AUDIT COMMITTEE

6.00 P.M. **27TH NOVEMBER 2024**

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

Officers in attendance:

Paul Thompson	Chief Officer - Resources and Section 151 Officer
Andrew Kiplin	Accountancy Manager
Claire Dubelbeis	Projects and Performance Manager (minutes 20-23 only)
Haley Baron-Wright	(minutes 20-28 only)
Fiona Hill	Engagement Manager
Darrel Davies	Regional Assurance Manager
Sarah Moorghen	Democratic Support Officer

Also in Attendance:

Paul Hewitson	Deloitte LLP
Caroline Jamieson	Deloitte LLP
Richard Lee	KPMG
Imogen Milner	KPMG

20 MINUTES

The minutes of the meeting held 31st July 2024 were signed by the Chair as a correct record.

21 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of Urgent Business.

22 DECLARATIONS OF INTEREST

There were no declarations of interest.

23 STRATEGIC RISK MANAGEMENT

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 Committee's consideration and showed the changes made during the last quarter up until 29th October 2024.

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

Resolved;

That the report be noted.

24 EXCLUSION OF THE PRESS AND PUBLIC

It was moved by Councillor Whitaker, seconded by Councillor Stubbins and 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 item of business 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 for the following item of business on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

25 INTERNAL AUDIT PROGRESS REPORT

The Engagement Manager presented a report which advised Members of the latest position regarding the Internal Audit plans for 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 Committee's consideration.

The Committee was advised that three reports had been finalised. There were also a number of reports being planned, in progress or at the draft report stage.

Members were advised on two proposed changes to the Internal Audit plan, the first was that the Financial Controls Review would be pushed from Quarter 3 to Quarter 4. The second was that the High Street Heritage Action Zone funding received by the Council, required an auditor's certificate to verify the funding expenditure. It was proposed that the Contingency time in the audit plan would be used to complete this work.

Resolved:

That the latest monitoring position in relation to the 2024/25 audit plans be noted.

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

26 COUNTER FRAUD ANNUAL REPORT 2023/24

The Corporate Fraud Manager presented a report which informed the Committee of the extent and outcome of counter fraud work during the 2023/24 financial year.

The Committee was advised that the Corporate Fraud Team, shared between Preston, Lancaster and Fylde Councils and also known as the Corporate Enquiry Team (CET), also worked in partnership with the Housing Department and Social Housing providers

to investigate tenancy fraud.

The report detailed performance and counter fraud activity undertaken by the Corporate Enquiry Team during 2023/24.

It was reported that the Corporate Enquiry Team consisted of six members of staff and had a performance target of £110,000 but achieved £349,006.36 in 2023/24. This included areas such as Council Tax Support, Council Tax Benefit, Housing Benefit, and Right to Buy. With regard to Right to Buy £194,520 was saved as a result of investigations by the Team who retained the housing stock as an asset for the Council.

Members asked a number of questions in relation to savings calculations and future targets.

Resolved:

That the Counter Fraud Report 2023/24 be noted.

27 BUSINESS PLAN 2024/25 - CORPORATE ENQUIRY TEAM

The Corporate Fraud Manager presented the Corporate Enquiry Teams Business Plan for 2024/25.

The Committee was advised that the Business Plan had been produced to document the work of the Corporate Enquiry Team and to outline the responsibilities and key objectives for the team in the coming years. It provided financial and performance information and a risk analysis of possible events that could adversely affect the service in the future.

It was reported that the 2024/25 proposed budget for the Corporate Enquiry Team Shared Service was £186,360 which was a reduction from last year. The costs were shared between Preston 40%, Lancaster 40% and Fylde 20%.

Resolved:

That the Business Plan 2024/25 be noted.

28 ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

With the agreement of the Chair this item was withdrawn from the agenda.

29 REVISED FINANCIAL REGULATIONS

The Chief Finance Officer presented a report which sought the Committee's consideration and endorsement of the Council's updated Financial Procedures.

It was reported that the Council's current Financial Procedure Rules had been adopted in 2020. Since their introduction, there had been many changes both to the structure and operational management of the Council and to the environment in which it conducted its financial activities. A review was therefore due, and a refreshed version of the Rules was appended to the report for the Committee's consideration.

It was moved by Councillor Stubbins, seconded by Councillor Colbridge and unanimously resolved as follows:-

Resolved:

That the Committee endorse the Council's Financial Procedure Rules, as appended to the report.

30 AGS ACTION PLAN MONITORING

The Committee was presented with a report which provided an update on the Action Plan referred to in the Annual Governance Statement (AGS) in connection with "other governance issues" identified.

The Committee was advised that an Action Plan had been put together to address the areas identified including; Policy review/updating, Information on the Council's website and a review of the Festival Market Management.

Members asked a number of questions, in particular with regards to policies overdue or with unknown due dates, and that the figures presented did not add up.

Resolved:

(1) That the AGS Action Plan be reviewed at the next meeting and the Monitoring Officer be asked to attend the meeting to take questions.

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

WITH THE AGREEMENT OF THE COMMITTEE THE CHAIR BROUGHT FORWARD ITEM 14 - EXTERNAL AUDIT ISA 260

31 EXTERNAL AUDIT ISA 260

The External Auditor (Deloitte LLP) presented a report which represented the final report on the 2020/21 audit.

The External Audit Report was appended to the agenda for the Committee's consideration.

Members were advised that the 2020/21 audit was substantially complete subject to a handful of principal matters and that the Value for Money (VFM) work was on-going and would be reported as part of a combined Auditor's Annual Report to cover three periods 2020/21 – 2022/23.

Resolved:

That the report be noted.

32 EXTERNAL AUDIT PLAN: 2021/22 & 2022/23

The External Auditor (Deloitte LLP) presented the Committee with a report on the

2021/22 and 2022/23 audits.

The report was appended to the agenda for the Committee's consideration.

The Committee was advised that the introduction of the 'backstop' had limited the scope of the financial statement audit work. Therefore, the audit report included a disclaimer of opinion as sufficient, appropriate audit evidence on which to base an opinion had not been obtained.

The report gave a summery of the work completed on audit procedure and the findings.

Members asked a number of questions in relation to the objector and the additional cost incurred dealing with the objection.

Resolved:

That the report be noted.

33 EXTERNAL AUDIT PLAN: YEAR ENDING 31 MARCH 2024

The External Auditor (KPMG) presented the Committee with the External Audit Plan for the year ending 31st March 2024. The report outlined the draft risk assessment and planned audit approach.

The External Audit Plan was appended to the agenda for the Committee's consideration.

The Committee asked a number of questions in relation to the ongoing audits.

Resolved:

That the report be noted.

34 STATEMENT OF ACCOUNTS UPDATE

The Chief Finance Officer presented a report which updated the Committee 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 progress of the audit of the 2023/24 Financial Statements.

The Committee was advised that the audit of the 2019/20 Financial Statements had now been concluded and the auditors planned to issue an unmodified opinion. It was reported that the Council was required to provide a Management Letter of Representations to the External Auditors before they issue their audit report. The letter was appended to the report for approval by the Committee prior to being signed by the s151 Officer and Chair of the Audit Committee on behalf of the Council.

The Committee was also provided with an update on the 2020/21, 2021/22, 2022/23 and 2023/24 Statement of Accounts positions.

Resolved:

(1) That the report be noted and following the conclusion of the 2019/20 audit, the

Chair, in consultation with the Section 151 Officer, be authorised to approve the Statement of Accounts and sign the Management Letter of Representations.

(2) That the position of the remaining outstanding audits be noted and the Chair, in consultation with the Section 151 Officer, be given delegated authority to approve the Statement of Accounts and undertake necessary actions in order to achieve the statutory backstop dates.

35 WORK PROGRAMME

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.

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Chair

(The meeting ended at 8.00 p.m.)

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