

AUDIT COMMITTEE

6.10 P.M.

25TH MAY 2022

PRESENT:- Councillors Paul Stubbins (Chair), Gerry Blaikie, Abbott Bryning, Darren Clifford, Geoff Knight and Peter Yates

Officers in attendance:

Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Jayne Wainwright	Engagement Manager
Haley Garstang	Corporate Fraud Manager
Sarah Moorghen	Democratic Support Officer
Phillip Abel	Democratic Support Officer

Also in attendance:

Paul Hewitson	Deloitte LLP
Caroline Jaimeson	Deloitte LLP

1 APPOINTMENT OF VICE-CHAIR

The Chair requested nominations for the position of Vice-Chair of the Audit Committee for the municipal year 2022/23.

It was proposed by Councillor Darren Clifford and seconded by Councillor Peter Yates:

“That Councillor Oliver Robinson be appointed Vice-Chair of the Audit Committee for the municipal year 2022/23”.

There being no further nominations, the Chair declared the proposal to be carried.

Resolved:

That Councillor Oliver Robinson be appointed Vice-Chair of the Audit Committee for the municipal year 2022/23.

2 MINUTES

The minutes of the meeting held on 23rd March 2022 were signed by the Chair as a correct record.

3 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of urgent business.

4 DECLARATIONS OF INTEREST

There were no declarations of interest.

5 INTERNAL AUDIT PROGRESS REPORT

The Engagement Manager presented a report which advised Members of the latest

monitoring position regarding the 2021/22 Internal Audit plan.

The progress report covered the period from March 2022 to May 2022.

The progress report provided a summary of Internal Audit activity and complied with the requirements of the Public Sector Internal Audit Standards.

Resolved:

That the latest monitoring position in relation to the 2021/22 Audit plan be noted.

6 COUNTER FRAUD – ANNUAL REPORT 2021/22

The Corporate Fraud Manager presented a report which informed the Committee of the extent and outcome of counter fraud work during the 2021/22 financial year.

The Committee was informed that from 1st April 2021 to 31st March 2022 the Corporate Enquiry Team had identified overpayments of £142,066.09.

Members asked a number of questions in relation to training on money laundering and the Whistle Blowing Policy and in particular the support offered to whistle blowers.

Resolved:

That the report be noted.

7 REVIEW OF THE COUNCIL'S COUNTER FRAUD POLICIES

The Chief Finance Officer advised the Committee that after discussions more work was required on this item to ensure it was ready to be presented to the Committee. Members were advised that this report would therefore be presented to the next Audit Committee meeting.

Resolved:

That the item be deferred to the next meeting of the Audit Committee.

8 AUDIT COMMITTEE ASSURANCES IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Chief Finance Officer presented a report which summarised how the Audit Committee gained assurance, as 'those charged with governance', from management in order to fulfil its responsibilities in relation to the financial reporting process.

A table of self-assessment questions and responses, which covered both financial years 2020/21 and 2021/22, was appended to the report for the Committee's consideration.

Members were advised that the responses demonstrated that the Committee could gain assurance from management in order to fulfil its responsibility in respect of the financial reporting process.

Resolved:

That the report and appendices be noted.

9 RISK MANAGEMENT UPDATE

The Chief Finance Officer presented a report which updated the Committee on the progress made in relation to both strategic and operational risk management.

The Committee was advised that the last report to the Committee on Risk Management had been on 24th March 2021. Since then, the Council had purchased risk management software called GRACE.

At the request of the Chair of Audit Committee the s.151 Officer and the Internal Auditors (MIAA) were currently undertaking a review of the Council's Risk Management arrangements which would consider areas such as;

- Strategic Policy and Documentation;
- Corporate ownership and responsibility throughout the Council;
- How we identify, record, assess, score, moderate, monitor, escalate and close risks;
- Governance and reporting arrangements.

Members asked a number of questions about process and structural deficits as well as key risks and how Councillor's could be involved at an earlier stage of decision making.

Resolved:

The Audit Committee noted the progress made in relation to the Council's strategic and operational risk management arrangements.

10 STATEMENT OF ACCOUNTS UPDATE

The Chief Finance Officer presented a report which provided the Committee with an updated position regarding the conclusion of the audit of the 2019/20 and 2020/21 Statement of Accounts and detailed progress in the preparation of the Statement of Accounts for the year ended 31st March 2022.

The Committee was reminded that the only significant matter that remained outstanding on the 2019/20 Statement of Accounts was in regard to Note 42: Contingent Liabilities, which was subject to 2 formal objections by local Council Taxpayers.

In order to finally conclude the audit, the External Auditors had requested that the Council sought assurance from a number of external 3rd parties. Unfortunately, due to illness and leave commitments this would not be available until June 2022.

The Committee was also advised on the position of the 2020/21 Statement of Accounts. Although a significant body of audit work had been performed, one area highlighted in the audit plan which appeared to have yet been commenced was the audit of the significant risk in relation to Property Valuations.

The Committee was also already aware that similarly to the 2019/20 statements Note 42: Contingent Liabilities, was subject to formal objections by local Council Taxpayers. The External Auditor was still considering the objections in accordance with regulatory guidance, but it was hoped that the 3rd party information requested would assist in resolving both the 2019/20 and 2020/21 matters.

The Committee was informed of a national issue, on the replacement, or enhancement of existing infrastructure assets and the potential impact on the Council

The CFO also advised the Committee that the unresolved issues currently surrounding infrastructure assets and the yet unaudited balances within the 2020/21 accounts creates several significant issues for the Council.

Firstly, as CIPFA have advised the issues with infrastructure asset apply to all open, or unsigned Statement of Accounts. As both the 2019/20 and 2020/21 Statement of Accounts remain open there is the potential for even further delay, or even qualification.

Secondly, operationally the finance team are unable to close our asset register and prepare the capital entries for the 2021/22 Financial Statements until both the issues around infrastructure assets and the auditors work on its 2020/21 significant property valuation risks have been concluded.

Given delay and potential complexity and volume of these transactions there is a risk that without timely resolution officers will **NOT** be able to produce of the Council's draft 2021/22 Financial Statements by the 31 July deadline.

Resolved:

The Audit Committee noted;

- (1) The progress of the audit of the 2019/20 & 2020/21 Statement of Accounts, and;
- (2) The preparation of the Statement of Accounts for the year ended 31st March 2022.

11 WORK PROGRAMME

The Chief Finance Officer presented a report on the Audit Committee Proposed Work Programme for 2022/23.

The proposed Work Programme was appended to the report for the Committee's consideration.

The Committee was advised that this was a working document, so subject to change it was also proposed that some Member Training would be organised especially around Treasury Management.

Resolved:

That the Audit Committee noted to proposed Work Programme.

Chair

(The meeting ended at 7.20 p.m.)

**Any queries regarding these Minutes, please contact
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