

AUDIT COMMITTEE

6.00 P.M.

22ND MAY 2024

PRESENT:- Councillors Paul Stubbins (Chair), Ruth Colbridge, Colin Hartley, Peter Jackson, Kate Knight, Isabella Metcalf-Riener and David Whitaker

Officers in attendance:

Paul Thompson	Chief Officer - Resources and Section 151 Officer
Claire Dubelbeis	Projects and Performance Manager
Fiona Hill	Engagement Manager
Louise Cobain	Head of Internal Audit
Lesley Silcock	Senior Technology Risk Assurance Manager
Sarah Moorghen	Democratic Support Officer

Also in attendance:

Paul Hewitson	Deloitte
Richard Lee	KPMG

1 APPOINTMENT OF VICE-CHAIR

The Chair requested nominations for the position of Vice-Chair of the Audit Committee for the municipal year 2024/25.

It was proposed by Councillor Ruth Colbridge and seconded by Councillor Peter Jackson:

That Councillor David Whitaker be appointed Vice-Chair of the Audit Committee for the municipal year 2024/25".

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

Resolved:

That Councillor David Whitaker be appointed Vice-Chair of the Audit Committee for the municipal year 2024/25.

2 MINUTES

The minutes of the meeting held on 20th March 2024 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 STRATEGIC RISK REGISTER UPDATE

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

The Council's Strategic Risk Register was appended to the report for the Committees consideration and showed the changes made during the last quarter up until 9th May 2024.

A summary of the main changes was provided, and members asked questions on specific items of risk.

Members then advised that they wished to consider the content within Appendix B that was recommended to be considered in the exempt part of the meeting.

It was proposed by Councillor Paul Stubbins and 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 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.

Unanimously Resolved:

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.

After considering the exempt appendix the meeting continued in public.

Resolved:

That the report be noted.

With the agreement of the Committee the Chair brought forward Item 8 – Internal Audit Progress Report.

6 INTERNAL AUDIT PROGRESS REPORT

The Engagement Manager presented a report which advised Members of the latest monitoring position regarding the Internal Audit plans for 2022/23 and 2023/24 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 an update on the Mobile Device Management

Solutions review was recommended to be considered in an exempt part of the meeting.

It was moved by Councillor Paul Stubbins, seconded by Councillor Ruth Colbridge and resolved:

That in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting to enable to Committee to consider Mobile Device Management Solutions review, on the grounds that it 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 to enable to Committee to consider Mobile Device Management review, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

The Senior Technology Risk Assurance Manager provided an overview of the Mobile Device Management Solutions review which had been finalised within the last reporting period.

Members asked a number of questions after which the meeting continued in public.

The Engagement Manager provided updates on two further reviews which had been finalised, Risk Management (Substantial Assurance) and Payroll including Additional Payment (Limited Assurance). There had also been an Audit Committee Effectiveness Briefing Note.

A follow up on previous internal audit recommendations was include in the report at Appendix D and showed that 13 actions had been completed.

The Committee was advised of one change to the Internal Audit Plan which was to push Quarter 4 Community Engagement Review onto the 2025 Audit Plan to accommodate a request for a review of Procurement Card Usage.

Resolved:

That the report be noted.

7 INTERNAL AUDIT ANNUAL REPORT AND HEAD OF INTERNAL AUDIT OPINION

The Head of Internal Audit presented a report on the Internal Audit Opinion for 2023/24.

The Committee was advised that the purpose of the Opinion was to contribute to the assurances available to the Accountable Officer and the Council which underpinned the Council's own assessment of the effectiveness of the organisation's system of internal control. This Opinion would assist the Council in the completion of its Annual Governance Statement (AGS), along with its consideration of organisational performance, regulatory compliance and the wider operating environment.

It was reported that the overall opinion for the period 1st April 2023 to 31st March 2024 was Moderate Assurance.

Members asked questions about the assurance level including whether this showed a

general improvement in assurance level and were advised that there had been stabilisation and embedding of the assurance level as moderate but that there was still work to be done to improve that assurance level.

Resolved:

That the report be noted.

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.

The Committee was advised that the Council's external auditor, KPMG, was required to comply with the requirements of the International Standards on Auditing (UK) (ISA), when conducting the audit of the Council's financial accounts for the year ended 31 March 2024.

It was reported that under the ISA's KPMG had specific responsibilities to communicate with the Audit Committee on certain specific matters. As part of the risk assessment procedures, KPMG was required to obtain an understanding of the management processes, and the Audit Committee's oversight, of a number of the following areas in respect of the year ended 31 March 2024;

- General Enquiries of Management.
- Fraud.
- Laws and Regulations.
- Related Parties; and
- Accounting Estimates.

To support this management had reviewed a number of documents and compiled a series of questions and responses covering the 2023/24 financial year. These were appended to the report for the Committee's consideration.

Resolved:

That the report be noted.

9 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.

Members were advised that although the 2019/20, 2020/21, 2021/22 and 2022/23 Statement of Accounts remained outstanding significant progress had been made in a number of key areas.

The Committee was given an update on the each of the Statement of Accounts and advised that no audit work had been undertaken on the 2021/22 and 2022/23 Financial

Statements.

It was reported that, with regard to the outstanding matters the Committee was reminded that the 2019/20, 2020/21, 2021/22 and 2022/23 Statement of Accounts were subject to a formal objection by a local Council Taxpayer. In order to discharge its duties in regard to the objection and conclude the audits, the External Auditors had requested the Council to seek assurances from a number of third parties. While two assurances had been received months ago there had been significant delays in obtaining the final assurance.

The Committee was advised that following a series of meetings with the remaining party an agreement had now been reached. Details of the agreement had been shared with the External Auditors and it was felt that this should be enough to close finally conclude the matter.

The Committee was updated on the preparation of the 2023/24 Statement of Accounts and it was noted that due to the backstop auditors would not have assurances from closing balances that would normally support opening balances for 2023/24. KPMG would therefore need to perform sufficient testing on opening balances to rebuild assurance. To prevent recovery work causing delays to future audits, the proposals included further backstop dates for all years up to and including 2027/28.

Resolved:

That the report be noted.

10 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 7.20 p.m.)

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