



Committee: AUDIT COMMITTEE

Date: THURSDAY, 27 AUGUST 2020

Time: 6.10 P.M.

PLEASE NOTE

THIS WILL BE A 'VIRTUAL MEETING', A LINK TO WHICH WILL BE AVAILABLE ON LANCASTER CITY COUNCIL'S WEBSITE AT LEAST 24HRS BEFORE THE MEETING.

A G E N D A

1. Apologies for Absence

2. Appointment of Vice-Chair

To appoint a Vice-Chair for the 2020/21 municipal year (the Vice-Chair must not be a member of Cabinet or Overview and Scrutiny).

3. Minutes

Minutes of meeting held on 22nd July 2020 (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. Revised 2020/21 Internal Audit Plan (Pages 3 - 5)

Report of the Internal Audit and Assurance Manager.

7. Draft Statement of Accounts 2019/20 (Pages 6 - 8)

Report of the Chief Finance Officer.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Paul Stubbins (Chair), Stephie Barber, Abbott Bryning, Geoff Knight, Oliver Robinson, Katie Whearty, Anne Whitehead and David Whitworth

(ii) Substitute Membership

Councillors Jason Firth (Substitute), Stewart Scothern (Substitute), David Whitaker (Substitute) and Joanna Young (Substitute)

(iii) Queries regarding this Agenda

Please contact Eric Marsden, Democratic Services - email: emarsden@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Democratic Support, telephone 582170, or alternatively email democraticsupport@lancaster.gov.uk.

KIERAN KEANE,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER, LA1 1PJ

Published on 19th August 2020.

AUDIT COMMITTEE**Revised 2020/21 Internal Audit Plan****27 August 2020****Report of the Internal Audit and Assurance Manager****PURPOSE OF REPORT**

To consider and approve the revised 2020/21 Internal Audit Plan.

This report is public

RECOMMENDATIONS

1. That the revised Internal Audit Plan for 2020/21 be considered and approved.
2. The Audit Committee note that Lancashire County Council will no longer be providing assistance to complete the revised audit plan.

1.0 Introduction

- 1.1 The risk based internal audit plan for 2020/21 was first approved by the Audit Committee at their meeting on the 19 February 2020.
- 1.2 In April 2020, both the Internal Audit and Assurance Manager (IAAM) and the Principal Auditor were redeployed to assist the Council and support the community during the Covid-19 outbreak. The Principal Auditor worked full time in assisting with the application and processing of business grants, whilst the IAAM remained at Wyre Council to assist with the Community Hubs.
- 1.3 No internal audit work was carried out during the period 1 April to 31 July 2020.
- 1.4 Lancashire County Council can no longer assist with the delivery of the audit plan in 2020/21 (50 days) owing to Covid-19 and limited resources.
- 1.5 A risk assessment has been completed and the original audit plan has been revised to take into consideration the limited time and resources left during 2020/21.

2.0 Proposal Details

- 2.1 The revised Internal Audit Annual Plan for 202/21 (attached at Appendix A) seeks to demonstrate that the necessary arrangements are in place to maintain a sound system of internal control.

3.0 Details of consultation

- 3.1 A consultation with the Section 151 Officer has been undertaken in compiling this report and the revised audit plan.

4.0 Options and options analysis (including risk assessment)

- 4.1 Members are invited to comment on and then approve the revised internal audit plan for 2020/21.
- 4.2 Owing to the Covid-19 pandemic, and other Local Authorities being in a similar position to Lancaster City Council, there are no available resources to replace Lancashire County Council and assist with the delivery of the revised audit plan.
- 4.3 There are no alternative options identified.
- 5.0 Conclusion**
- 5.1 The attached revised risk-based plan takes into consideration the limited resources and time available for the period 1 September 2020 to 31 March 2021.
- 5.2 The revised plan seeks to ensure the IAAM can continue to deliver an effective internal audit service and also ensure the delivery of an annual internal audit opinion which will be used as a key source of evidence in the Council's Annual Governance Statement for 2020/21.

CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

This report has no direct impact on these areas.

FINANCIAL IMPLICATIONS

The original 50 audit days that were to be sourced from Lancashire County Council at a cost of £325 p/day (total £16,250 plus VAT) which were being met from vacancy savings are no longer required.

There are no further financial implications arising from the report at this point.

SECTION 151 OFFICER'S COMMENTS

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

LEGAL IMPLICATIONS

None arising directly from this report.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Internal Audit Plan 2020/21

Contact Officer: Joanne Billington

Telephone: 01524 582028

E-mail: jbillington@lancaster.gov.uk

Ref:

Audit Plan - 2020 / 21 (Amended Post Covid) September – March 2021

CATEGORY OF WORK
<i>General / Meetings / Non-Chargeable</i>
Internal Audit management / audit committee work
Advice and assistance
Qualification training / professional development
<i>2019/20 Audit Plan work</i> (work rolled forward / work in progress)
Property Investment Strategy (PIS) (light touch audit)
Legal Fees and Charges and Debt Recovery
Financial planning and MTFs
Fixed asset register
Council housing assets
<i>Project assurance work</i>
Purchase to pay
Payroll e-budgeting
Job evaluation
<i>Audit contingencies</i>
Contingencies for investigations/whistleblowing
<i>Follow-up work</i>
Procurement and contract management
Fixed asset register (depending on assurance rating)
Insurance
Payroll
Dog Warden
Asbestos
Legal fees and charges and debt recovery
<i>Corporate priorities / ambitions</i>
Psychological safety / staff wellbeing
<i>Revenue shared service financial systems</i>
Housing Benefits - Lancaster
Housing Benefits e-form - Lancaster
Housing Benefits - Lancaster
<i>Other areas of work</i>
Preparation of the Annual Governance Statement
Risk Management
Validation of assurance mapping work

AUDIT COMMITTEE

28 August 2020

Draft Statement of Accounts 2019/20**Report of Chief Finance Officer****PURPOSE OF REPORT**

To provide details on the preparation of the Statement of Accounts for the year ended 31st March 2020.

This report is public

RECOMMENDATIONS

It is recommended that the Audit Committee:

- 1. Notes the details on the preparation of the Statement of Accounts for the year ended 31st March 2020 and that a further report to approve the audited statement of accounts be produced for the next meeting of the Committee.**

1.0 Introduction

- 1.1 It is part of the terms of reference of this Committee that it will approve the Council's Statement of Accounts.
- 1.2 The Council is required to prepare a Statement of Accounts for each financial year. The accounts must be prepared in accordance with statutory timelines and accounting practices. Since 2010/11 those accounting practices have been based on International Financial Reporting Standards (IFRS) which attempt to facilitate the production of accounts in a standardised and consistent format across the public and private sectors giving greater transparency for stakeholders
- 1.3 These accounting practices are set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) 2019/20 Code of Practice on Local Authority Accounting in the UK and any additional CIPFA guidance such as the year end Final Accounts Bulletins. Members of the Audit Committee can be assured that the accounts were prepared so that all the requirements of the Code have been complied with.
- 1.4 For 2019/20 the requirements and timeline for the approval of a Local Authority's Statement of Accounts have changed. Having considered the impact of the COVID-19 pandemic and in consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) has introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015.
- 1.5 In accordance with the amended Regulations, the draft Accounts must now be published on the Council's website and submitted for audit by 31 August 2020 rather than 31 May 2020 and the timeline for the conclusion of the audit is now 30 November 2020 rather than 31 July 2020.

2.0 Current Position

- 2.1 At the time of writing this report, the draft Statement of Accounts are being reviewed and verified and are on course to be produced by the due date. Once the accounts are finalised it is intended that they will be published on the Council’s website by 28 August and a link sent to all Council Members, with paper copies being made available on request.
- 2.2 During September to November, our external auditors, Deloitte, should conduct an audit of the accounts. This period will also provide Members with the opportunity to scrutinise the accounts in detail and request any additional information or raise any issues.
- 2.3 Regulations require that our External Auditors report on their findings from the audit directly to Members before the end of November. This report should be presented to the next meeting of the Audit Committee, and at that time the Committee should be asked to approve the audited accounts.

3.0 Details of Consultation

- 3.1 Consultation has taken place with the Council’s External Auditors, Deloitte LLP.

4.0 Conclusion

- 4.1 The Council will publish on its website its draft Statement of Accounts 2019/20 ahead of the required 31 August deadline. A further report to approve the audited Statement of Accounts be produced for the next meeting of the Committee.

5.0 Appendices

- 5.1 To be presented to the Committee 28 August 2020.
Appendix 1 – Draft Statement of Accounts 2019/20 (Subject to Audit)

**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 s151 Officer has authored this report

LEGAL IMPLICATIONS

S21 (1) of the Local Government Finance Act 2003 (the Act) provides that the Secretary of State by regulation may make provision about accounting practices to be followed by a local authority. The Secretary of State may also, pursuant to subsection (1A) of the Act issue guidance about the accounting practices to be followed by a local authority. Lancaster City

Council, pursuant to s21 (1B) must have regard to any guidance issued under subsection (1A).

Pursuant to s 21 (2) of the Act, where legislation to which s21 of the Act applies references

'proper practices', in relation to local authority accounts, this means the accounting practices which the local authority is required to follow by virtue of an any enactment or which are contained in a code of practice or other document which is identified for the purposes of s21 by regulations made by the Secretary of State.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom is a code of practice identified by regulations made by the Secretary of State (Regulation 31 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003).

This report and the Accounting policies referred to meet the Council's obligation to comply with the Code of Practice

DEPUTY MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and has no comments to make on this report.

BACKGROUND PAPERS

Contact Officer: Paul Thompson (Chief Finance Officer)

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Email: pthompson@lancaster.gov.uk

Ref: