

AUDIT COMMITTEE

6.00 P.M.

19TH MARCH 2025

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

Officers in attendance:

Paul Thompson	Chief Officer - Resources and Section 151 Officer
Luke Gorst	Chief Officer - Governance and Monitoring Officer (minutes 40-49)
Rephael Walmsley	Senior Solicitor and Deputy Monitoring Officer (minutes 40-49)
Claire Dubelbeis	Projects and Performance Manager (minutes 40-48)
Louise Cobain	Head of Internal Audit
Sarah Moorghen	Democratic Support Officer

40 MINUTES

The minutes of the meetings on the 27th November 2024 and the 30th January 2025 were signed by the Chair as a correct record.

41 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of Urgent Business.

42 DECLARATIONS OF INTEREST

There were no declarations of interest.

43 STRATEGIC RISK MANAGEMENT

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

The Committee was advised that there were currently 26 Strategic Risks open on the 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 covering the period 29th October 2024 to 24th February 2025.

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

Resolved;

That the report be noted.

With the agreement of the Committee the Chair amended the order of the agenda to take Item 11 – Annual Audit Report and Item 13 – Statement of Accounts Update next on the agenda.

44 ANNUAL AUDIT REPORT

The Committee received a report on the External Auditors Annual Audit Report for the financial years 2020/21, 2021/22 and 2022/23, issued by Deloitte's.

The Committee was advised that no significant weaknesses had been identified in respect of the Value for Money assessment categories. The final Value for Money report from Deloitte was appended to the report for members consideration.

Following consideration by Audit Committee the Annual Audit Report will go to Council for consideration at the meeting on 23rd April 2025.

Members asked a number of questions in relation to benchmarking and training needs.

Resolved:

That the Annual Audit Report for the financial years 2020/21, 2021/22 and 2022/23, issued by Deloitte's be noted.

45 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, 2022/23 and 2023/24 Statement of Accounts, and the progress in preparation of the 2024/25 Financial Statements.

The Committee was advised that the Audit of the 2019/20 and 2020/21 Financial Statements had now been concluded, and the auditors issued unmodified opinions for each. The Audit of the 2021/22 and 2022/23 Financial Statements had also now been concluded and in line with the backstop arrangements the auditors issued a disclaimed opinions for each year.

The Committee was advised that as previously reported the delays in issuing the audit opinions and addressing the objection to the prior year's financial statements had impacted KPMG's ability to undertake work on the 2023/24 Financial Statement. Similar to previous years audits a backstop date of 28th February 2025 was provided to issue an audit opinion. Regrettably this deadline was not achieved.

Members were advised on the outstanding objections to the Financial Statement as well as the fees associated with disclaimed audits.

The Committee was also advised on the preparation of the 2024/25 Statement of Accounts and that the deadline for this was 30th June 2025.

Resolved:

That the report be noted

46 INTERNAL AUDIT PROGRESS REPORT

The Engagement Lead 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 five reports had been finalised. There were also a number of reports being planned, in progress or at the draft report stage.

There were no proposed changes to the existing Internal Audit Plan at this stage.

Members asked a number of questions on the finalised reviews in relation to homelessness, annual appraisals and procurement cards.

Resolved:

That the latest monitoring position in relation to the 2024/25 Audit Plans be noted.

47 INTERNAL AUDIT PLAN 2025/26

The Internal Audit Manager presented a report on the planned Internal Audit Work for the forthcoming year.

The Internal Audit Plan for 2025/26 was appended to the report for the Committee's consideration. The Committee was advised that this was not set in stone and could be amended if things changed.

It was proposed by Councillor Paul Stubbins and seconded by Councillor David Whitaker and resolved as follows:

Resolved;

- (1) That the 2025/26 Annual Internal Audit Plan and draft Strategic Plan to 2026/27 be approved.
- (2) That the Committee note that reports dealing with both progress against the Plan and outcomes achieved will be submitted to each meeting.
- (3) That the Committee note that Plan changes will be reported during the year.

48 ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Deputy Monitoring Officer provided the Committee with an update on the Action Plan referred to in the Annual Governance Statement (AGS) in connection with other governance issues identified.

On 27th November 2024 the Audit Committee received a report on progress and steps taken on the Annual Governance Statement (AGS)'s Action Plan with regards to 'other governance' issues identified in the 2023/2024 AGS. It was reported that Council had issued its AGS following the Audit Committee's consideration of the document on 31 July 2024.

The Committee was advised that following the 2022/23 AGS, an Action Plan was put together to address the areas identified. As set out in the report to Audit Committee in November 2024 the remaining issues on the Action Plan included (a) Policy review/updating (b) Information on the Council's website (c) Review of Festival Market Management.

The Committee was provided with an update on each of the issues and it was reported that good progress was being made against the Action Plan, although, more work is yet to be done.

Members asked a number of questions in particular with regard to issues regarding policy review/updating and setting timescales.

Resolved:

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

49 REVIEW OF THE REGULATIONS OF INVESTIGATORY POWERS ACT 2020 (RIPA) POLICY AND PROCEDURE

The Chief Officer - Governance presented a report which updated the Committee on the current state of the RIPA policy and Procedure.

It was reported that the RIPA policy was last reviewed and approved by the Audit Committee on 23 November 2023.

The Committee was advised that following a review of the policy, it was decided that at present, the policy remains fit for purpose following its last review. This would be reviewed again next year.

Members were also advised that the Council had had one RIPA Surveillance authorisation in December 2020. This was the first and only authorisation that the Council had had since 2014.

Resolved:

That the report be noted.

50 REVIEW OF ANTI-FRAUD & CORRUPTION POLICIES

The Chief Finance Officer provided a report on the review of the Council's Counter Fraud Policies.

Members were advised on three policies which required formal approval by the Audit Committee. The Anti-Fraud, Corruption and Bribery Policy, the Anti Money Laundering Policy and the Sanctions Policy were appended to the report for the Committee's consideration.

The Committee was also provided information on a number of policies including the Raising Concerns Policy, which was appended to the report for the Committee's consideration, and policies on Gifts & Hospitality and Conflicts of Interest. These policies were for consideration.

Members asked a number of questions in relation to the policies.

It was proposed by Councillor Peter Jackson, seconded by Councillor David Whitaker and unanimously agreed;

Resolved:

- (1) That the counter fraud policies within the Committees remit, namely.
 - a. Anti-Fraud, Corruption and Bribery Policy,
 - b. Money Laundering, and
 - c. Sanctions Policybe approved.
- (2) That the Council's wider policies and arrangements regarding anti-fraud and corruption be noted.

51 PROPOSED ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS IN THE PREPARATION OF THE STATEMENT OF ACCOUNTS 2024/25

The Chief Finance Officer presented a report which set out the Council's proposed accounting policies and critical judgements to be adopted on completion of the 2024/25 Statement of Accounts.

The proposed accounting policies and the critical judgements were appended to the report for the Committee's consideration.

The Committee was advised that it was best practice that both should be subject to annual review and agreement by Audit Committee. It was reported that the accounting policies proposed in respect of 2024-25, were largely unchanged from previous years. However, it is proposed to amend the accounting policy 16 Leases.

It was proposed by Councillor Paul Stubbins, seconded by Councillor Isabella Metcalf-Riener and unanimously agreed:

Resolves:

That the Audit Committee:

- (1) Approves the Council's proposed accounting policies to be adopted in completing the 2024/25 Statement of Accounts.
- (2) Notes the critical judgements made by management when producing the Statement of Accounts.

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**