

## AUDIT COMMITTEE

6.00 P.M.

22ND NOVEMBER 2023

**PRESENT:-** Councillors Paul Stubbins (Chair), Colin Hartley (Vice-Chair), Peter Jackson and David Whitaker

Apologies for Absence:

Councillors Ruth Colbridge and Shelagh McGregor

Officers in attendance:

Paul Thompson	Chief Officer - Resources and Section 151 Officer
Claire Dubelbeis	Projects and Performance Manager
Louise Cobain	Head of Internal Audit
Fiona Hill	Engagement Manager
Amy Holland	Information Governance Manager
Sarah Moorghen	Democratic Support Officer

Also in attendance:

Paul Hewittson	Deloitte
Debra Chamberline	KPMG

### 21 MINUTES

The minutes of the meeting held the 26<sup>th</sup> July 2023 were signed by the Chair as a correct record.

### 22 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

The Chair had accepted one item of Urgent Business to be taken at the meeting. This was a report on Risk Categories and Risk Appetite. The Chair advise it would be taken following the report on Strategic Risk Management (minute 27).

### 23 DECLARATIONS OF INTEREST

There were no declarations of interest.

### 24 UPDATE OF THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) POLICY

The Information Governance Manager presented a report which updated the current state of the RIPA Policy and Procedure and reviewed the Council's use of RIPA since it was last considered by the Committee.

The RIPA policy was last reviewed and approved by the Audit Committee on 23 March 2022

It was reported that Lancaster City Council had a remote desktop inspection by the IPCO in July 2020 and another in 2023. It was recently confirmed that the IPCO were

satisfied that our reply provided assurance that ongoing compliance with RIPA 2000 and the Investigatory Powers Act 2016 would be maintained.

The Committee was advised that following a review of the policy, the following amendments had been made to the policy;

**Section 6.1** – the Authorising Officer has been updated to Chief Officer Governance (Monitoring Officer).

**Section 6.4** – the Covert Human Intelligence Source code (CHIS) has been updated

**Appendix 1** – has been adjusted to accommodate the new links to the authorisation documents for staff.

The Committee asked questions on the use of RIPA including whether in the definition of “Authorising Person” JP should be replaced with Magistrate. The Information Governance Manager agreed to make this change to the policy.

***Resolved:***

That the changes to the RIPA policy and amendment made at the meeting be noted.

## 25 EXCLUSION OF THE PRESS AND PUBLIC

It was moved by Councillor David Whitaker, seconded by Councillor Peter Jackson:

That in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following two items of business (Minutes 26 and 27), on the grounds that they could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

***Resolved:***

That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following two items of business (Minutes 26 and 27), on the grounds that they could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

## 26 STRATEGIC RISK MANAGEMENT

The Projects and Performance Manager provided the Committee with an update on the authorities progress in updating the Strategic Risk Register.

It was reported that the Committee had last received an update on the Strategic Risk Register on the 26<sup>th</sup> July. Since that report Risk SR08 and SR13 had been re-worded to provide more clarity and focus. Risk SR18 had been closed. Risk SR23 had been re-worded and two further strategic risks has been added at SR26-SR27.

The Strategic Risk Register was appended to the report for the Committee’s consideration.

***Resolved:***

That the Audit Committee note the updated Strategic Risk Register, as shown as appendix A (public report) and appendix B (restricted report) of the report.

**27 URGENT BUSINESS - RISK CATEGORIES AND RISK APPETITE**

The Projects and Performance Manager presented a report which required the Committee to approve the appropriate risk appetite level definitions for the council.

In accordance with Section 100 (B) (4) of the Local Government Act 1972 the Chair had agreed with this item being considered as an item of urgent business. The reason for taking this item as urgent business was that the matter needed a decision prior to the next meeting of the Audit Committee.

It was reported that an audit of the Council's risk management function was undertaken in May 2023 and that recommendations were made regarding the Council's risk appetite statement. Following this, research was undertaken into best practice for acceptable levels of risk.

The Committee was advised that the Treasury produced "The Orange Book. Risk Management Guidance Note" which contained suggested risk categories and five risk appetite level definitions. It was proposed that these be used as guidance for risk categories and risk appetite definitions, with some minor changes to make it most suitable for the Council's needs.

Members asked a number of questions regarding the risk categories and supported use of The Orange Book risk categories and definitions. However, Members felt that strategic risks and risk appetite should be decided by Cabinet and Senior Leadership Team.

***Resolved:***

- (1) That The Orange Book – Risk Categories and Definitions, amended as provided, be adopted by the Council.
- (2) That risk appetite levels should be considered by Cabinet at the next opportunity.
- (3) That a report be brought back to Audit Committee after consideration of risk appetite levels by Cabinet.
- (4) That the Strategic Risk Register be reported to Cabinet and Budget and Performance Panel on a quarterly basis.
- (5) That, in relation to risk management, the roles and responsibilities of Cabinet and Budget and Performance Panel, including reporting arrangements to and from each other, be reviewed.

**AT THIS POINT THE PRESS AND PUBLIC WERE RE-ADMITTED TO THE MEETING.**

**28 INTERNAL AUDIT PROGRESS REPORT**

The Engagement Manager presented a report which advised Members of the latest monitoring position regarding the Internal Audit plans 2022/23 and 2023/24.

4 reports had been finalised in the 2022/23 and 2023/24 Audit Plans. Substantial assurance had been given for Efficiency Savings, moderate assurance had been given

for Key Financial Controls and Recruitment and limited assurance has been given on CCTV Compliance.

The Committee was advised on a number of changes to the Audit Plan. This included the use of contingency time to work on the Changing Places Grant Award. The Financial Controls Review to be moved to quarter 4. The Air Quality Duty Review to be replaced with a National Non-Domestic Rates (NNDR) Review. And for Internal Audit time to be assigned to the Eden Project.

The Committee asked a number of questions in relation to overdue recommendations.

***Resolved:***

- (1) That the latest monitoring position in relation to the 2022/23 and 2023/24 audit plans be noted.
- (2) That the Committee noted that too many audit actions were overdue and too many not implemented on time by the Council.
- (3) That a single point of contact be appointed for Internal Audit to obtain updates on the implementation of audit actions.

**29 REVIEW OF INTERNAL AUDIT EFFECTIVENESS**

The Head of Internal Audit gave an oral report on the review of Internal Audit Effectiveness. The Committee was advised that a review should take place annually and could be completed in a range of ways.

The Committee was advised that for every audit there was an opportunity to complete a client survey and give feedback.

***Resolved:***

- (1) That the report be noted.
- (2) That the Internal Audit Manager circulate sample survey questions to members of the Audit Committee along with results of recent client surveys.
- (3) That the Committee meet prior to the next Audit Committee meeting to discuss a review of Internal Audit Effectiveness.
- (4) That an item be added to the agenda for consideration by the Committee at the following meeting.

**30 ANNUAL REVIEW OF AUDIT COMMITTEE PERFORMANCE**

The Head of Internal Audit gave an oral report on the annual review of Audit Committee Performance. Members were advised that it was good practice to review their own performance annually and that there was a range of ways this could be completed.

***Resolved:***

- (1) That the Committee meet prior to the next Audit Committee meeting to discuss a review of the Audit Committee Performance.

- (2) That an item be added to the agenda for consideration by the Committee at the following meeting.

### 31 STATEMENT OF ACCOUNTS UPDATE

The Chief Finance Officer presented a report which provided the Committee with an updated position regarding the conclusion of the audits of the 2019/20, 2020/21, 2021/22 and 2022/23 Statement of Accounts.

It was reported that the position remained unchanged from previous updates in relation to the 2019/20, 2020/21 and 2021/22 Statement of Accounts.

The Committee was advised that the Statement of Accounts for 2019/20, 2020/21, 2021/22 and now 2022/23 were subject to formal objections by a local Council Taxpayer. In order to finally conclude the audit, the External Auditors had requested that the Council sought assurance from a number of external third parties.

Following a recent series of meetings, the remaining third party had proposed a solution which should finally conclude this long-standing matter. The proposal was subject to further work and agreement, but it was hoped this would be concluded by Mid-January 2024.

The Committee was advised that the annual Audit Fee did not contain an amount for dealing with objections and so the associated costs would be borne by the Council. The current estimate was for an additional cost to the Council of around £31,000.

The Committee was advised that no audit work had been undertaken on the 2021/22 and 2022/23 Financial Statements.

***Resolved;***

- (1) That the progress of the audit of the 2019/20, 2020/21, 2021/22 and 2022/23 Statement of Accounts be noted.
- (2) That the current proposals for addressing the significant issues within the Public Sector Audit regime be noted.

### 32 AGS ACTION PLAN MONITORING

The Projects and Performance Manager introduced a report which provided an update on the Action Plan referred to in the Annual Governance Statement.

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

The Committee was provided with an update on "Other Governance Issues" as set out on the AGS Action Plan.

Members were advised that good progress was being made against the Action Plan, although more work was yet to be done.

***Resolved:***

That the progress and steps yet to be taken on the Action Plan be noted.

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Chair

(The meeting ended at 7.35 p.m.)

**Any queries regarding these Minutes, please contact  
Sarah Moorghen, Democratic Support - email [smoorghen@lancaster.gov.uk](mailto:smoorghen@lancaster.gov.uk)**