 2023/24 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 2023/24 was appended to the report for the Committee's consideration.

The Committee were advised on one amendment to the Internal Audit section of the Statement which the Committee agreed to.

Resolved:

That the Annual Governance Statement for 2023/24, subject to the following amendment:

The Internal Audit section on page 10 of the AGS which stated:

“The overall opinion of the Head of Audit, as detailed in the report is that “In considering the overall opinion, we have considered that Internal Audit resource has been directed into known risk areas by Council Officers and the Audit Committee. Moving forward, the Council needs to ensure that there is a continued focus on the strengthening of its control framework and completing management actions on a timely basis.”

be removed and replaced with;

“The overall opinion of the Head of Audit, as detailed in the report is that “For the period 1st April 2023 to 31st March 2024 provides Moderate Assurance, that 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 of the organisation's objectives at risk.

In considering the overall opinion, we have considered that Internal Audit resource has been directed into known risk areas by Council Officers and the Audit Committee. Moving forward, the Council needs to ensure that there is a continued focus on the strengthening of its control framework and completing management actions on a timely basis.”

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

18 STATEMENT OF ACCOUNTS UPDATE

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

The Committee was advised that audit work on the 2019/20 and 2020/21 financial statements was substantially complete. However, work on the 2021/22 and 2022/23 Financial Statements was yet to commence. As a result, it was likely that the Council would receive a disclaimed audit opinion for 2021/22 and 2022/23. Members were advised that any disclaimed opinions attributable to the backstop date did not

necessarily indicate significant financial reporting or financial management issues.

It was reported that the 2019/20, 2020/21, 2021/22 and the 2022/23 Statement of Accounts were subject to formal objections by a local Council Taxpayer. Following a series of meetings in April and May between the remaining party and the Council's solicitors an agreement had now been reached to draw this matter to a conclusion. Details of this agreement had been shared with the External Auditor who had not raised any issues and, subject to sight of the final agreement, this should be sufficient to allow him to address the substantive nature of the objections and finally conclude this matter.

The Committee was updated on the preparation of the 2023/24 Statement of Accounts, and it was noted that this was progressing well with only minor areas outstanding. The aim was to publish the draft Statement of Accounts on the Council's website on Friday 2nd August 2024. Members were advised that the regulations required that all Council's provide a 30-day inspection 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. Notice would shortly be given that the required 30-day inspection period would run 5th August – 16th September 2024.

The External Auditors provided the Committee with an update on their work and it was noted that it was expected that KPMG would present an annual audit plan to the Committee shortly.

Resolved:

That the report be noted.

19 AUDIT COMMITTEE TRAINING & WORK PROGRAMME 2024-25

The Chief Finance Officer presented a report of the proposed Audit Committee training and work programme for 2024/25.

The training and work programme was appended to the report for the Committee's consideration.

Resolved:

That the report be noted.

Chair

(The meeting ended at 7.15 p.m.)

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