



Committee: AUDIT COMMITTEE

Date: WEDNESDAY, 21 MAY 2025

Venue: MORECAMBE TOWN HALL

Time: 6.00 P.M.

A G E N D A

1. **Apologies for Absence**

2. **Appointment of Vice-Chair**

To appoint a Vice-Chair for the 2025/26 municipal year (the Vice-Chair must not be a member of Cabinet or Overview and Scrutiny).

3. **Minutes**

To receive as a correct record the Minutes of the meeting held on 19th March 2025 (previously circulated).

4. **Items of Urgent Business authorised by the Chair**

5. **Declarations of Interest**

To receive declarations by Councillors of interests in respect of items on this Agenda.

Councillors are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 9 and in the interests of clarity and transparency, Councillors should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Councillors are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

6. **Strategic Risk Management (Pages 4 - 20)**

Whilst this report is public, Appendix B is exempt, and notice is hereby given that the meeting is likely to move into private session if it is necessary to refer to the exempt appendix.

Report of the Chief Executive.

7. **Internal Audit Progress Report (Pages 21 - 40)**

Report of the Head of Internal Audit.

8. **Annual Review of the Internal Audit Charter** (Pages 41 - 50)

Report of the Head of Internal Audit.

9. **Annual Report of the Head of Internal Audit and Assurance** (Pages 51 - 70)

Report of the Head of Internal Audit.

Appendix published on 19.05.25.

10. **Review of Internal Audit Effectiveness**

The Internal Auditors will present their findings at the meeting.

11. **Annual Review of Audit Committee Performance**

The Internal Auditors will present their findings at the meeting.

12. **CIPFA Financial Management Code** (Pages 71 - 107)

Report of the Chief Finance Officer.

13. **Annual Governance Statement 2024/25** (Pages 108 - 131)

Report of the Monitoring Officer.

Report published 20.05.25.

14. **Audit Committee Assurances in Relation to the Financial Reporting Process** (Pages 132 - 152)

Report of the Chief Finance Officer.

15. **Statement of Accounts Update** (Pages 153 - 157)

Report of the Chief Finance Officer.

Report published on 19.05.25.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

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

(ii) Substitute Membership

Councillors Gerry Blaikie (Substitute), Dave Brookes (Substitute), Martin Gawith (Substitute), Sally Maddocks (Substitute) and Sandra Thornberry (Substitute)

(iii) Queries regarding this Agenda

Please contact Sarah Moorghen, Democratic Support - email smoorghen@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Democratic Support, telephone 582000, or alternatively email democracy@lancaster.gov.uk.

MARK DAVIES,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER, LA1 1PJ

Published on 13th May 2025.

AUDIT COMMITTEE**Strategic Risk Management****21 May 2025****Report of Chief Executive****PURPOSE OF REPORT**

To provide the Committee with an update on the authority's progress in updating the Strategic Risk Register.

This report is public, with appendix B being exempt by virtue of paragraph 3 of Schedule 12A the Local Government Act 1972.

RECOMMENDATIONS

- (1) The Audit Committee note the Strategic Risk Register, as shown as appendix A (public report) and appendix B (restricted report).

1.0 Report

- 1.1 Quarterly Strategic Risk Report as updated by Leadership Team to be seen by Audit Committee to be noted.
- 1.2 There are currently 26 Strategic Risks open on the register.
- 1.3 The attached appendices show the changes to the council's Strategic Risk Register made during the reporting period 24th February to 12th May 2025. Changes are highlighted using red text. A summary of the main changes is as follows:
- Risk reviews have been run against 7 Strategic Risks.
 - Action plan due dates have been updated for risks SR04, SR06, SR08, SR09, SR14, SR20, SR26 and SR28.
 - New control measures added for risks SR02, SR04, SR20, SR26 and SR28.
 - Three of the Strategic Risks are red. Of these, risks SR11 and SR29 are above the Council's risk appetite.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

No direct impact arising from this report, which provides an updated copy of the authority's

Strategic Risk Register.

LEGAL IMPLICATIONS

No direct legal implications arising from this report.

FINANCIAL IMPLICATIONS

No direct financial implications arising from this report.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No direct resource implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has contributed to this report in his role as Chief Officer Resources, including responsibility for Internal Audit.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

N/A

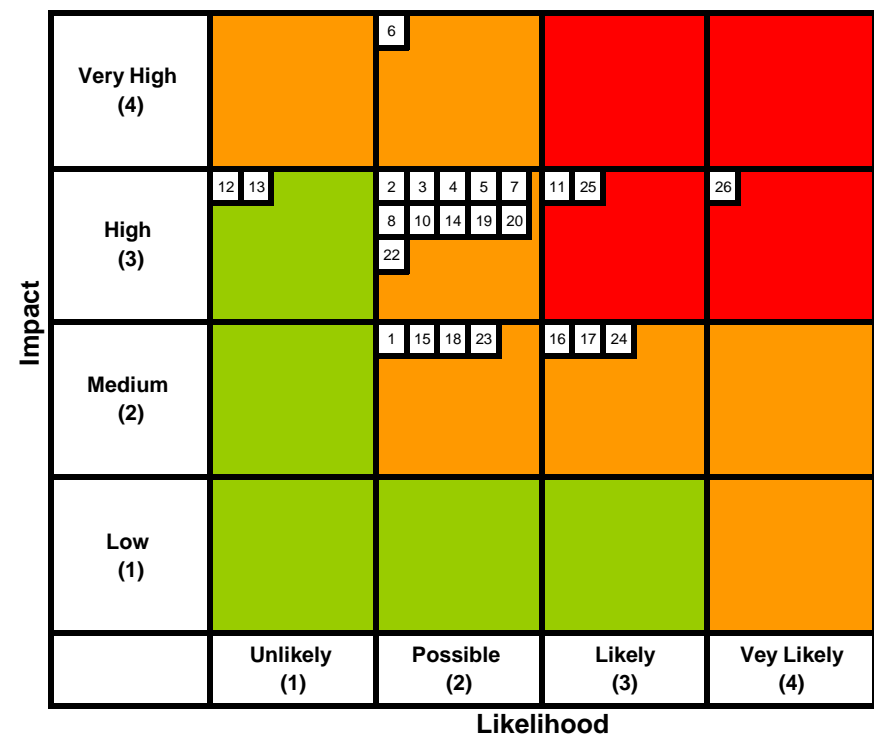
Contact Officer: Claire Dubelbeis, Projects and Performance Manager

Telephone: 01524 582505

Email: CDubelbeis@lancaster.gov.uk

Ref: N/A

Strategic Risk Register - Risk Map 12.05.25



NOTE 1: All risks have been reviewed in the run up to 12th May 2025

NOTE 2: The numbers shown on the risk map relate to those on the next page in the first column, not the Strategic Risk (SR) numbers.

NOTE 3: Only risks which are unrestricted are shown.

Risk No.	Risk & Owner	Risk Description	Residual Risk Score	Risk Category	Existing Control Measure	Existing Control Measure Description	Target Risk Level	Action Plan Title	Action Plan Description	Action Plan Owners	Action Plan Due Date	Date Last Reviewed	Review Comment
			(Impact x Likelihood)				(Impact x Likelihood)						
1	SR01 Central Government funding is insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability. Mark Davies Paul Thompson	Central Government funding and/or revenues collected are insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability. Link to Council Plan 24-27: 4.1 Value for Money	4 (2x2)	Financial	Officer/Member Working Groups	Capital Assurance Group (CAG) and Financial Resilience Group (FRG)	2 (2x1)	Outcomes Based Resourcing	Review of existing budgets to identify areas for realignment/ refocusing or cessation to deliver efficiencies but ensuring that Services remain aligned with the Councils Priorities.	Mark Davies Claire Dubelbeis Alex Kinch	31/12/2025	03/02/2025	Action closed as it is now a control measure. Further action has the date extended until the end of 2025. Claire D added as action owner, for monitoring purposes.
					Council Strategies	Outcome Based Resourcing (OBR), Investment Strategy, Reserves Strategy and Medium Term Financial Strategy							
					Monthly income monitoring by applicable services	Monthly income monitoring by applicable services							
					Quarterly reporting	Formal quarterly reporting to Cabinet and Budget and Performance Panel							
					Commercialisation	Development of other alternative service delivery vehicles to deliver efficiencies and/ or operational surpluses which can be reinvested into Council Services.							
					Business Plans for Investments	Develop business plans for investment particularly in relation to decarbonisation and renewable energy generation.							
					Fees and Charges Income Monitoring	Regular monitoring and forecasting by services of all fees and charges. To be undertaken by Heads of Service and Managers.							
					Fit for the Future Strategy	The Strategy contains a number of principles to achieve Financial Stability.							
2	SR02 The Council fails to meet the 2025/26 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects. Mark Davies Paul Thompson	The Council fails to meet the 2025/26 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects. Link to Council Plan 24-27: 4.1 Value for Money	6 (3x2)	Financial	Budget and Performance Panel	Budget and Performance Panel	2 (2x1)	Outcomes Based Resourcing / Fit for the Future	Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas. NOTE: This is also listed as a control measure as the programme is phased so has already delivered some savings with further outcomes and savings to follow.	Mark Davies Claire Dubelbeis Alex Kinch	31/12/2025	20/03/2025	References to financial years in the risk title and control measures have been updated.
					Reserves Policy	Reserves Policy							
					Project Managers	Project Managers - suitably skilled PMs assigned to lead strategic projects							
					Programme Managers	Programme Managers in place for specific programmes							
					Programme Delivery Board	Programme Delivery Board							
					Cabinet	Cabinet							
					Portfolio Holder	Portfolio Holder							
					Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years.	Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years							

Project Delivery Board	Project Delivery Board - Consisting of Leadership Team to monitor delivery via quarterly reports and provide support and challenge to each project as required.
Projects and Performance Manager	Established to provide a central co-ordination point for all the Council's projects and performance. Responsible for co-ordination and monitoring.
Delivering Our Priorities Quarterly Monitoring Reports	Delivering Our Priorities Quarterly Monitoring Reports - Monitoring report linking Projects, Performance and Resources presented to Cabinet and Budget & Performance Panel.
Quarterly Cabinet Meetings	Quarterly Cabinet Meetings - Project and Financial information present to Cabinet/ Portfolio providing an opportunity for review and discussion of performance. As part of the Funding the Future Strategy, the Outcomes Based Resourcing exercise is commencing July 2022 to identify revenue savings for 2023/24 and beyond.
Outcomes Based Resourcing / Fit for the Future	Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.

3	SR03 The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver	The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver effective services, projects and council priorities.	6 (3x2)	People	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk	6 (3x2)	22/10/2024	Risk reviewed on behalf of Alex Kinch. Confirmed no changes since last risk review.
Alex Kinch	Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities				Annual Appraisal Process	Annual Appraisal Process embedded			
					Pay and Grading Structure	Pay and Grading Structure - The new pay and grading structure and job evaluation process ensures that all posts are objectively evaluated and then placed on a new pay and grading scale. Recent experience suggests that this assisted in attracting applicants with the desired skills and values.			

4	SR04 The use of council assets is not maximised leading to insufficient funding to meet the funding gap and deliver capital projects. Joanne Wilkinson	Future capital investment is dependent on capital receipts from the sale and utilisation of council assets. Link to Council Plan 24-27: 4.5 Innovative Public Service	6 (3x2)	Property Financial	Use of Council Assets	Capital Strategy Group	4 (2x2)	Council Assets	To progress with disposals of council assets as outlined through 22/23 OBR process.	Joanne Wilkinson	01/10/2025	03/04/2025	Ongoing work. Disposal of Palatine Hall completed before 31st March. Ongoing review of assets being undertaken and presented to OBR assets. Climate Statement approved and published with 3 year action plan. 2 x new posts recruited to - awaiting start date to support team activity.
					Use of Council Assets	Ongoing OBR workstream reviewing assets							
					Use of Council Assets	Performance monitoring of leases implemented		Council Assets	Updated Asset Management Strategy to be developed to incorporate property performance, as well as Estates and FM areas.	Paul Mackie Joanne Wilkinson Dan Wood	31/03/2026		
					Use of Council Assets	Budget Monitoring							
					Use of Council assets	Implemented active asset management inc. financial modelling for stock rationalisation.							
					Use of Council assets	Appointed Eckersleys to support the council in asset disposal.							
					Use of Council Assets	Stock Condition Surveys for property group completed							
					Use of Council Assets	Asset Management Strategy in place							
					Use of Council Assets	Officer energy fit for the future group completed recommendations and report produced presented at OBR Assets							
					Use of Commercial Assets	Commercial Manager post recruited to.							
					Use of Commercial Assets	Estates Improvement Plan developed							
					Use of Council Assets	10 year capital programme developed and fed through the budget							
					Use of Council Assets	Energy Officer recruited to support reductions in utility costs awaiting start date.							
					Use of Council Assets	Project Officer recruited to awaiting start date- to support delivery of increased capital / revenue projects for next three years.							
					Council Assets	Climate Statement finalised and published with clear actions around improvements.							
5	SR05 Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies Kirstie Banks-Lyon Alex Kinch	Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies.	6 (3x2)	Financial	Resourcing the emergency response function	The Council continues to adequately resource its emergency planning function, including maintaining its team of out of appropriately trained emergency response officers.	6 (3x2)	Community Resilience	The Council supports community resilience through CEPGs and FLAG groups etc. The local CEPG own and update their own plans in liaison with the Resilience Officer	Alex Kinch	31/03/2025	29/01/2025	Alex provided the update made.
					District emergency	Lancaster District Emergency Plan and LRF (Lancashire Resilience Forum) plans that cover site or incident specific risks, including for example: an incident at Heysham Power Station, or a flooding/weather event.		Adaptation Schemes	The Council appraises and potentially invests in schemes and activities that provide adaptation (eg Lune river defence). This will be undertaken through the emerging Our Future Coast programme.	Paul Blakeley Jonathan Noad	31/03/2025		
					Business Continuity Plans	Business Continuity Plans							

					Development of the Local Area Energy Plan and the emergence of the Climate and Nature Strategy	<p>Local Area Energy Plan (LAEP) has been adopted by Cabinet (Oct 2024) and it set out the district's most cost-effective pathways to net zero.</p> <p>Climate and Nature Strategy (CaNS) is funded by a UKSPF award and will be the Council's Climate and Nature Action Plan, bringing together all climate and biodiversity workstreams under one document with realistic ambitions that align with the Council Plan.</p>							<p>Discussions regarding the potential for UKSPF assistance regarding implementation of the LAEP are ongoing.</p> <p>(ii) The District Climate and Nature Strategy (CaNS) public events have been completed and the CaNS continues to be prepared. The date for outturn has moved back to End-May 2025 due to some consultancy delay.</p> <p>(iii) Detailed delivery plans (and relevant planning applications and other consent-based regime submission) are being advanced for the successful Salix-funded decarbonisation for The Storey, Williamson Park and CityLab.</p> <p>(iv) The Council's proposed solar PV scheme at Burrow Beck is in delivery phase. A Section 73 (amendment) application has been submitted seeking to amend detail including the angle of panels and the provision of drainage swales.</p> <p>(v) It has been agreed with the Climate Action Portfolio Holder that an Annual Report regarding the Council's progress to Net Zero by 2030 for its own (Scope 1) activities will be produce at the end of every calendar year. The Cabinet meeting of 2 December 2025 has already been reserved for the first Annual Report.</p>
7	SR07 The Council fails to deliver its key priorities due to the lack of an underpinning strategy setting out expected delivery / outcomes.	On the 29 January 2019, Full Council approved the Council's strategic priorities for the purpose of informing budget decisions for 2020-21 and future years.	6 (3x2)	Strategy	Carbon Zero +	<p>More details can be found on our website: https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates</p>	4 (2x2)	Local Development Plan	Local Development Plan	Mark Davies	30/09/2024	06/01/2025	This risk has been reviewed and remains unchanged.
	Mark Davies Luke Gorst Paul Thompson	Link to Council Plan 24-27: Whole document.			Medium Term Financial Strategy (MTFS)	MTFS - in place to set out how the council proposes to manage its financial resources in line with corporate priorities.							
					Programme Management	Programme Management - in place to ensure strategy is followed and monitored on a regular basis.							
					Corporate Plan / Plan 2030	Corporate Plan / Plan 2030 - Updated in December 2021 to lay out the councils vision.							
8	SR08 The Council fails to deliver its key projects due to the lack of capacity and resources.	The Council has a number of key projects (Canal Quarter, Eden Project Morecambe, OBR, My Mainway, Heysham Gateway, Frontierland etc) all of which have detailed	6 (3x2)	People Financial	Local Plan	Local Plan	3 (3x1)	Local Plan	Local Plan, due to be adopted in Jan 27	Mark Cassidy Mark Davies	01/01/2027	01/04/2025	Updated the action plan review date following conversation with Paul Thompson. The Adequacy of reserves statement is an annual requirement
	Mark Davies				Medium Term Financial Strategy (MTFS)	Medium Term Financial Strategy (MTFS)							

strategies for implementation. In order to deliver these key projects it is essential they are properly prioritised and resourced.

Link to Council Plan 24-27: 4.5 Innovative Public Services

Investment Strategy

Investment Strategy

Reserves

Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic planning strategies.

Mark Davies
Paul Thompson

30/01/2026

Capital Programme

Capital Programme

The Council continues to resource key service teams in Planning, economic development, regeneration, property investment

The Council continues to resource key service teams in Planning, economic development, regeneration, property investment and facilities management.

People Plan

3-Year People Plan in place and being delivered, which includes emphasis on upskilling and staff development, as well as initiative to support recruitment and retention.

Alex Kinch

31/03/2026

Collaborative Working

We work in collaboration with other stakeholders. For example, on the Eden Project we are working closely with the County Council.

Partnership Working

Many of our projects involve working in collaboration with other partners. For example, working with the County Council for the Eden Project Morecambe.

Capital Programme

Ensure capital programme is prioritised to facilitate match funding leverage and maximise the potential to attract external funding.

Funding the Future Strategy

Funding the Future Strategy

10	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities. Mark Davies	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities. Link to Council Plan 24-27: 4.1 Value for money	6 (3x2)	Strategy	Continued monitoring and horizon scanning of Government policy Clear and focused Council strategy to maximise alignment with Government policy and resourcing Strategic Plans	Continued monitoring and horizon scanning of Government policy Clear and focused Council strategy to maximise alignment with Government policy and resourcing Strategic Plans - Continue to develop Council strategic plans and documentation in light of emerging Government policy	6 (3x2)	15/07/2024	Reviewed with Mark D, this remains as-is.
11	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities. Mark Davies	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities. This risk is outside of the control of the Council. It can not be fully mitigated against but should still be recorded on the strategic risk register.	9 (3x3)	Strategy Financial	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues Strategic responsiveness through continued risk management review Agility and Resilience	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues Strategic responsiveness through continued risk management review Agility and Resilience - Continue to develop agility and resilience across the organisation	9 (3x3)	15/07/2024	Reviewed in conjunction with Mark D. This risk remains as-is.

					Strategic risk management approach	Strategic risk management approach							
12	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation. Mark Davies Paul Thompson	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation. Link to Council Plan 24-27: 4.5 Innovative Public Service	3 (3x1)	Strategy Financial	Budget Development	Comprehensive, robust and transparent approach to budget development and service delivery.	3 (3x1)						
					OBR / Fit for the Future	Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.							
13	SR13 The Council's reputation is damaged through its own actions or actions of others in the District Mark Davies	SR13 The Council's reputation is damaged through its own actions or actions of others in the District. Link to Council Plan 24-27: 3.4 Community Engagement	3 (3x1)	Strategy People	Communications	Pro-active communications and transparency	3 (3x1)						
					Strategic Management of Activities	Strategic management of all Council activities to ensure continued high reputation							
					Delivery of Services	Delivery of Services - Continue to manage and deliver services in a way that supports the authority's reputation as a Co-operative, Kind and Responsible Council.							
					Strategic communication	Strategically communicate and engage with residents, partners and stakeholders to ensure actions align with reputation							
14	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services. Mark Davies Paul Thompson	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services. Link to Council Plan 24-27: 4.1 Value for money	6 (3x2)	Operations Financial	Budget and Performance Panel	Budget and Performance Panel	6 (3x2)	Move to sustainable solutions	Minimise exposure to cost spikes such as energy by moving to sustainable solutions independent of external pressures	Mark Davies Paul Thompson	30/06/2025	01/04/2025	The s151 Officer is required to review its minimum level of unallocated reserves annually. Over recent years this has been increased with the General Fund to £5M and the HRA £0.750M. This assessment is based on a number of scenario's and is deemed to be appropriate to enable the Council to operate a level of service in the short term whilst alternative funding or other corrective action undertaken. The HRA has dropped below the minimum £0.750M level and expected to remain so for 12-18 months
					Reserves Policy	Reserves Policy							
					Continue financial forecasting	Continue financial forecasting and scenario planning e.g. for energy costs		Level of Reserves	As part of the annual budget cycle the s151 Officer is required to make a statement of the adequacy of the Council's reserves, provision and balances and set a minimum level of reserves. This ensures that it is able to mitigate variations in the short to medium term.	Paul Thompson	31/03/2026		
15	SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district. Mark Davies Jonathan Noad	SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district. Link to Council Plan 24-27: 4.5 Innovative Public Services; 4.1 Value for money	4 (2x2)	Strategy	Asset Management Plan	Asset Management Plan	2 (1x2)	Asset Management Plan	Conduct a major review of Council infrastructure and assets, taking a future focused approach to asset management.	Mark Davies	27/09/2024	12/07/2024	Risk reviewed on behalf of Jonathan Noad. Confirmed no changes since last risk review.
					Continuous review of assets and infrastructure	Continuous review of assets and infrastructure							
16	SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district.	SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local	6 (2x3)	Strategy	Corporate Plan	Corporate Plan	3 (1x3)	CPC review and action plan.	CPC review and action plan.	Alex Kinch	28/02/2025	22/10/2024	New action added. Risk review carried out on behalf of Alex Kinch.
					Policy Framework	Policy Framework							

	main the strategy, resulting in failure to meet the needs of local residents and businesses. Mark Davies Alex Kinch	to meet the needs of local residents and businesses. Link to Council Plan 24-27: 4.5 Innovative Public Services			Continuous review of strategy and policy LGA Workshop with Members	Continuous review of strategy and policy, and alignment with service delivery. These took place in September 2023.							
17	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities. Mark Davies Luke Gorst	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities. Link to Council Plan 24-27: 4.6 Openness	6 (2x3)	Legal	Corporate Governance Continuous review of governance processes Annual Governance Statement and Code of Corporate Governance	Corporate Governance Continuous review of governance processes to ensure they are fit for purpose The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts. The Council has reviewed and adopted an amended Code of Corporate Governance (dated April 2022). The Preparation and publication of this Annual Governance Statement is in accordance with the principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016) (The Framework). Training and development	6 (2x3)			06/01/2025		The risk has been reviewed and remains unchanged, other than the word 'recently' being deleted from on of the control measures.	
18	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area. Mark Davies Jonathan Noad	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area. Link to Council Plan 24-27: 2.4 Investment and Regeneration	4 (2x2)	Project / Programme	Programme Management	Programme Management	2 (1x2)	Development of a Canal Quarter Masterplan	Development of a Canal Quarter Masterplan that sets out a route to successful regeneration of the area in line with local needs and the Council's priorities. This now needs to be updated to preparing a business case for investment options to deliver adopted masterplan.	Jonathan Noad	31/03/2025	12/07/2024	Action plan updated on behalf of Jonathan Noad. The Canal Quarter Masterplan was adopted in Summer 2023. Focus now shifts to delivery but this is limited by wider Council financial pressures and availability for grant funding to deliver.

19	SR20 Non compliance with Building Safety Executive for LCC owned high-rise buildings Dennis Graham Paul Mackie Joanne Wilkinson	LCC has three high rise buildings which now fall under the Building Safety Act 2022, and require registration with the Building Safety Executive (BSE). There are numerous risks around non-compliance. Link to Council Plan 24-27: 3.1 Access to Quality Housing	6 (3x2)	Property Financial	Registration with BSE for high rise blocks Registration with BSE for high rise blocks Registration with BSE for high rise blocks Registration with BSE for high rise blocks Registration with BSE for high rise blocks Registration with BSE for high rise blocks Registration with BSE for high rise blocks Registration with BSE of high rise blocks Non compliance with BSE Non compliance with BSE Non- compliance with BSE	Fortnightly senior housing management meetings updating on risks and plans around building safety review. Fire safety works being completed. Fire door audits being undertaken Monthly Compliance Steering Group comprising staff from across the Housing Service meet to discuss issues and tasks that are needed. Tenants Voice group established Registration of blocks with BSE complete On-going and regular campaigns on fire safety undertaken with residents. Cabinet (Feb 24) approved decommissioning Bridge House - Housing team now progressing decision. Building Saftety Case files prepared ready for call in. Commissioned external cladding survey for Park House - results due mid May Information updated on improved intranet pages Resident engagement strategy for building safety approved	2 (2x1)	Non-compliance with BSE	To review Building Safety Case files following EWI survey results	Paul Mackie Jo Wilkinson	01/08/2025	03/04/2025	Limited change - safety case files not yet called in. Cladding survey on Park House commissioned - results now expected mid-May. Following this a review of the Busiling Safety Case Files will be undertaken.
20	SR21 Non compliance with Regulator of Social Housing Standards Dennis Graham Pete Linsley Joanne Wilkinson	The Social Housing White Paper and subsequent amendments through to the introduction of the Social Housing Regulation Act have highlighted a significant shift in requirements for social housing providers. This will be the biggest shift in a generation, with changes to standards and expectations. Failure to keep up with changes could result in unlimited fines / DLUHC, Regulator or Ombudsman intervention / bad publicity. However clearly the Regulator has laid out that it is unlikely that Councils will meet the required new standards fully and expect to work with landlords to improve	6 (3x2)	Property Financial	Social Housing Regulation Social Housing Regulation Social Housing Regulation Social Housing Regulation Social Housing Regulation	Attendance at benchmarking groups with the Regulator / Ombudsman to stay abreast of updates / developments / best practice / learning Action planning within the service occurs in preparation for changes Quarterly reports available for portfolio holder outlining changes in the previous quarter produced. Service Improvement Plan well established Annual self assessment undertaken against current standards	2 (2x1)					21/01/2025	Limited change. Continue to keep abreast of what's going on through the sector.

		mandatories to improve performance against new requirements. Link to Council Plan 24-27: 3.1 Access to Quality Housing			Social Housing Regulation	Member advisory group for continued / wider input into the housing service established.							
					Social Housing Regulation	Various external audits utilised e.g. TPAS, Resolve, Pennington Choices							
					Social Housing Regulation	Breaches Policy in place							
22	SR24 ICT Data Centre Paul Thompson	Data Centre is dated and improvements needed to satisfy future demand. Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	6 (3x2)	Technology	Air conditioning in place to keep the data centre at optimal temperature		2 (2x1)	Data Centre	In progress, business case due for completion by April 2025	Nick Goulden Paul Thompson	31/03/2025	07/02/2025	Contractors have been engaged to develop scope and cost the provision of a liquid cooled data centre located at Salt Ayre. The expectation is that this will now be concluded April 2025 with a full business case being considered by CAG & Cabinet shortly after. Provision has been made within the Councils Development Pool
					Back up Date Centre at SALC								
					Regular fire safety servicing carried out								
					Water ingress alerts	To alert all ICT senior managers to any water detected in data centre							
23	SR26 - Increasing costs of temporary accommodation for the homeless Joanne Wilkinson	In 23-24 we are forecasting the Council will be required to contribute an additional £500k towards the cost of B+B accommodation for homeless residents. This is expected to continue into 24-25. Increase in costs is linked to increasing homelessness, reduced subsidy recovery from HB and reduced grant availability. Costs of accommodation also increasing and increase in larger families needing to be accommodated for longer. The subsidy can be met from within budgets this year (23-24), however this will need to be factored into future budgets moving forward. Funding temporary accommodation for those who need it is a stat requirement. Link to Council Plan 24-27: 3.1 Access to Quality Housing	4 (2x2)	Financial	Increasing homeless temporary accommodation costs	Budget reviews ongoing with service accountant.	2 (1x2)	Increasing homeless temporary accommodation costs	Exploring leasing arrangements with private landlords to seek to reduce bed and breakfast costs	Sharon Parkinson Joanne Wilkinson	06/06/2025	03/04/2025	Numbers in B+B have reduced significantly through various management approaches. We have secured some funding through LAHF to purchase 3 x properties of TA to support further reduction. Team are keeping a watching brief on the renters right act to ensure numbers of homelessness doesn't spike. All posts within the Homelessness Team now recruited to.
					Increasing homeless temporary accommodation costs	Some access to grant funding to off-set costs (although limited and unpredictable).		Increasing homeless temporary accommodation costs	Conversion of former CAB building on King Street to 4 x units of temporary accommodation.	Sharon Parkinson Joanne Wilkinson	31/03/2026		
					Increasing homeless temporary accommodation costs	Bed and breakfast plan developed for DLUHC		Increasing homeless temporary accommodation costs	Progress actions from internal audit.	Sharon Parkinson	31/03/2026		
					Increasing homeless temporary accommodation costs	Regular case work management in team of cases in bed and breakfast		Increasing homeless temporary accommodation costs					
					Increasing homeless temporary accommodation costs	All B+B placements passed by manager for approval		Increasing homeless temporary accommodation costs	Purchase 3 x properties from LAHF grant	Joanne Wilkinson	31/03/2026		
					Increasing homeless temporary accommodation costs	New Homelessness Strategy approved by Cabinet Oct 2023							
					Increasing homeless temporary accommodation costs	Housing Taskforce established - clear focus on how the private rented sector can support reduction in B+B usage.							
					Increasing homeless temporary accommodation costs	Cabinet briefing provided on homeless service and bed and breakfast costs							

					Increasing homeless temporary accommodation costs	Monthly spend / income monitoring now in place.							
					Increasing homeless temporary accommodation costs	Secured LAHF funding for the purchase of 3 x TA properties for families.							
24	SR27 - Waste Strategy	Increased revenue cost burden to the authority and failure to deliver in line with milestones set out by government (31st March 2026).	6 (2x3)	Strategy Financial	Fit for Future Waste Group and Waste Implementation Officer Working Group.	Regular meeting with officers and members taking place to ensure milestones are met.	2 (1x2)	Waste Strategy Implementation	Officer working groups and relevant sub groups have started in order to develop a project delivery plan.	Will Griffith	31/03/2026	05/02/2025	Control Measures, Actions and Target score added to risk. Officer Working Groups set up and meeting weekly. Currently involving officers from legal, procurement, communications, environmental protection, waste, finance and customer services.
	Will Griffith	Link to Council Plan 24-27: 1.5 Reduced Waste											
25	SR28 Delivery of Mainway Project	Delivery of the Mainway project is not executed as planned.	9 (3x3)	Project / Programme	Mainway project	Reports completed on a quarterly basis to update on project progress at a corporate level.	2 (1x2)	Mainway project	Procurement of next stages to be completed	Joanne Wilkinson	29/09/2025	03/04/2025	MIAA have been commissioned to help develop PBC - this should be completed early summer and will guide next steps. Awaiting further information from Homes England about future funding opportunities.
	Joanne Wilkinson	Potential Consequences - Reputational risk and loss of trust from residents, risk around finances and health and safety implications. Delays could also put pressure on staff resources.			Mianway project	Fortnightly project team meetings reviewing progress.							
		This risk is on the Housing Risk Register as "H02 Delivery of Mainway Project" (9th Dec 2024)			Mainway project	Additional resource put into the project by way of Andrew Whittaker moving into a dedicated Lancaster City Council Development Manager post to support the success of this over the course of 23/24		Mainway project	Lune and Derby Houses to be disposed of	Joanne Wilkinson	29/08/2025		
								Mainway project	Sub-groups for governance structure to be established.	Joanne Wilkinson	04/07/2025		
					Mainway project	Demolition of school site completed							
					Mainway project	Regular meetings with Homes England taking place to keep them abreast of developments		Mainway project	Masterplan to be completed	Joanne Wilkinson	01/10/2025		
					Mainway project	Financial model put forward to Link							
					Mainway project	Planning application approved for Phase 1a and b							
					Mainway project	Various and ongoing engagement events / information sessions with residents and councillors							
					Mainway project	New governance structure with Project Board, Scrutiny Group and sub-groups established.							
					Mainway project	MIAA audit review completed							

					Mainway project	MIAA supporting with PBC for Mainway.							
26	SR29 - Local Government Reorganisation	In December 2024 the government told local authorities across the UK that Local Government Reorganisation (LGR) will be brought in for geographical areas who have not yet participated. The aim being to create Council's with a population of 500k, or more, in most cases to provide efficiency benefits in the delivery of services. In the short term, whilst these changes are being implemented, this can lead to a number of risks to the delivery of local services. The main concerns being delivering the Ambitions as stated in the Council Plan 24-27 and the risk of staff leaving the Council causing problems in the delivery of services.	12 (3x4)	Strategy	Regular discussions at LT and with Members	Regular discussions at LT and with Members, involving other nearby Council's as appropriate.	4 (1x4)	LGR Steering Group	Set up LGR steering group for Cabinet and senior officers	Mark Davies	31/03/2025	12/02/2025	Initial risk review run, in order to trigger future automatic reminders within the Grace system.
	Mark Davies							Liaise with Management from nearby Lancashire Authorities	Liaise with Management from nearby Lancashire Authorities to understand their thinking and positions.	Mark Davies	31/03/2025		

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

AUDIT COMMITTEE**21 May 2025****Internal Audit Progress Report****Report of Head of Internal Audit****PURPOSE OF REPORT**

To advise Members of the latest monitoring position regarding the Internal Audit plans 2023/24 and 2024/25.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

This report is public

RECOMMENDATIONS

(1) That the latest monitoring position in relation to the 2023/24 and 2024/25 audit plans be noted.

1.0 Audit Plan monitoring

1.1 An Internal Audit Plan is agreed on an annual basis and is continually reviewed during the year for appropriateness.

1.2 As part of the service provision MIAA include a separate progress report to each Audit Committee detailing progress against the agreed plans and highlighting key messages for Audit Committee attention.

1.3 Management Team and Service Managers continue to be consulted in delivering both the audit plan and the Annual Governance Statement action plan.

2.0 Options and Options Analysis (including risk assessment)

2.1 As this report is for noting there are no other options presented.

3.0 Conclusion

3.1 The programme of audits for the rest of the year continues to be implemented in consultation with Service Managers.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None directly arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Plan 2023/24

[Agenda for Audit Committee on Wednesday, 22nd March 2023, 6.10 p.m. - Lancaster City Council](#)

Internal Audit Plan 2024/25

[Agenda for Audit Committee 20 March 2024 6pm](#)

MIAA Internal Audit Progress Reports

[Agenda for Audit Committee 22 May 2024 6pm](#)

[Agenda for Audit Committee 27 November 2024](#)

[Agenda for Audit Committee 30 Jan 2025](#)

[Agenda for Audit Committee 19 March 2025](#)

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Internal Audit Progress Report

Audit Committee (21st May 2025)

Lancaster City Council

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Appendix A: Contract Performance

Appendix B: Performance Indicators

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Appendix E: Assurance Definitions and Risk Classifications

Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

Executive Summary

This report provides an update to the Audit Committee in respect of the progress made in against the Internal Audit Plans for 2024/25 and 2025/26 and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request. In addition, a consolidated follow up position is reported on a periodic basis to the Audit Committee.

This progress report covers the period March 2025 to May 2025.

3 Executive Summary

Since the last meeting of the Audit Committee, there has been the focus on the following areas:

Audit Reviews

The following review has been finalised:

- Social Housing Standards (Substantial Assurance)

Refer to Appendix C for details of Key Areas and Actions to be Delivered

The remaining 2024/25 audit reviews are in progress as follows:

- Environmental Enforcement – Fly Tipping (fieldwork)
- IT Asset Management (fieldwork)
- Key Financial Controls (draft report)
- Risk Management (draft report)

The following 2025/26 audit reviews are being planned as follows:

- Health & Safety
- Food Safety
- Building Statutory Compliance

Follow Ups

A summary of the current status of all follow-up activity is included in Appendix D, however, we would draw the committee's attention to the following:

There has been progress with the implementation of recommendations since the previous Audit Committee in March 2025. 7 recommendations have been completed since March 2025, 1 recommendation has been superseded and a further 2 recommendations have been completed where we are awaiting evidence to confirm. There are 65 actions either in progress or not yet due. There are 19 actions which are overdue, and we are awaiting updates from management on progress.

Management are working with MIAA to ensure that actions are implemented.

Audit Plan Changes

Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.

- There are no current proposals to amend the approved audit plan.

Public Sector Internal Audit Standards

From April 2025 MIAA will be required to comply with the Global Internal Audit Standards and the UK Public Sector Application Note: *Global Internal Audit Standards in the UK Public Sector* (collectively referred to as GIAS here). These documents replace the Public Sector Internal Audit Standards (PSIAS).

To support our readiness to adopt the GIAS from April 2025 our Associate Director – Continuous Improvement has undertaken a baseline assessment of our current compliance levels with the GIAS.

Given MIAA's current full compliance with PSIAS we comply with the majority of GIAS requirements. We will ensure full compliance with all GIAS requirements from April 2025.

Added Value

Briefings

Our latest briefing

- [24/25 MIAA Insight - EU Artificial Intelligence Act and its wider implications](#)
- [24/25 MIAA Insight - Conflicts of Interest Checklist \(Local Authorities\)](#)

Events





- [Climate Change and the Public Sector](#) - Wed 21 May 2025 - Climate change poses a major threat to our health and wellbeing, as well as our planet. The environment is changing, that change is accelerating, and this has direct and immediate consequences for the delivery of health and social care services, and above all those people who receive care and support.
- [Thriving Culture in The Era of Psychological Safety](#): Wed 11th June 2025 - We will hear from experts in the field and consider how the leaders role is essential in role modelling this approach. This means considering our own bias', ways of working and willingness to embrace uncertainty and change.

Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

Below sets out the overview of delivery of your Head of Internal Audit Opinion for 2025/26.

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Core Reviews				
Key Financial Controls	Q3			
Risk Management	Q4			
Treasury Management	Q2			
Revenue and Benefits	Q3			
Mandatory Training	Q2			
Cyber	Q3			
Risk Based Reviews				
Fleet Stock	Q2			
Food Safety	Q1	Planning		
Building Maintenance Stock	Q4			
Corporate Health and Safety	Q1	Planning		

Social Housing Regulator	Q3			
Building Statutory Compliance	Q1	Planning		
Follow Up				
Quarter 1	N/A		N/A	
Quarter 2	N/A		N/A	
Quarter 3	N/A		N/A	
Quarter 4	N/A		N/A	
2024/25 Reviews				
Key Financial Controls		Draft Report		
Risk Management		Draft Report		
IT Asset Management		Fieldwork		
Environmental Enforcement – Fly-tipping		Fieldwork		
Social Housing Standards		Complete	Substantial	May 2025
Management				

Head of Internal Audit Opinion/Annual Report/Annual Governance Statement		Ongoing	N/A	
Planning and Management		Ongoing	N/A	
Reporting and Meetings		Ongoing	N/A	
Contingency		Ongoing	N/A	

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

*These reviews were/will be delivered during 2024/25 as requested by the Council, and as such will be included in the 2025/26 Head of Internal Audit Opinion.

Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Ongoing	Green	Link to questionnaire included within each audit report.
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff. The Senior Team delivering the Internal Audit Service to the Council are CCAB/IIA qualified.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	100%

Element	Reporting Regularity	Status	Summary
Percentage of recommendation which are implemented	Each Audit Committee	Amber	<p>There are a total of 144 recommendations made as at Appendix D. 18 of these are not due for follow up, as the original implementation date has not passed. Of the remaining 126 recommendations, 60 (47%) have been actioned and 47 (37%) are in progress. There are 19 overdue (15%). There is one critical and 20 high priority actions outstanding.</p> <p>MIAA are working with management to ensure actions are completed.</p>

Appendix C: Key Areas from our Work and Actions to be Delivered

Report Title	Social Housing Rent Setting			
Executive Sponsor	Chief officer - Housing and Property			
Objective	To assess the design and operation of the controls in place for the Social Housing Rent Setting for the financial year 2025/26.			
Assurance Rating	Substantial			
Recommendations	0 x Critical	0 x High	2 x Medium	1 x Low
Summary	<p>The Rent Setting Policy is not approved by the Council as a policy as it is a Housing policy. The latest policy dated January 2024 should be reviewed at least annually so is overdue for review.</p> <p>The rent increase permitted for 2025/26 by the Regulator of Social Housing is published annually. For 2025/26 this increase will be 2.7% and this was approved by the Council in February 2025.</p> <p>The rents uploaded to the property system for 2025/26 were reviewed and found to be accurate to the source data calculations.</p> <p>During the audit a minor number of anomalies were identified in the formula rents set, which did not affect rents as the properties were not on the formula rent basis. These were immediately corrected and were based on incorrect bedroom weighing factors being applied.</p> <p>For those rents that are not on formula rents, the calculations for the rents (based on bedroom weightings) are historic and due to their longevity are unable to be periodically checked to ensure the calculations are still accurate.</p> <p>The Council has the option of charging market rents if a tenant earns over £60,000pa. This option has not been taken by the Council, but there is no record of this decision having been recorded,</p>			

The Council has a clear complaints page on its website, which states complaints will not be investigated for a variety of reasons including complaints concerning the level of rent or service charge or the amount of the rent or service charge increase.

Annual reports are submitted to both National Social Regulator of Social Housing (NROSH and the Local Authority Housing Statistics (LAHS) and our review found the information accurate to the source data.

Appendix D: Follow up of previous internal audit recommendations

The status of the actions is as at May 2025.

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS				COMMENTS
			✓/S	P	X	Not due	C	H	M	L	
2021/22											
Council Tax	8	Moderate	7	1	-	-	-	-	1	-	Remaining recommendation in progress.
P2P System	4	Limited	1	1	2	-	-	2	1	-	Awaiting update and evidence for remaining recommendations.
2022/23											
Budgetary Controls	3	Substantial	2	1	-	-	-	-	-	1	Remaining recommendation in progress.
Externally Managed Events	7	Substantial	5	2	-	-	-	-	-	2	Awaiting evidence for outstanding recommendations. Council have advised they are completed.
Cyber Security	Confidential										
Data Protection: Policy and Process Follow up	Confidential										
Resilience and Emergency Preparedness	7	Limited	6	1	-	-	-	-	1	-	Remaining recommendation in progress.
CCTV	4	Limited	-	4	-	-	-	4	-	-	All recommendations are in progress.

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS				COMMENTS
			✓/S	P	X	Not due	C	H	M	L	
Contracts	11	Limited	2	9	-	-	-	3	5	1	Remaining recommendation in progress.
2023/24											
IKEN Review	6	Moderate	1	5	-	-	-	1	2	2	Remaining recommendations in progress. Awaiting evidence for some which have been advised as completed.
Payroll	6	Limited	4	-	2	-	-	1	1	-	Awaiting update and evidence for remaining recommendations
Risk Management	6	Substantial	5	-	-	1	-	-	-	1	Remaining recommendation not yet due.
National Non-Domestic Rates (NNDR)	5	Substantial	4	1	-	-	-	-	1	-	Remaining recommendation in progress.
Climate Change	5	Substantial	3	-	-	2	-	-	1	1	Recommendations not yet due.
Reactive Repairs and Maintenance	9	Limited	4	5	-	-	-	3	2	-	All recommendations in progress.
Budgetary Control	7	Substantial	3	4	-	-	-	-	2	2	All recommendations in progress.
Mobile Device Management	Confidential										
2024/25											
Air Quality Duty Review	5	Substantial	-	-	5	-	-	-	1	4	Awaiting update and evidence for recommendations

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS				COMMENTS
			✓/S	P	X	Not due	C	H	M	L	
Income – Cash and Cards Review	12	Limited	3	9	-	-		1	6	2	All recommendations in progress
Procurement Cards	10	No	-	-	10	-	1	1	6	2	Update received. Awaiting evidence for actions taken on recommendations
Homelessness	7	Limited	2	-	-	5		2	3	-	Recommendations not yet due.
Markets	7	Moderate	-	2	-	5	-	1	4	2	Recommendations in progress or not yet due.
Revenue and Benefits	6	Moderate	6	-	-	-	-	-	-	-	All actions have been completed.
Appraisals	6	Moderate	2	2	-	2	-	1	2	1	Recommendations in progress or not yet due.
Social Housing Rent Setting	3	Substantial	-	-	-	3	-	-	2	1	Recommendations not yet due.
TOTALS	144		60	47	19	18	1	20	41	22	

Key to recommendations:

✓/S Implemented or Superseded

P Partially implemented/recommendation in progress

X Recommendation not implemented/awaiting update

C Critical priority recommendation

H High priority recommendation

M Medium priority recommendation

L Low priority recommendation

Appendix E: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

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AUDIT COMMITTEE**21 May 2025****Annual Review of the Internal Audit Charter****Report of Head of Internal Audit****PURPOSE OF REPORT**

Annual Review of the Internal Audit Charter

This report is public**RECOMMENDATIONS**

- (1) **That the Audit Committee agree the Internal Audit Charter at Appendix A**

1.0 Background

- 1.1 The Internal Audit Charter is mandated through Global Internal Audit Standards (UK public sector) and is a formal document that defines the internal audit activity's purpose, mandate and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

2.0 Audit Charter

- 2.1 The Internal Audit Charter was last re-approved at the Audit Committee meeting in March 2024. The Charter has been reviewed and no changes are deemed necessary for 2024/25.

3.0 Details of Consultation

- 3.1 No consultations have taken place when reviewing the Audit Charter other than with the Section 151 Officer.

4.0 Options and Options Analysis (including risk assessment)

- 3.1 The options available are to either accept the Audit Charter which will provide the council and its Internal Audit function with the basis for continued compliance with established Internal Audit Standards or recommend alternative wording if necessary. Any deviation from best practice or changes to this Charter should be agreed by the Section 151 Officer, the Audit Committee and reported to the Council's External Auditors.

5.0 Conclusion

- 5.1 It is timely and appropriate to update the council's Internal Audit Charter; this is a key component in establishing compliance with professional standards for Internal Audit.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

The Internal Audit Charter is a key part of the framework in which Internal Audit operates, it formally defines the Service's purpose, authority, responsibility and reinforces the emphasis on core principles around objectivity and independence. The proposed Charter reflects current best practice as defined by Global Internal Audit Standards (UK public sector) and CIPFA and so the benefits of any departure, or deviation would need to be clearly defined and articulated and subject to formal agreement by s151 Officer and the Audit Committee.

LEGAL IMPLICATIONS

None directly arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Global Internal Audit Standards (UK public sector)

The Accounts and Audit Regulation 2015

CIPFA - The Role of the Head of Internal Audit

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Internal Audit Charter

Lancaster City Council

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- 2 Purpose, Mandate and Responsibility
- 3 Independence and Objectivity
- 4 Proficiency and Due Professional Care
- 5 Quality Assurance and Improvement Programme
- 6 Managing the Internal Audit Activity
- 7 Nature of Work
- 8 Engagement Planning
- 9 Performing the Engagement
- 10 Communicating Results
- 11 Monitoring Progress
- 12 Communicating the Acceptance of Risks
- 13 Definitions

1 Introduction

The Internal Audit Charter is mandated through Global Internal Audit Standards (UK public sector)¹ and is a formal document that defines the internal audit activity's purpose, mandate and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

This Charter complies with the Global Internal Audit Standards (UK public sector), CIPFA's *Code of Practice for the Governance of Internal Audit in UK Local Government* and MIAA confirms ongoing compliance with these standards and code.

2 Purpose, Mandate and Responsibility

Internal auditing is “an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes²”.

The Accounts and Audit Regulation 2015 sets out the mandate for internal audit in local government in England:

‘Internal Audit

5.(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risks management, control and

governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit –

- a) make available such documents and records; and
- b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation “documents and records” includes information recorded in an electronic source.’

The provision of assurance services is the primary role for internal audit in the public sector. This role requires the internal auditor to provide an independent opinion based on an objective assessment of the framework of governance, risk management and control. The main purpose of internal audit activity within the Council is therefore to provide the Chief Executive with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Director of Internal Audit's opinions is a key element of the framework of assurance that the Chief Executive needs to inform the completion of the Annual Governance Statement (AGS).

Internal audit also provides an independent and objective consultancy service which is advisory in nature, and generally performed at the specific request of the organisation. Such consultancy work is separate from but contributes to the opinion which internal audit provides on risk management, control and governance. When performing consulting

¹ This consists of the Global Internal Audit Standards (GIAS) of the IIA and the Application Note: Global Internal Audit Standards in the UK public sector

² The Definition of Internal Auditing, The Institute of Internal Auditors, January 2024

services, the internal auditor will maintain objectivity and not take on management responsibility.

The above functions drive MIAA's Mission 'To drive value and improve outcomes through excellence and professionalism'.

The Internal Audit Section derives authority from the Audit Committee, the Council and statute (Section 151 Local Government Act 1972 and the Accounts and Audit Regulations 2015).

In accordance with the organisation's Financial Regulations, Internal Auditors will (without necessarily giving prior notice) have access to all records (including those of a confidential nature) and employees of the organisation.

3 Independence and Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Director of Internal Audit will have direct and unrestricted access to senior management and the Audit Committee.

The Director of Internal Audit will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

The Director of Internal Audit will report functionally to the Audit Committee and establish effective communication with, and have free and unfettered access to, the Chief Executive and the Chair of the Audit Committee. In addition the Director of Internal Audit also has direct access to the Council's Monitoring Officer, the S151 Officer and all senior management. This will include communicating and interacting directly with the Audit Committee.

Internal audit activity will be free from interference in determining the scope of internal auditing, performing work and communicating results.

Internal auditors will have an impartial, unbiased attitude and avoid any conflict of interest. Conflicts of interest may arise where an auditor provides services other than internal audit to the organisation. Your MIAA Internal Audit Team does not currently provide other services to the organisation. If this changes steps will be taken to avoid or manage transparently and openly such conflicts of interest, so that there is no real or perceived threat or impairment to independence in performing the audit role. These steps will be documented in the charter where required.

All internal auditors will complete an annual declaration of interest identifying possible conflicts of interest and the actions taken to mitigate them. This process, and its outcomes, will be communicated to the Audit Committee annually through the Director of Internal Audit Opinion and Annual Report.

MIAA will also periodically review the specific audit manager assigned to the organisation to ensure that both parties are satisfied that relationships remain independent and objective.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

4 Proficiency and Due Professional Care

Engagements will be performed with proficiency and due professional care. Internal auditors will possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively will possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities. The Director of Internal Audit is a CCAB qualified Accountant and is responsible for ensuring access to the full range of knowledge, skills, qualifications and experience to meet the requirements of the internal

audit standards. MIAA internal auditors will ensure Continuing Professional Development and compliance with professional standards.

Internal auditors will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

5 Quality Assurance and Improvement Programme

The Director of Audit will develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The quality assurance and improvement programme will include both internal and external assessments.

- Internal assessment will include;
- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.

External assessments will also be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organisation. The results of external quality reviews and any consequent improvement plans will to be reported to the Chief Executive and Audit Committee.

6 Managing the Internal Audit Activity

The Director of Internal Audit will develop and maintain an Internal Audit strategy designed to meet the main purpose of the internal audit activity and its service provision needs. This strategy will advocate a systematic and prioritised review, outlining the resources and skills required to meet the assurance needs of the Chief Executive, Full Council and Audit

Committee. The strategy will take into account the relative risk maturity of the organisation, taking due regard of the assurance framework..

The Director of Internal Audit will establish risk based plans to determine the priorities of the internal audit activity consistent with the organisation's goals.

The Director of Internal Audit will include in the internal audit strategy the approach to using other sources of internal and external assurance. Periodic plans will include any work associated with placing reliance upon such work.

The Director of Internal Audit will agree the strategy and periodic plans with the Accountable/Accounting Officer and Audit Committee.

The Director of Internal Audit will work with senior management and client staff who will support MIAA in the delivery of the audit plan.

Where the Director of Internal Audit believes that the level of agreed resources will prevent the Chief Executive being provided with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, the consequences will be brought to the attention of the Audit Committee.

The Director of Internal Audit will agree arrangements for interim reporting to the Chief Executive and Audit Committee in the course of the year and produce an annual report that incorporates his opinion.

The Director of Internal Audit will provide to the Chief Executive an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, timed to support the Annual Governance Statement.

7 Nature of Work

The internal audit activity will evaluate and contribute to the improvement of governance, risk management and control processes (including value for money), using a systematic and disciplined approach.

The internal audit activity will also evaluate the potential for the occurrence of fraud and consider how the organisation manages fraud risk. CIPFA has issued a *Code of Practice on Managing the Risk of Fraud and Corruption*. While compliance with the code is voluntary, CIPFA strongly recommends that it is used as the basis for assessment of how an organisation manages its fraud risk. The Director of Internal Audit should be notified of all suspected or detected fraud, corruption or impropriety in order to inform the annual opinion and risk based plans. The Director of Internal Audit will liaise on a regular basis with the nominated Corporate Fraud Manager (CFM) for the organisation to identify any potential risk of fraud and ensure that any potential or actual frauds identified through internal audit activity are referred to the CFM for investigation.

The Director of Internal Audit will also liaise with the organisation's external auditors and other review bodies to facilitate the effective co-ordination of audit resources and assurances.

8 Engagement Planning

The Director of Internal Audit will establish a risk based Internal Audit Plan in conjunction with the client and with the agreement of the Audit Committee. The plan will set out the priorities for internal audit activity, consistent with the organisation's goals and objectives.

Internal auditors will develop and document a terms of reference for each engagement, including the engagement's objectives, scope, timing and resource allocations, based on an evaluation of the nature and complexity of each engagement, time constraints and available resources. A work

plan will be developed and documented that achieves the engagement objectives.

Internal audit will meet regularly with the external auditor to consult on audit plans and discuss matters of mutual interest.

9 Performing the Engagement

Internal audit will identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. Internal auditors will base conclusions and engagement results on appropriate analyses and evaluations. Internal auditors will document relevant information to support the conclusions and engagement results.

Engagements will be properly supervised to ensure objectives are achieved, quality is assured and staff are developed.

10 Communicating Results

Internal auditors will communicate the engagement results with appropriate parties, including the engagement's objectives and scope, as well as applicable conclusions, recommendations and action plans.

Working with the organisation, the Director of Internal Audit will ensure that communications are accurate, objective, clear, concise, constructive, complete and timely.

The Director of internal Audit will deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement.

The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate;

- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with the Global Internal Audit Standards (UK Public Sector), CIPFA's *Code of Practice for the Governance of Internal Audit in UK Local Government* and the results of the quality assurance and improvement programme.

11 Monitoring Progress

The Director of Internal Audit will establish and maintain a follow-up process to monitor that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. This will be operated to support the organisation in ensuring the implementation of actions, and reporting progress to the Audit Committee.

12 Communicating the Acceptance of Risks

When the Director of Internal Audit believes that senior management has accepted a level of residual risk that may be unacceptable to the organisation, the Director of Internal Audit will discuss the matter with senior management. If the decision regarding residual risk is not resolved, the Director of Internal Audit will report the matter to the Audit Committee for resolution.

Code of Ethics

MIAA will operate within the definition of internal auditing and the requirements of the Global Internal Audit Standards (UK Public Sector). This includes compliance with the Seven Principles of Public Life.

13 Definitions

Board	The governing body of the organisation with overall responsibility for governance. For the local authority this role is performed by the Audit Committee and Full Council.
Chief Executive	Officer responsible and accountable for funds entrusted to the organisation.
Audit Committee	A sub-committee of the Full Council with overall responsibility for overseeing the establishment of an effective system of integrated governance, risk management and control across the organisation's activities.
Director of Internal Audit	Acts as the Chief Audit Executive as the independent corporate executive with overall responsibility for internal audit.
Senior Management	The overall lead director agreed by the organisation for each audit engagement.

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AUDIT COMMITTEE**21 May 2024****Annual Report of the Head of Internal Audit and Assurance
Report of Head of Internal Audit****PURPOSE OF REPORT**

The purpose of this Head of Internal Audit Opinion (HoIAO) is to contribute to the assurances available to the Accountable Officer and the Council which underpin the Council's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will assist the Council in the completion of its Annual Governance Statement (AGS), along with considerations of organisational performance, regulatory compliance and the wider operating environment.

This report is public

RECOMMENDATIONS

- (1) That the Audit Committee receive the HOIAO for the year 2024/25.
- (2) Options and Options Analysis (including risk assessment)
There are no other options available.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

In accordance with the Accounts and Audit Regulations, Internal Audit (IA) is required to form an opinion on the adequacy and effectiveness of the council's internal control environment, which includes consideration of any significant risk or governance issues and control failures that have been identified throughout the year. In arriving at an opinion, consideration is given to;

- An assessment of the design and operation of the underpinning strategic governance, risk management arrangements and supporting processes;
- An assessment of the range of individual assurances arising from risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified.
- An assessment of the Council's response to Internal Audit recommendations, and the extent to which they have been implemented.

LEGAL IMPLICATIONS None directly arising from this report	
MONITORING OFFICER’S COMMENTS The Monitoring Officer has been consulted and has no further comments	
BACKGROUND PAPERS Internal Audit Plan 2023/24 Internal Audit Plan 2024/25 Internal Audit Progress Reports 2024 & 2025	Contact Officer: Louise Cobain Telephone: 07795 564916 E-mail: Louise.Cobain@miaa.nhs.uk

Internal Audit Annual Report & Head of Internal Audit Opinion 2024/25 (Draft)

Lancaster City Council

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- 4 Internal Audit Coverage and Outputs
- 5 Areas for consideration – your Annual Governance Statement
- 6 Ensuring Quality

1 Executive Summary

This annual report provides your 2024/25 Head of Internal Audit Opinion, together with the planned internal audit coverage and outputs during 2024/25 and MIAA Quality of Service Indicators.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

Head of Internal Audit Opinion	1 st April 2023 – 31 st March 2024	1 st April 2024 – 31 st March 2025	Factors considered in forming our opinion
High Assurance, can be given that there is a strong system of internal control which has been effectively designed to meet the organisation's objectives, and that controls are consistently applied in all areas reviewed.			<ul style="list-style-type: none"> • Inherent risks in the areas audited • Scope limitations of individual audit reviews • Control weaknesses identified and their impact • Internal control environment adequacy and effectiveness • Management's responses to recommendations • Progression of implementation of recommendations by management
Substantial Assurance, can be given that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.			
Moderate Assurance, can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.	✓		
Limited Assurance , can be given that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk.		✓	
No Assurance, can be given that there is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the organisation's objectives.			

Key Area	Summary
Head of Internal Audit Opinion	<p>As highlighted above, the overall opinion for the period 1st April 2024 to 31st March 2025 provides Limited Assurance, that that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk.</p> <p>Context: This opinion is provided in the context that the Council like other organisations across the public sector is facing a number of challenging issues and wider organisational factors particularly with regards to changes in the political landscape, financial challenges and increasing collaboration across organisations.</p> <p><i>In considering the overall opinion, we do acknowledge that the Council has directed Internal Audit into known risk areas, thereby effectively utilising internal audit resource. There is oversight of key action plans by the council's leadership team, specifically relating to the critical and high risk rated actions arising from the Procurement review. The council have put in a place a number of measures following the review to address the control weaknesses identified and are continuing to focus upon the remaining areas.</i></p> <p><i>Moving forward, the Council is committed to strengthening of its control framework with a continuing focus on action plans overseen by the Chief Executive.</i></p> <p>Compliance with professional standards: In providing this opinion we can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. We also confirm organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.</p> <p>Purpose: The purpose of our Head of Internal Audit (HoIA) Opinion is to contribute to the assurances available to the Accountable Officer which underpin the Councils own assessment of the effectiveness of the system of internal control. As such, it is one component that the Council takes into account in making its Annual Governance Statement (AGS).</p> <p><i>Please include the summary text in the table above when referring to the HoIA Opinion in your AGS.</i></p>
Scope and Limitations of Our Work	Our opinion is formed through the completion of a risk-based plan of assignments, agreed with management and approved by the Audit Committee.

Key Area	Summary
	<p>Our opinion is subject to the following inherent limitations:</p> <ul style="list-style-type: none"> • We have not reviewed all risks and assurances relating to the organisation. • The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation led assurance framework. The assurance framework is one component that the board takes into account in making its annual governance statement (AGS) • The opinion is based on the findings and conclusions of the agreed audit assignments which were limited to the objectives and scope agreed with management. • Where strong controls have been identified and confirmed, their effectiveness may still be impaired in some instances. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance. • Due to the limited scope of individual audit assignments, there may be weaknesses in controls which we are not aware of, or which were not brought to our attention. • The points raised in this report relate only to the issues we encountered during delivery of the internal audit service. It is not an exhaustive list of all weaknesses or potential improvements. Management is responsible for maintaining a robust system of internal controls, and internal audit should not be the sole basis for identifying all strengths and weaknesses. • This report is prepared solely for the use of the Audit Committee and/or senior management of Lancaster City Council.
Planned Audit Coverage and Outputs	<p>The 2024/25 Internal Audit Plan has been delivered with the focus on the provision of your HoIA Opinion. This position has been reported within the progress reports across the financial year. Review coverage has been focused on:</p> <ul style="list-style-type: none"> • The organisation's Assurance Framework • Core and mandated reviews, including follow up; and • A range of individual risk-based assurance reviews.

Key Area	Summary
Recommendations / Management Actions	<p>We have raised 73 recommendations as part of the reviews undertaken during 2024/25. All recommendations raised by MIAA have been accepted by management.</p> <ul style="list-style-type: none"> • Of these recommendations: one was critical and 12 were high risk recommendations in relation to the reviews of Procurement Cards, Cash and Card Income, Festival and Charter Markets, Appraisals, Homelessness and Reactive Maintenance. • At the start of 2024/25 there were 67 recommendations outstanding relating to previous years. During the course of the year, we have undertaken follow up reviews from the years 2021/22, 2022/23, 2023/24 and 2024/25 and can conclude that the organisation implemented 75 actions during 2024/25 • The total number of recommendations yet to be implemented as at March 2025 is 80, 1 of these is critical risk and 20 of these are high risk and relate to the reviews of Purchase to Pay System, CCTV, Contracts, IKEN System Review, Payroll, Reactive Repairs, Cash and Card Income, Procurement Cards, Homelessness, Festival and Charter Markets and Appraisals. • Of the 80 actions yet to be implemented, no critical risk 16 high risk, 27 medium risk and 20 low risk were overdue at March 2025. The remaining 17 recommendations were not yet due.
MIAA Quality of Service Indicators	<p>MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA (2020), provides assurance of MIAA's full compliance with the Public Sector Internal Audit Standards (PSIAS). We also undertake regular internal assessments to ensure our ongoing compliance with requirements. In year we completed our annual self-assessment of compliance with PSIAS and can continue to confirm full compliance with these standards.</p> <p>MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.</p> <p>We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and we are one of only circa 20 NHS organisations certified to the Cyber Essentials Plus standard. Certification to this standard required rigorous independent testing of our cyber security controls across our devices. That we have achieved this certification is a</p>

Key Area	Summary
	demonstration not only of the security of our devices but also a validation of the proactive monitoring and maintenance that we have in place to protect data and systems from malicious threats.

2 The Head of Internal Audit Opinion

Your internal audit service has been performed in accordance with MIAA's internal audit methodology which conforms with PSIAS. PSIAS require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

2.1 Roles and Responsibilities

The whole Council is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The AGS is an annual statement by the Leader of the Council and Chief Executive on behalf of the Council setting out:

how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievements of policies, aims and objectives;

the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and

the conduct and results of the review of the effectiveness of the system of internal control, including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's assurance framework should bring together all of the evidence required to support the AGS requirements.

In accordance with PSIAS, the HoIA is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which can provide assurance, subject to the inherent limitations described below. The outcomes and delivery of the internal audit plan are provided in Section 4.

3 Informing our Opinion

3.1 Basis for the Opinion

The basis for forming our opinion is as follows:

- 1 An assessment of the design and operation of the underpinning strategic governance, risk management arrangements and supporting processes.
- 2 An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified.
- 3 An assessment of the organisation's response to Internal Audit recommendations, and the extent to which they have been implemented.

3.2 Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Our opinion covers the period 1st April 2024 to 31st March 2025 inclusive, and is underpinned by the work conducted through the risk-based internal audit plan.

A) Assurance Framework (AF)

Our work has consisted of providing advisory work on Risk Management and training, we have also assessed progress with implementing the recommendations from the internal audit review of risk management that was completed in 2023/24 and provided moderate assurance. Since the review the Council's Risk Management Strategy & Policy are being updated and incorporate a new risk scoring model.

The 2024/25 Risk Management review is at draft report stage and provides Moderate Assurance. A further review of Risk Management is planned for 2025/26.

B) Core & Risk-Based Reviews Issued

We issued:

No high assurance opinions:	No reviews have received High Assurance	Three limited assurance opinions:	Cash and Card Income Homelessness Reactive Maintenance*
Three substantial assurance opinions:	Air Quality Duty Social Housing Rent Setting Climate Change*	One no assurance opinions:	Procurement Cards
Four moderate assurance opinions:	Housing Benefit Overpayments Festival and Charter Markets Appraisals Risk Management - Draft	One review with an assurance rating to be confirmed	Key Financial Systems - Draft

*2023/24 reviews which were concluded during 24/24 and not included within the 23/24 HoIAO.

C) Follow Up

During the course of the year we have undertaken follow up reviews and can conclude that the organisation has made **some progress** with regards to the implementation of recommendations. We will continue to track and follow up outstanding actions.

D) Service Auditor Reports

Prior to finalising this opinion we will confirm if further Service Auditor Reports have been issued to the organisation and update our opinion accordingly.

Chris Harrop

Managing Director, MIAA
March 2025

Louise Cobain

Assurance Director, MIAA
March 2025

4 Internal Audit Coverage and Outputs

The 2024/25 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year.

The audit assignment element of the Opinion is limited to the scope and objectives of each of the individual reviews. Detailed information on the limitations (including scope and coverage) to the reviews has been provided within the individual audit reports and through the Audit Committee Progress Reports throughout the year.

A summary of the reviews performed in the year is provided below:

	Review	Assurance Opinion	Recommendations Raised				
			Critical	High	Medium	Low	Total
1	Risk Management - Draft	Moderate	0	1	2	1	4
2	Key Financial Controls - Draft	To be confirmd	To be confirmed				N/A
3	Procurement Cards	No Assurance	1	1	6	2	10
4	Cash and Card Income	Limited	0	2	6	4	12
5	Housing Benefit Overpayments	Moderate	0	0	5	1	6
6	Festival and Charter Markets	Moderate	0	1	4	2	7
7	Appraisals	Moderate	0	1	2	3	6
8	Social Housing Rent Setting	Substantial	0	0	2	1	3
9	Air Quality Duty	Substantial	0	0	0	4	4

	Review	Assurance Opinion	Recommendations Raised				
			Critical	High	Medium	Low	Total
10	Homelessness	Limited	0	2	3	2	7
11	Reactive Management	Limited	0	4	5	0	9
12	Climate Change	Substantial	0	0	4	1	5
	TOTAL		1	12	39	21	73

We will continue to follow up progress against all recommendations as part of the 2025/26 Internal Audit Plan.

ADVISORY SUPPORT AND GUIDANCE: Areas where MIAA have supported the organisation in strengthening arrangements in respect of governance, risk management and internal control.

Advisory work on the Eden Project funding claims

Advisory work on the Mainway Housing Project Governance

Review and Chief Internal Auditor Declaration of Heritage Action Zone Funding April 2020 to March 2024.

Advisory work and delivering training sessions on Risk Management.

Anti Fraud work at the Council

CONTRIBUTION TO GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL ENHANCEMENTS: *Additional areas where MIAA have provided added value contributions.*

Ongoing discussion with lead Officers, Managers and Members throughout the year.

Specific audit review of third party assurances to the Council (e.g. Preston City Council).

Effective utilisation of internal audit including in year communication, requests for changes to the audit plan in respect of Buildings Statutory Compliance, Energy Costs, Food Standards and Community Engagement which were replaced with Cash & Card Income, Procurement Cards and Housing Standards Rent Review.

To keep our clients informed on emerging governance and wider policy developments we ran 10 events in 24/25 as part of our North West Masterclass Collaboration. Each event was accompanied by an event summary published on our website. We also issued a Conflicts of Interest Checklist for Local Authorities to support organisations in assessing their arrangements for managing conflicts of interest.

Continued involvement and representation on National Bodies including the Institute of Internal Auditors (IIA) and CIPFA enabling us to be proactive in sharing best practice, wider benchmarking and providing early insights on national issues.

Continued involvement and representation on Local Bodies including the Lancashire Local Government Head of Internal Audit Group and the Lancashire Local Government Information Technology Group.

5 Areas for Consideration – your AGS

The Head of Internal Audit Opinion is one source of assurance that the organisation has in providing its AGS other third party assurances should also be considered. In addition the organisation should take account of other independent assurances that are considered relevant.

We have identified a number of other strategic challenges that should be considered by the Council when drafting the AGS. Whilst the scope of the Internal Audit Plan would have considered elements of these, it is important that the Council reflects more widely on how these should be factored into the AGS.

Areas for consideration include:

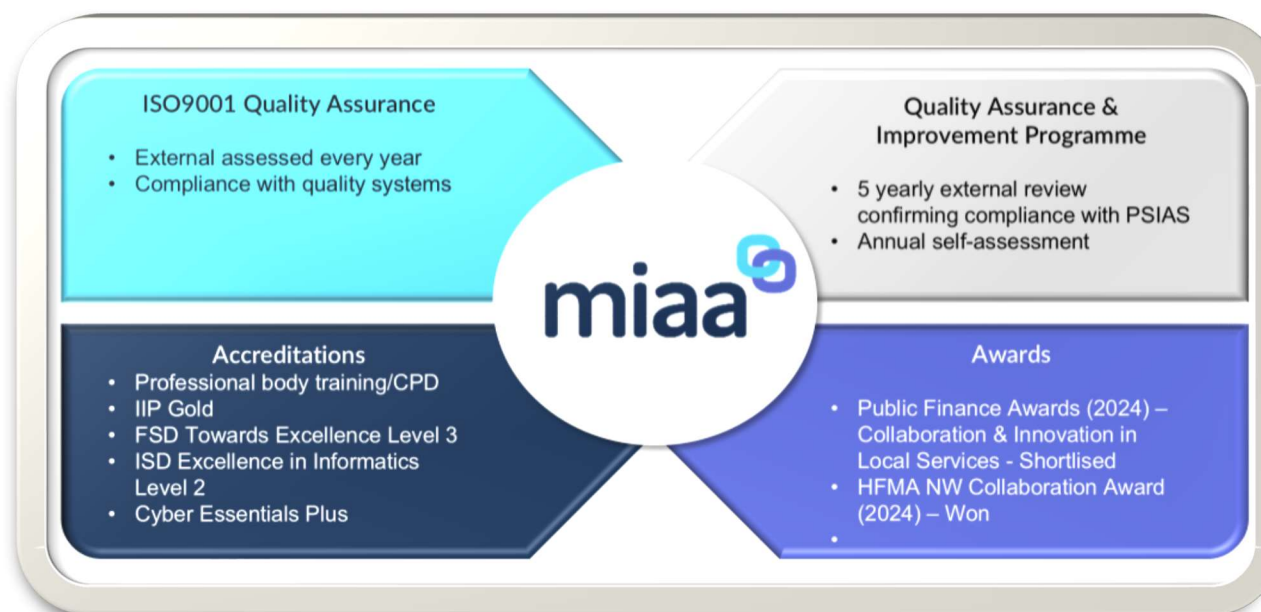
- Wider partnership/ collaborative working and engagement across the Lancashire Footprint (e.g. Lancashire Resilience Forum).
- Continued establishment and delivery of cross-organisation arrangements for the Better Care Fund and other pooled budgets development (e.g. Lancashire County Council)
- Impact of the revised financial regime on decision making, achieving financial duties, ongoing financial viability, delivery of savings, service pressures and key relationships/ performance of third parties.
- Changes to governance, risk management and internal control arrangements (including the impact on decision making processes).
- Council/Service leadership, including any significant changes to the Council and Senior Management Team
- Workforce capacity, engagement, wellbeing and development.
- Ensuring there is a fit for purpose infrastructure.
- Cyber security, information governance risks and any associated reportable incidents to the Information Commissioner.
- Relationship and management of 3rd party providers upon which the organisation places reliance, and the provision of assurances from these (e.g. Preston City Council).
- Compliance with all relevant laws, standards and regulations.
- Organisation performance, including challenges in achieving financial duties, delivery of Priority Based Budgets and service pressures managed in year.
- Wider partnership working risks and challenges.

6 Ensuring Quality

MIAA's strategy has quality at the heart of everything we do and our overall approach to quality assurance includes ISO9001:2015 accreditation, compliance with PSIAS, the quality of our people and how we supporting them, staffing levels, compliance and outcome measures.

Professional Standards and Accreditations

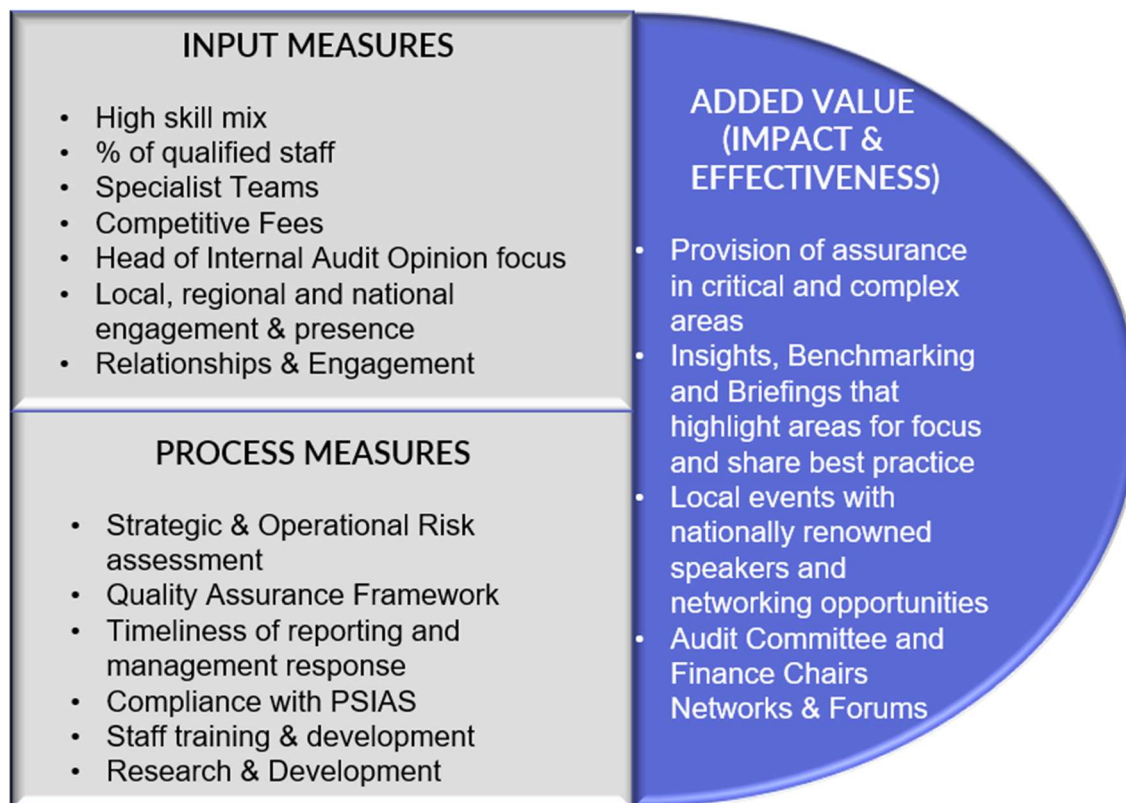
MIAA comply fully with professional best practice, internal audit standards and legal requirements.



Service delivery and outcome measures

It is important that client organisations ensure an effective Internal Audit Service, and whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. The infographic on this page confirms the measures that we believe demonstrate an effective service to you.

MIAA regularly report on input and process KPIs as part of our Audit Committee Progress reports, and the impact and effectiveness measures can be assessed through the HOIA Opinion.



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AUDIT COMMITTEE**The CIPFA Financial Management Code****21 May 2025****Report of Chief Finance Officer****PURPOSE OF REPORT**

The Chartered Institute of Public Finance and Accountancy (CIPFA) issued its Financial Management (FM) Code in 2019 which aims to ensure a high standard of financial management in local authorities. This purpose of this report is to provide an assessment of the Council's current compliance with the code, together with areas for improvement.

This report is public

RECOMMENDATIONS

The Committee is asked to

- To note the assessment carried out at **APPENDIX A** of the Council's level of compliance compared to the Standards contained in CIPFA's Financial Management Code is consistent with its understanding, and whether there are any further comments it wishes to make.

1.0 INTRODUCTION

- 1.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) launched a Financial Management Code (FM Code) in 2019 with an implementation date of 1st April 2021. It sets out seventeen standards of financial management for local authorities.
- 1.2 The standards have different practical applications according to the size and different circumstances of individual authorities and their use locally should reflect this. The principle of proportionality applies to the FM Code and reflects a non-prescriptive approach to how each standard is met.
- 1.3 This report is a self-assessment and review of the Council's compliance with the standards as set out in the FM Code. It documents detail of what is expected within the standard. It also records evidence of areas of compliance, non-compliance and documents any further actions required to meet and/or improve current processes in place. This report is to be considered alongside the 2024/25 Annual Governance Statement (AGS).

2.0 BACKGROUND

- 2.1 In response to recent concerns around financial resilience of Councils, CIPFA has introduced a new FM Code as part of a package of measures that it is putting in place. These measures have been driven by the exceptional financial circumstances faced by local authorities, having revealed concerns about fundamental weaknesses in financial management. In particular there have been a small number of high-profile failures across local government which threaten stakeholders' confidence in the sector as a whole.
- 2.2 The first full year of compliance with the FM Code was 2021/22 and the Council is required to evidence its assessment of compliance with the code and identify any areas for further improvement annually. Appendix A sets out the review updated for the 2024/25 position and includes the activities undertaken in preparation for the 2025/26 budget.
- 2.3 CIPFA states that the manner in which compliance with the FM Code is demonstrated will be proportionate to the circumstances of each local authority. Importantly, however, contextualising the FM Code cannot be done according only to the size of the authority but also according to the complexity and risks in its financial arrangements and service delivery arrangements.

3.0 THE CIPFA STATEMENT OF PRINCIPLES OF GOOD FINANCIAL MANAGEMENT

- 3.1 The FM Code applies a principle-based approach rather than prescribing the financial management processes that local authorities should adopt. They have been developed by CIPFA in consultation with senior practitioners from local authorities and associated stakeholders. The principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.
- 3.2 The principles include:
 - i. **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
 - ii. **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - iii. Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
 - iv. Adherence to professional **standards** is promoted by the leadership team and is evidenced.
 - v. Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
 - vi. The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
- 3.3 In turn the Code is structured around 7 areas of focus:
 - The Responsibilities of the Chief finance officer and Leadership Team
 - Governance and Financial Management Style
 - Long to Medium Term Financial Management
 - The Annual Budget
 - Stakeholder Engagement and Business Plans
 - Monitoring Financial Performance
 - External Financial Reporting

- 3.4 Each of these areas is supported by a set of guidance standards against which Councils should be assessed. CIPFA's expectation is that authorities will have to comply with all the financial management standards if they are to demonstrate compliance with the FM Code and to meet its statutory responsibility for sound financial administration and fiduciary duties to taxpayers, customers and lenders.
- 3.5 Although the FM Code does not have legislative backing, it applies to all local authorities, including police, fire, combined and other authorities. The Code recognises that some organisations have different structures and legislative frameworks. Where compliance with this code is not possible adherence to the principles is appropriate.
- 3.6 The Council's external auditors will have regard to the FM Code and will be looking to ensure that the Council is meeting the Code. Furthermore, CIPFA guidance issued in February 2021 stated that the Council's Annual Governance Statement (AGS) should include the overall conclusion of the assessment of compliance with the principles of the FM Code. Where there are outstanding matters, or areas for improvement, these should be included in the action plan.

4.0 FINANCIAL MANAGEMENT CODE SELF- ASSESSMENT

- 4.1 A self-assessment exercise to benchmark the Council's current processes and practice against the FM Standards has been undertaken using a RAG Rating approach as set out below:

Assessment	Description
GREEN	Compliance is being demonstrated.
AMBER	Minor to Moderate improvements are required to demonstrate full compliance.
RED	Moderate to Significant improvements are required to demonstrate full compliance.

- 4.2 The following table summarises the self-assessment RAG Rating for each standard

Standard Reference	Financial Management Standard	Previous Rating (2021/22)	Previous Rating (2022/23)	Current Rating (2023/24)	Current Rating (2024/25)	Reason for Change
			Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM).	AMBER	AMBER	AMBER	AMBER	
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government	AMBER	AMBER	AMBER	GREEN	Successful recruitment within the Finance Team has delivered an increase in capacity
			Section 2: Governance and Financial Management Style			
C	The Leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	RED	AMBER	AMBER	AMBER	
D	The authority applies the CIPFA/SOLA CE Delivering Good Governance in Local Government: Framework (2016)	RED	GREEN	GREEN	GREEN	
E	The financial management style of the	GREEN	GREEN	GREEN	GREEN	

	authority supports financial sustainability					
		Section 3: Long to Medium-Term Financial Management				
F	The authority has carried out a credible and transparent financial resilience assessment.	AMBER	AMBER	AMBER	AMBER	
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	AMBER	AMBER	GREEN	AMBER	Structural deficits (c£2.8M to £4.8M) remain within the General Fund, although work has been undertaken to address this in previous years there still remains a significant challenge ahead. Forecast levels of HRA unallocated reserves have dropped below the s151 Officers recommended minimum level (£0.750M) and is expected to remain below this level for 12-18 months.
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	GREEN	GREEN	GREEN	GREEN	
I	The authority has a rolling, multi-year medium-term financial plan consistent with sustainable service plans.	AMBER	AMBER	AMBER	AMBER	
		Section 4: The Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process.	GREEN	GREEN	GREEN	GREEN	

K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	AMBER	AMBER	GREEN	GREEN	
Section 5: Stakeholder Engagement and Business Plans						
L	The authority has engaged, where appropriate, with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.	GREEN	GREEN	GREEN	GREEN	
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	AMBER	AMBER	GREEN	GREEN	
Section 6: Monitoring Financial Performance						
N	The Leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	GREEN	GREEN	GREEN	GREEN	

O	The Leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	GREEN	GREEN	GREEN	GREEN	
Section 7: External Financial Reporting						
P	The Chief Finance Officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	GREEN	GREEN	GREEN	GREEN	
Q	The presentation of the final outturn figures and variations from budget allows the Leadership team to make strategic financial decisions.	GREEN	GREEN	GREEN	GREEN	

RAG	Description	Number of Financial Management Standards				Movement
		21/22	22/23	23/24	24/25	
GREEN	Compliance is being demonstrated.	7	8	11	12	+1
AMBER	Minor to Moderate improvements are required to demonstrate full compliance.	8	9	6	5	-1
RED	Moderate to Significant improvements are required to demonstrate full compliance.	2	0	0	0	0
Total		17	17	17	17	0

- 3.7 The result of this assessment is documented at Appendix A and identified a range of further actions required, the majority of which were already planned areas of work. These are summarised as follows for standards rated Amber, or Red:

Standard	Action Required	Responsible Officers	Timescale
Responsibilities of the Leadership Team and Chief Financial officer (CFO)	Increased use of benchmarking data and peer review for inclusion in business case and as part of Outcomes Based Resourcing (OBR) to focus on VfM aspects.	Senior Leadership Team	February 2026 - To be incorporated as part of budget process
Governance and Financial Management Style	Further embedding of Performance Management via the Council's "Annual Conversation"	Chief Officer (People and Policy) and Senior Leadership Team	March 2026
Long to Medium Term Financial Management	Further work will be required as part of the 2026/27 budget setting process to address the significant forecast deficits and minimise the use of reserves.	Chief Finance Officer Senior Leadership Team	February 2025 – As part of the budget process
	Each lead portfolio member to be more involved in developing and setting the budget for their service areas.		
	As part of the process to address the structural deficit service plans will need to be reflect how the services and the Council will be financially sustainable		

3.8 As noted above these areas for improvement will be included in the Council's Annual Governance Statement and progress monitored through the Audit Committee. The AGS is presented to the Committee elsewhere on this agenda.

4.0 **S151 OFFICER'S STATEMENT OF COMPLIANCE WITH THE FINANCIAL MANAGEMENT CODE 2024/25.**

4.1 Having considered the six principles of the Financial Management Code and the Financial Management Standards that underpin these principles the s151 Officer considers that although there are areas for improvement the Council complies with the Financial Management code with significant prospects for improvement.

5.0 **OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)**

5.1 As the assessment of performance against CIPFA's FM Code requirement is a regularity requirement and forms part of the Council's Annual Governance Statement no alternative options are identified.

6.0 **CONCLUSION**

6.1 The CIPFA FM Code is intended to be a live document to support continuous improvement of financial management. This will be reviewed and updated annually and progress on the activities included within the Action Plan will be presented to a future meeting of the Audit Committee

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The report has no direct impact on the above issues.

FINANCIAL IMPLICATIONS

None arising directly from this report.

OTHER RESOURCE IMPLICATIONS, SUCH AS HUMAN Resources, Information Service, Property, Open Spaces:

None arising directly from this report.

SECTION 151 OFFICER'S COMMENTS

Section 151 of the Local Government Act 1972 states that "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".

CIPFA's judgement is that compliance with the FM Code will assist local authorities to demonstrate that they are meeting these important legislative requirements.

LEGAL IMPLICATIONS

CIPFA's intention is that the FM Code will have the same scope as the Prudential Code for Capital Finance in Local Authorities, so although the FM Code does not have legislative backing, it applies to all local authorities. In addition to its alignment with the Prudential Code, the FM Code also has links to the Treasury Management in the Public Sector Code of Practice and Cross Sectoral Guidance Note and the annual Code of Practice on Local Authority

Accounting in the United Kingdom. In this way the FM Code support authorities by re-iterating in one place the key elements of these statutory requirements.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and their comments have been incorporated.

BACKGROUND PAPERS

N/A

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Ref:

CIPFA Financial Management Code – Self Assessment and Action Plan

Ref	Description	FM Code Ref	Detail	RAG Assessment	Compliance Assessment & Commentary Key Actions, Owners & Deadlines
Responsibilities of the Leadership Team and Chief Financial officer (CFO)					
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM).	17-18	<p>Legislative requirement for Authorities to deliver VFM.</p> <p>Delivery of VFM depends on decisions of Elected Members.</p> <p>Shared responsibility across the Leadership Team to communicate and understand the risks involved.</p>	AMBER	<p>The Council operates under a Leader/ Cabinet system. Councillors are supported by the Senior Leadership Team (SLT), which is headed by the Council's Chief Executive. SLT is responsible for the overall leadership and management of the Council, for setting and monitoring overall strategic direction and for ensuring high performance and VFM in the delivery of Council services. In addition, there are several scrutiny and regularity committees which hold Cabinet to account.</p> <p>The Council's various committees are governed by the Constitution, which was updated in 2019, refreshed again in 2023 and is available on the Council's website. It sets out how the Council operates, its Budget and Policy Framework, how decisions are made and the policies which are followed to ensure that these are efficient, transparent, and accountable.</p> <p>The SLT regularly meet informally with Cabinet to bring to their attention the financial position of the Council. As part of the budget process a number of briefings were held outlining the financial challenges the Council faces these included Staff, Key Partners, Local MP's, all Councillors, and the General Public.</p> <p>The Council's Medium Term Financial Strategy (MTFS) and General Fund and Housing Revenue Budgets are agreed annually in February. The MTFS delivers a financial plan through the implementation of a rigorous Outcomes Based Resourcing (OBR)/ Fit for the Future (FtF) budget setting principles but clearly highlights the significant financial challenges the Council faces over the short, medium and longer term. One of the key objectives of the MTFS is to provide cost effective services which demonstrate value for money.</p>

					<p>Business cases for spending plans are reviewed by the SLT before passing through to Budget & Performance Panel (B&PP) for discussion and challenge as well as the wider Council Membership prior to formal consideration by Cabinet and recommendation to Council for formal approval, in line with the Constitution.</p> <p>B&PP reviews service and financial performance (against cost and performance) on a quarterly basis and uses its remit to periodically review key (off target) services.</p> <p>The Annual Governance Statement focuses on all aspects of governance, but critically on processes around VFM in service provision.</p> <p>Contract Procedure Rules clearly state the thresholds and routes to secure compliant supplies. These range from simple quotation, use of dynamic frameworks to full tendering exercise. A register of contracts is maintained by the Procurement team.</p> <p>Committee reports have been amended to provide members with information relating to the impact of decisions on Climate Emergency alongside matters of finance, employment and legal consideration.</p> <p>The Council's Project Management Model which is the compulsory method of managing projects within the council contains key templates for financial assessments and risk management</p> <p>Value for Money is assessed as part of the external audit process the work by Deloitte for 2020/21 to 2022/23 concluded that no significant weakness were identified. KPMG are yet to conclude their work for 2023/24.</p>
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					<p>Assessment: Amber</p> <p><u>Actions Required</u> Increased use of benchmarking data and peer review for inclusion in business case and as part of OBR/ FftF to focus on VfM aspects.</p> <p><u>Ownership</u> Senior Leadership Team</p> <p><u>Deadline</u> February 2026 - To be incorporated as part of 2026/27 budget process and subsequently going forward</p>
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government	18-19	<p>In summary this Statement requires that the CFO:</p> <ul style="list-style-type: none"> Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest. Must be actively involved in, and able to bring influence to bear on, all material business decisions Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, 	GREEN	<p>From 1st April 2022 the posts of Chief Finance Officer (CFO) and Monitoring Officer were reinstalled as members of the Councils. Senior Leadership Team.</p> <p>The CFO personally leads on the Budget process and MTFS and ensures that all risks are considered and detailed as part of the MTFS, in conjunction with the other members of the Council's Leadership Team (Cabinet and SLT). As a result, he is able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications,</p> <p>The CFO is CIPFA qualified with significant experience of local government finance. Continuing professional development is undertaken as required by their accounting body.</p> <p>The CFO reports to the Chief Executive, holds regular finance meetings with the Cabinet member with responsibility for Finance and works closely with other Local Authority S151 Officers.</p> <p>The CFO through the Finance team provides the quarterly financial reporting and monitoring to SLT and Cabinet, and then to Budget &</p>

			<p>economically, efficiently and effectively.</p> <ul style="list-style-type: none"> • Must lead and direct a finance function that is resourced to be fit for purpose. • Must be professionally qualified and suitably experienced. 		<p>Performance Panel for further scrutiny by Members. Treasury Management reporting is also presented Cabinet, Budget & Performance Panel and Council as prescribed in the CIPFA Prudential Code and the CIPFA Treasury Management Code.</p> <p>The Financial Services function consists of 23 FTE's and delivers financial, exchequer, insurance and procurement support to services. In addition, there is oversight of the Council's Internal Audit function which is provided externally by Mersey Internal Audit Agency.</p> <p>The finance team includes 5 qualified accountants and a number of accounting technicians who meet monthly with Chief Officers, Service Managers and other budget holders. For a number of years, the team have operated below capacity, however, following successful internal and external recruitment the team is now close to full complement. However, there are also contracts in place for specialist financial advice such as technical accounting, treasury management and taxation.</p> <p>Financial implications and s151 Officer commentary is considered within all key decision making</p> <p>Assessment: Green</p>
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Governance and Financial Management Style

C	The Leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	21	<p>The leadership team espouses the Nolan principles.</p> <p>The authority has a clear framework for governance and internal control.</p> <p>The leadership team has established effective arrangements</p>	AMBER	<p>The Council's SLT consists of the Chief Executive, 5 Chief Officers, the Monitoring Officer, the Section 151 Officer and the Chief Officer People and Policy. The roles and responsibility of Chief Officers are defined in agreed job profiles and set out in the Council's Constitution.</p> <p>The Council's Performance Management Framework was inconsistently complied in recent years and was re-established as the "Annual Conversation". This was subject to review by MIAA and</p>
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			<p>for assurance, internal audit and internal accountability.</p> <p>The leadership team espouses high standards of governance and internal control.</p> <p>The leadership team nurtures a culture of effective governance and robust internal control across the authority.</p>		<p>received moderate assurance with only 51% of staff having completed their appraisals to a varying standard.</p> <p>The Chief Executive is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information/ support to inform decision-making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.</p> <p>The Council continues to keep under review Governance arrangements and related procedures to ensure best practice so that the highest standards are maintained. There is a Code of Conduct for Members which is overseen by the Standards Committee. Training in the requirements of the Code of Conduct is mandatory for all Members. In addition, there is a Code of Conduct for Officers.</p> <p>The Council's constitution is openly available on the Council's website and sets out; what powers are delegated to the Cabinet, Committees, individual members and what matters are reserved for collective decision of the Council, and the procedures to be followed to ensure that decisions are taken efficiently and transparently. The Scheme of Delegation sets out roles and responsibilities, links to departmental schemes and sets clear arrangements for internal control and role of internal and external audit. This was reviewed in 2023 following organisational changes.</p> <p>The Council has two effective scrutiny committees, B&PP and Overview & Scrutiny (O&S), who meet regularly throughout the year, which provides challenge and enhances the authority's performance overall. This is outlined in detail in the Council's Constitution.</p> <p>The Council's Audit Committee has no independent membership and is limited to Councillor representation. The Committee considers all aspects of audit activity and the regulatory framework including corporate governance, as part of its Terms of Reference. Within the</p>
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					<p>Councils Constitution all Committees have separate Terms of Reference.</p> <p>All Members decisions are set out using templates which includes legal, regulatory, and financial implications. This requires legal and financial advice to be obtained or confirmed before all decisions are taken, to ensure decisions are appropriate.</p> <p>The Council maintains effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based through Minutes and Reports to Council. All non-exempt reports, agendas/ minutes are available on the Council's Website</p> <p>The Council contracted with Mersey Internal Audit Agency (MIAA) in October 2021 and so have been in operation for a full year and are compliant with Public Sector Internal Audit Standards (PSIAS). Both the CFO and Head of Internal Audit (HoIA) have developed an audit plan to provide assurance over the effectiveness of the Governance of the Council, and the system of Internal Control. This will enable the HoIA to provide their annual assessment and so assist in the production of the Annual Governance Statement for 2024/25.</p> <p>The Financial Procedure Rules were subject to a full review and approval by Audit Committee in November 2024. Contract Procedure Rules were also refreshed to reflect the new procurement act and approved January 2025. Both documents are clear about the respective authorisation limits for authorisation of contracts and the subsequent commitment/ incurrence of expenditure.</p> <p>As a Council we are defined by how we behave and what we do, driven by our values and behaviours.</p> <ul style="list-style-type: none">• Pride,• Ownership,• Working Together and,• Ambition
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					<p>Arrangements are in place to provide assurance that our behaviours are being upheld and that Members and Officers demonstrate high standards of conduct. These include:</p> <ul style="list-style-type: none"> • Member and officer protocol • Codes of conduct for members and officers. • Whistleblowing policy (Raising Concerns) • Complaint's procedure • Fraud, Bribery and Corruption Policy & Strategy • Registers of interest (members and officers) • Registers of gifts and hospitality <p>Assessment Amber</p> <p><u>Actions Required</u> Further embedding of Performance Management via the Council's "Annual Conversation"</p> <p><u>Ownership</u> Head of People & Policy and SLT</p> <p><u>Deadline</u> March 2025</p>
D	The authority applies the CIPFA/SOLA CE Delivering Good Governance in Local Government: Framework (2016)	22	This framework recommends that the review of the effectiveness of the system of internal control is reported in an annual governance statement	GREEN	<p>The Council appointed MIAA in October 2021 and so have had an effective Internal Audit function in place for the whole of the financial year.</p> <p>The Council's Code of Conduct sets the standards for the conduct of Officers and Members at the City Council. It is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework, which was reviewed by the Audit</p>

					<p>Committee November 2022. The CIPFA/SOLACE Framework introduced the requirement to produce an annual governance statement from 2007/08.</p> <p>The Annual Governance Statement (AGS) is also available on the Council's website. The Statement is updated following the end of each financial year. The AGS includes an Annual Internal Audit Opinion on the effectiveness of the internal control environment and the systems of internal control, highlights issues identified annually along with planned action which is monitored by the Audit Committee.</p> <p>Induction training for all new Members, includes a focus on governance, code of conduct and officer/member relations. Assessment Green</p> <p><u>Actions Required</u> Where reviews of the corporate governance arrangements have revealed improvement recommendations, action is planned that will ensure effective governance in future.</p> <p><u>Ownership</u> Chief Finance Officer/ Monitoring Officer</p> <p><u>Deadline</u> On going</p>
E	The financial management style of the authority supports financial sustainability	22-23	Strong financial management is assessed against a hierarchy of 1. delivering accountability, 2. supporting performance 3. enabling transformation.	GREEN	The Council Plan together with the MTFS and annual budgets set the strategic framework for the work and financial plans of the Council and recognise the agreed corporate priorities and objectives.

Need to perform well at each level before moving to the next. This is broadly linked to economy, efficiency and effectiveness.

Stage 1.

The Council has an effective framework of financial accountability through:

- Member delegations which include financial responsibilities.
- Officer delegations which include financial responsibilities.
- Financial Procedure Rules which set out financial responsibilities for Chief Officers and Budget Holders

Stage 2.

The Council has a performance management framework in place including, performance measures, customer satisfaction, monitoring of key strategic projects and quarterly performance reporting to Cabinet and Budget and Performance Committee. The Finance Team have attempted to implement a Finance Business Partnering approach, although this has been restricted pending the capacity issues and forthcoming service review.

Stage 3.

There are many examples of financial management supporting transformation specifically in relation to key strategic projects as part of the 2024/25 & 2025/26 budget process (Mainway, Eden, strategic asset review to facilitate the Flexible Use of Capital Receipts Strategy etc) but further work is required towards acting as an enabler.

Budget holders are responsible for spend against their budgets and members of the Finance Team meet regularly with budget holders as part of the in-year monitoring process to ensure financial implications of decisions are understood and that managers are responsible for those decisions.

Detailed financial forecast and monitoring information is provided to Cabinet so that there is regular oversight of the Council's financial position and of the ongoing funding pressures it faces. A process is in place for the tracking and monitoring of agreed savings and reported within financial monitoring reports.

					<p>All Committee reports have a financial implication section and require commentary from both the s151 and Monitoring Officers</p> <p>Assessment Green</p> <p><u>Actions Required</u> Further work to develop business partnering model</p> <p><u>Ownership</u> CFO</p>
Long to Medium Term Financial Management					
F	The authority has carried out a credible and transparent financial resilience assessment.	25-26	<p>The authority has undertaken a financial resilience assessment.</p> <p>That assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios.</p> <p>The authority has taken appropriate action to address any risks identified as part of the assessment</p>	AMBER	<p>The Council has reviewed the CIPFA Financial Resilience index 2023/24 and considers the findings to show the Council to be financially resilient, with no areas of pressing concern.</p> <p>In the MTFS there are some illustrative scenarios about how changes in key assumptions such as Business Rates, Council Tax, New Homes Bonus etc would impact on the budget. However, these do not cover all key variables, or the longer-term impact.</p> <p>The service and financial planning process provided information on cost and demand drivers to enable robust and informed financial planning in each service area.</p> <p>The Council has long recognised the underlying structural deficit within its budget and has worked towards addressing it through its OBR/ FtfF process. However, there still remains significant forecast deficits for 2026/27 and beyond. Further work will be required as part of the 2026/27 budget setting process to address these and minimise the use of reserves.</p>

					<p>The monitoring of revenue in year and at Outturn provides budget holders with information and BP's support this. This information informs financial planning. Improvements are required due to a number of issues, systems, staffing of experienced budget holders who own budgets etc.</p> <p>The s151 Officer undertakes an annual consideration of appropriate level of general reserves and the robustness and adequacy of estimates.</p> <p>The Local Government Association (LGA) undertook an independent Corporate Peer Challenge (CPC) April 2024 and commented on the Council's OBR/ FftF plan to address its budget deficit referencing the rationalisation and review of assets and use of 'flexible capital receipts' regulations to enable investment in transformation to deliver savings</p> <p>The framework has been put in place to address the medium-term deficit, and it is anticipated that it will take another 12 to 18 months to fully achieve its aims. An accompanying governance structure has been created incorporating member and senior officer involvement to oversee progress</p> <p>Assessment Amber</p> <p><u>Actions Required</u> There still remains significant forecast deficits for 202/27 and beyond. Further work will be required as part of the budget setting process to address these and minimise the use of reserves.</p> <p>Recognise the size of the challenge and has a plan to deliver</p> <p><u>Ownership</u> CFO, SLT and Cabinet</p>
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					<u>Deadline</u> February 2026 – As part of the 2026/27 budget process
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	26	<p>The authority has a sufficiently robust understanding of the risks to its financial sustainability.</p> <p>The authority has a strategic plan and long-term financial strategy that addresses adequately those risks.</p> <p>The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making</p>	AMBER	<p>In consultation with Cabinet the Council produces a 5-year MTFS, a 10-year capital programme and a 30-year Housing Business Plan. The MTFS incorporates revenue and capital models using a range of assumptions for economic and service-related factors. The MTFS is refreshed annually considered by the SLT and Cabinet before being recommended to Full Council in February each year.</p> <p>The MTFS clearly identifies structural deficits ranging from £2.8M to £4.8M over the next 5 years. Within the HRA 30 Business Plan the level of reserves has dipped below the s151 Officer recommended minimum levels and is expected to do so for 12-18 months. These forecasts do not include the impact of any future projects</p> <p>Finance training is provided to all new Members and updates provided to a wide range of internal and external stake holders as part of the medium-term financial planning and budget setting process. These briefings provide an opportunity to explain the key assumptions and risk areas in financial planning including funding for local government, as well as local factors such as the decommissioning of the Heysham Nuclear Power Stations. The risks around financial planning is clearly set out in the Council's MTFS and has been communicated to the SLT and Members. The growing structural deficit make producing a meaningful long-term plan very challenging.</p> <p>The Council retains prudent levels of resources to manage risks over the short term as outlined in the budget and MTFS papers.</p> <p>Significant progress has been made embed risk management throughout the Council, although it is recognised that a considerable amount of work is undertaken to manage the Council's financial risks.</p>

					<p>The Council needs to continue to develop its overall approach in particularly around the key drivers underpinning the structural deficit.</p> <p>The Council has an established OBR/ FftF plan underpinned by a number of financial strategies including its, Flexible Capital Receipts Strategy (FUCS), Asset Management, Capital and Treasury Management Strategies. The Local Government Association (LGA) undertook an independent Corporate Peer Challenge (CPC) April 2024 and commented on the Council's OBR/ FftF plan to address its budget deficit referencing the rationalisation and review of assets and use of 'flexible capital receipts' regulations to enable investment in transformation to deliver savings</p> <p>Quarterly Delivering our Priorities reports are presented to Cabinet and Budget & Performance Panel which track the outcomes of Council activities. These are set out against key performance indicators and include detailed commentaries on associated risks, achievements and other issues. These reports also highlight remedial actions being taken where slippage does occur.</p> <p>Assessment Amber</p> <p><u>Actions Required</u> Although the Council delivered a balanced budget for 2025/26, further work will need to be undertaken during the year to utilise OBR principles as it works to address the structural deficit as part of the 2026/27 budget process.</p> <p>Work will need to be undertaken to restore HRA levels of reserves to those recommended by the s151 Officer</p> <p><u>Ownership</u> CFO, SLT and Cabinet</p>
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					<u>Deadline</u> January 2026 – As part of the 2026/27 budget process
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	26-27	<p>The authority is aware of its obligations under the Prudential Code.</p> <p>The authority has prepared a suitable capital strategy.</p> <p>The authority has a set of prudential indicators in line with the Prudential Code.</p> <p>The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.</p>	GREEN	<p>The Council is aware of its obligations under the Prudential Code and has assessed itself as compliant with those obligations.</p> <p>The Council has a 5-year General Fund Capital Programme and supporting Capital Strategy in line with the Prudential Code. Although the Code suggests this could be extended the Council has judged that this is a reasonable period over which to have meaningful plans and assumptions and allows key links between revenue and capital plans to be reported together. Both the Capital Strategy and Treasury Management Strategy are approved annually by Full Council in February.</p> <p>The Council's 10 year Capital Programme sets out the high-level capital investment plans proposals but in addition contains a limited "development pool" for projects the Council wish to explore but where the supporting business case is not fully developed. Decisions made about schemes within the development pool are through consideration of robust business cases and separate reports to Cabinet. The Council also has a 30-year Housing Business Plan which includes a 30-year capital investment programme.</p> <p>As part of the budget setting process the Council reviewed and refreshed its Asset Management Plans reflecting forward planning of the operational estate. There are some key areas which will be further developed in line with Council objectives which will need to be reflected in the Capital Programme.</p> <p>The Council's Capital Assurance Group (CAG) considers business cases for annual capital proposals and those schemes within the Development Pool, recommends to Cabinet, it also has a key role in development of the Capital Strategy.</p>

					<p>The Council's Treasury management strategy assesses the financial risks from treasury activity, and details the council's net borrowing position, investments, borrowing strategy and debt management.</p> <p>The Council's prudential indicators are set in line with the Code and reflect current and forecast levels of investment and borrowing. There are effective mechanisms in place to monitor performance against the Code, with bi-annual reporting to the Cabinet, Budget & Performance Panel and Council.</p> <p>Both the Capital and Treasury Management Strategies set out key affordability principals to ensure the Council's capital spending remains affordable in the long term. This includes the proportion of the revenue budget allocated to fund borrowing costs.</p> <p>In March 2023 Council approved its Flexible Use of Capital Receipts Strategy. Under direction from Government the Council can use capital receipts to fund revenue transformation expenditure. This strategy was refreshed and approved for 2024/25</p> <p>The Council's commercial investments ceased following the revisions to the Code in November 2020 and the Council has no plans for further debt for yield schemes. Previous commercial investments were undertaken in line with the Council's Commercial Property Investment Strategy and are under review annually.</p> <p>Assessment: Green</p> <p><u>Actions Required</u> Assess the implications arising from any proposed changes to the Prudential Code.</p> <p>Consideration be given to the development of a longer-term Capital planning horizon.</p>
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					<u>Ownership</u> CFO & CAG <u>Deadline</u> Ongoing
I	The authority has a rolling, multi-year medium-term financial plan consistent with sustainable service plans.	27	<p>The authority has in place an agreed medium term financial plan.</p> <p>The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy.</p> <p>The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand.</p>	AMBER	<p>The Council has in place an agreed 5-year MTFS. The Finance team engages with Chief Officers and Budget Holders, to integrate service demand with finance reporting, using best data on cost drivers and identify any risk, opportunities, and budget gaps. The MTFS then forecasts the Council's financial position to reflect relevant strategic priorities, commitments, underlying assumptions as well as emergent local, or national issues. The MTFS plans for the delivery of services within an uncertain external environment and helps to ensure the achievement of value for money.</p> <p>The development of service budgets is service led. Chief Officers hold overall responsibility for the budget of their service. Cost drivers and demand are considered within each service and used to form the basis of pressures identified and mitigations /savings put forward. The detail of the analysis of cost drivers is not contained specifically in the MTFS but forms part of the internal budget setting process, though reference is made to particularly large or significant changes in the narrative.</p> <p>Service plans have been produced that align to the Council Plan, its ambitions and outcomes however they lack details on how the services and the Council will be financially sustainable</p> <p>Medium-term forecasts are kept up to date to reflect service needs subject to estimation uncertainties e.g., business rates retention approach, future government funding, pay, energy and general inflation Through the budget setting and in-year budget review processes, these are reviewed over a five-year period.</p>

					<p>The Council has reviewed its approach to operational property management. This will ensure the effective and efficient management of property by combining property service activities, decision making and budgets. It ensures that decisions about property are taken from a strategic perspective and that opportunities to deliver efficiencies are captured.</p> <p>This approach to operational property management ensures:</p> <ul style="list-style-type: none"> - Effective and efficient management of property by combining property service activities, decision making and budgets - Decisions about property are taken from a strategic perspective - Opportunities to deliver efficiencies are captured <p>Asset Management plans contain condition surveys and information regarding the whole-life cost of assets have been developed over the medium term and maintained within an accessible system.</p> <p>Informal Cabinet meetings are also held during the budget setting process to discuss emerging issues as well as feedback from Partnership, Staff and Public Briefings and decisions reflected in</p> <p>The MTFS is refreshed and reported to Cabinet and Council throughout the budget cycle. This starts in December as part of the base budget resetting, with further updates reflecting the impact of the local government finance settlement, current revenue and capital budget proposals etc</p> <p>Assessment: Amber</p> <p><u>Actions Required</u> Individual service plans need to clearly articulate how they plan to contribute to the structural deficit</p>
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					<p>Each lead portfolio member should be more involved in developing and setting the budget for their service areas.</p> <p><u>Ownership</u> SLT & Cabinet</p> <p><u>Deadline</u> February 2026 – As part of the 2026/27 budget process</p>
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Annual Budget

J	The authority complies with its statutory obligations in respect of the budget setting process.	29	<p>The authority is aware of its statutory obligations in respect of the budget-setting process.</p> <p>The authority has set a balanced budget for the current year.</p> <p>The authority is likely to be able to set a balanced budget for the forthcoming year.</p> <p>The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.</p>	GREEN	<p>The Council follows an annual budget setting process that meets all its statutory (Local Government Acts 2000, 2003 and Local Government Finance Act 1992) and constitutional requirements.</p> <p>The Council set its level of Council Tax 24th January 2024 increasing it by 2.99%, the maximum allowable under current referendum thresholds</p> <p>Application of OBR principles as part of the 2025/26 budget process identified the following key areas underpinning the budget.</p> <ul style="list-style-type: none"> - Savings proposals £0.M, - Income Generation £0.182M - Prior Year Collection Fund Surpluses £0.916M - Additional Revenue Support Grant £0.460M <p>A structural deficit remains for 2026/27 and beyond with drawings on reserves currently required. The current overall level of reserves remains sustainable in the short/ medium-term. However, significant under delivery of the key areas identified above will place additional pressure on reserves.</p> <p>The Council approves an annual balanced budget that enables the S151 Officer to positively comment on the robustness of the estimates</p>
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					<p>and the adequacy of the proposed financial reserves (s25 assurance statement) within the annual budget report.</p> <p>The annual pay policy statement explains the Council pay policies for its highest and lowest-paid employees. It is written and published in line with the Localism Act 2011 and guidance issued by the Secretary of State. The draft statement is considered by the Personnel Committee and approved by full Council March 2024.</p> <p>The Council is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so.</p> <p>Assessment: Green</p> <p><u>Actions Required</u> Where in-year budget monitoring process highlights risk and potential for overspend with an established consider development of a formal escalation process</p> <p><u>Ownership</u> Chief Finance Officer Senior Leadership Team</p> <p><u>Deadline</u> March 2026</p>
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the	29-30	The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.	GREEN	<p>Both the General Fund and HRA budget reports include a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</p> <p>The budget reports and MTFS clearly sets out the detail of key estimates e.g., business rates, council tax, housing rents, specific grants, fees and charges, pay inflation etc. It does not set out specific service assumption details and the impact of variations in those.</p>

	proposed financial reserves.		<p>The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect and the impact should this be the case.</p> <p>The report sets out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is taking to address any shortfall.</p> <p>The authority has sufficient reserves to ensure its financial sustainability for the foreseeable future.</p>		<p>The report sets out the current level of the Council's reserves, the sufficiency of them and the plans for the use of reserves in the future. Based on current information the Council has sufficient reserves to meet the expected short term deficits, which ensures its sustainability for the short-term pending the outcome of the Council's on-going Outcomes Based Resources review.</p> <p>Assessment: Green</p> <p><u>Actions Required</u> A process is already underway to seek an in-year reduction in the use of reserves to deliver a balanced budget for 2026/27 and beyond</p> <p>Increased use of benchmarking services to consider performance against other Local Authorities</p> <p><u>Ownership</u> CFO, Senior Leadership Team and Cabinet</p> <p><u>Deadline</u> February 2025 – As part of the 2026/27 budget process</p>
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Stakeholder Engagement and Business Plans

L	The authority has engaged, where appropriate, with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.	31	<p>The authority knows who its key stakeholders are.</p> <p>The authority has sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget.</p>	GREEN	<p>The Council is aware of who its key stakeholders are and as part of the budget process undertook a wide range of briefings and consultations with both internal and external stakeholders in addition to the formal consultation through the Budget & Performance Panel meeting in January each year.</p> <p>Whilst recognising that engagement with the public on Council spending is hard for residents to engage with in a meaningful way progress is being made via its Community Connectors, public</p>
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			<p>The authority has assessed the effectiveness of this engagement.</p> <p>The authority has a plan to improve its engagement with key stakeholders.</p>		<p>consultation meetings and on-line platforms such as Keep Connected. Engagement with residents/ service users is also conducted in line with individual service changes proposed within the budget, as part of the development and delivery of those proposals.</p> <p>The Council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards. The Council provides funding to support the Voluntary, Community and Faith Sector (VCFS) infrastructure locally and commissions these bodies to work with residents and other bodies.</p> <p>The Council utilises online communication channels such as e-bulletins, Twitter and Facebook.</p> <p>Assessment: Green</p> <p><u>Actions Required</u> A continued review and consideration of the most effective methods of stakeholder engagement on financial matters.</p> <p><u>Ownership</u> Senior Leadership Team and Cabinet</p> <p><u>Deadline</u> February 2026 – As part of the 2026/27 budget process</p>
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	31-32	The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'.	GREEN	<p>The main forums for reviewing all financial aspects of the capital programme are the Capital Assurance Group (CAG), Cabinet and Budget & Performance Panel.</p> <p>CAG is tasked with reviewing the accompanying business cases (Strategic or Full), which contain both quantitative evaluation of costs and benefits and qualitative evaluation of fit to Council Priorities and outcomes for residents/ service users. The project documentation</p>

			<p>The authority offers guidance to officers as to when an option appraisal should be undertaken.</p> <p>The authority's approach to option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options.</p> <p>The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty.</p> <p>The authority reports the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).</p>		<p>includes an evaluation of risk and uncertainty and the extent that this can be mitigated for given options. Membership of CAG includes the chairs of Budget and Performance and Overview and Scrutiny Committees to allow any issues to be raised prior to submission to Cabinet, or Full Council if applicable for consideration and approval.</p> <p>As noted, all capital proposals have to produce the following business cases:</p> <ul style="list-style-type: none"> - Strategic Outline Case (SOC) - Full Business Case (FBC) <p>At each of the following stages of the five-case model, business cases must include the following five areas:</p> <ul style="list-style-type: none"> - The Strategic Case, - The Economic Case, - The Commercial Case, - The Financial Case and - The Management Case. <p>The accounting treatment and impact is determined at the time of the decision</p> <p>The Council's project management framework is clear that that there are no major investments, or service changes without developing a business case including an options appraisal and project initiation documents although this not yet fully embedded significant improvements have been made in application across the Council</p> <p>The Council has an established a Projects Team overseen by a Programme Manager who ensures timely reporting of progress against plan. Delivering our Priorities (DoP) quarterly reports are presented to Cabinet and Budget & Performance Panel. The DoP reports contains not only financial and project reporting but performance against the Council's key performance indicators (KPI's)</p>
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					<p>External specialism is engaged when required and members of the Finance Team and are involved in the review and challenge of all financial modelling along with key input from other key support services and the service area leading on delivery.</p> <p>Assessment: Green</p> <p><u>Action Required</u> Further work is required to fully embed project management and the accompanying disciplines throughout the Council and ensure that is consistently applied.</p> <p><u>Ownership</u> SLT and Programme Manager</p> <p><u>Deadline</u> On-going</p>
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Monitoring Financial Performance

N	The Leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	33	<p>The authority provides the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability.</p> <p>The reports cover both forward- and backward-looking information in respect of financial and operational performance.</p> <p>There are mechanisms in place to report the performance of the</p>	GREEN	<p>The Council's Budget, Statement of Accounts and MTFS reflect the main risks to sustainability. These are reported throughout the annual financial cycle in monitoring reports to SLT, Cabinet, Council and B&PP. The Budget and MTFS are formally agreed by Full Council in February.</p> <p>Quarterly financial and non-financial DoP reports are provided to SLT, Cabinet and Budget & Performance Panel. The reports identify significant variances and provides some commentary on any corrective actions being taken. The reports cover the position to date and the forecast for the remainder of the financial year. It also includes of the various capital schemes and planned use of reserves.</p>
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			<p>authority's significant delivery partnerships.</p> <p>The reports are provided to the leadership team in a timely manner and in a suitable format.</p> <p>The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action</p>		<p>DoP reporting also provides information in respect of the Council's basket of key operational performance indicators and major projects. Reports are clear, written to a standard format and contain narrative, tabular and graphic representations as well as service and subjective analysis of the information.</p> <p>Reporting to officers and portfolio holders is usually 1-month after the quarter end with reporting to Members in the following two weeks, dependent upon Committee cycles, which can create a time lag. Work has been undertaken to better align reporting to the Committee cycles as part of the 2025/26 budget planning process.</p> <p>The Head of Internal Audit has regular meetings with the s151 Officer to discuss current and emerging risks.</p> <p>Assessment: Green</p> <p><u>Action Required</u> The Council will continue to review the format and usefulness of its performance reporting.</p> <p>The Council is currently reviewing its key KPIs to make sure they clearly support the Council's Priorities</p> <p><u>Owners</u> CFO and SLT</p> <p><u>Deadline</u> On-going</p>
O	The Leadership team monitors the elements of its balance sheet that pose a significant risk to	33	The authority has identified the elements of its balance sheet that are most critical to its financial sustainability.	GREEN	The Council has historically considered its reserves position, investments and borrowing, and debt levels as most critical and therefore reporting is currently only made on these elements of the balance sheet.

	its financial sustainability.		<p>The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet.</p> <p>The authority is taking action to mitigate the risk identified.</p> <p>The authority reports unplanned use of its reserves to the leadership team in a timely manner.</p> <p>The monitoring of balance sheet risks is integrated into the authority's management accounts reporting processes.</p>		<p>Forecast use of reserves is reported on a quarterly basis to the Cabinet, Budget and Performance and SLT. This highlights any changes to planned use/ contribution to balances as well as movements in budgeted contributions to/from earmarked reserves. This then feeds into any MTFS refresh, or revised budget process, along with intelligence about key risks.</p> <p>Borrowing and investments are reported to Cabinet, Budget and Performance and Council on a bi-annual basis as part of the Treasury Management reporting. Prudential Code requirements are adhered to provide the risk management of treasury activity. In addition, the Council uses external expertise to evaluate capital investment business cases to ensure they are affordable, sustainable and prudent when viewed across the Council as a whole.</p> <p>Additional reporting on areas including collection rates, arrears and write offs are now incorporated</p> <p>A Corporate Asset Management Strategy is being prepared by Property Services containing condition surveys and information regarding the whole-life cost of assets produced over the medium term. This is being incorporated within the Council's budgets and decision-making process to inform it's retain, preserve, enhance or disposal decisions.</p> <p>Assessment: Green</p> <p><u>Action Required</u> Continued review and refinement of the presentation of financial information</p> <p><u>Ownership</u> CFO</p>
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					<u>Deadline</u> On going
External Financial Reporting					
P	The Chief Finance Officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	35	<p>The authority's leadership team is aware of the CFO's responsibilities in terms of the preparation of the annual financial statements.</p> <p>The authority's CFO is aware of their responsibilities in terms of the preparation of the annual financial statements.</p> <p>These responsibilities are included in the CFO's role description, personal objectives and other relevant performance management mechanisms.</p> <p>The authority's financial statements have hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.</p>	GREEN	<p>Both the Council's leadership team and CFO are aware of the CFO's responsibilities in terms of the preparation of the annual financial statements. These responsibilities form part of the CFO's role description and personal objectives.</p> <p>The Council's Statement of Accounts are prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. A declaration to this effect is made within the accounts and signed by the S151 Officer.</p> <p>As a result of the much-publicised crisis within Public Sector Audit regime and a complex objection the External Auditor's opinion for the 2019/20 – 2022/23 financial statements had been delayed for a number of years. However, Deloitte issued 2 unqualified and 2 disclaimed opinions in December 2024, achieving the PSAA Audit Backstop deadline. Deloitte have considered the 34 grounds of objection with none upheld. Deloitte's conclusion maybe subject to appeal and so the audit certificates for 2020/21 – 2022/23 have not yet been issued. KPMG have yet to formally conclude the 2023/24 audit.</p> <p>Assessment: Green</p> <p><u>Actions Required</u> Accounts are prepared within statutory deadlines and working papers produced to a good standard. The Council will continue to work with the External Auditors to resolve any historic issues</p>

					<u>Ownership</u> CFO
Q	<p>The presentation of the final outturn figures and variations from budget allows the Leadership team to make strategic financial decisions.</p>	35	<p>The authority's leadership team is provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget.</p> <p>The information in these reports is presented effectively.</p> <p>These reports are focused on information that is of interest and relevance to the leadership team.</p> <p>The leadership team feels that the reports support it in making strategic financial decisions.</p>	GREEN	<p>The presentation of the Revenue and Capital outturn position is reported to Cabinet and Budget & Performance Panel for scrutiny in line with the Council's constitution. The report includes comparison of outturn to budget and explains the reasons for any key variances from budget in line with the in-year quarterly budget monitoring process.</p> <p>The report sets out the impact of these variances on general balances and earmarked reserves and makes proposals for further contributions to/ or from these.</p> <p>These reports focus on material issues, which require action or awareness from the leadership team and therefore are appropriately focused</p> <p>In addition, the narrative report that accompanies the Statement of Accounts provides a link to achievement of outcomes and performance. The Members understand variances from budget and how they have been managed.</p> <p>Assessment: Green</p> <p><u>Actions Required</u> The Council will continue to review the format and usefulness of its performance reporting.</p> <p><u>Ownership</u> CFO</p>

AUDIT COMMITTEE**Annual Governance Statement
2024/25****21st May 2025****Report of the Monitoring Officer****PURPOSE OF REPORT**

To approve the draft Annual Governance Statement (AGS) for 2024/25 for inclusion in the Annual Statement of Accounts following a review of the Council's governance arrangements.

This report is public**RECOMMENDATIONS**

- (1) To consider the Annual Governance Statement (AGS) for 2024/25 and be recommended for adoption and for signing by the Chief Executive and the Leader of the Council, subject to any minor non-material changes.**

1.0 Introduction

- 1.1 The AGS is a valuable means of communication. It enables an authority to explain to the community, service users, taxpayers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.
- 1.2 In accordance with the Accounts and Audit Regulations 2015 the Council is required to prepare an AGS, which is published alongside the Statement of Accounts.
- 1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) jointly issued a Framework and guidance in relation to the AGS; 'Delivering Good Governance in Local Government'. The guidance urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the corporate governance and internal control framework of an organisation.
- 1.4 The Framework recognises that effective governance is achieved through seven core principles.

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;**
- B. Ensuring openness and comprehensive stakeholder engagement;**
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;**
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes;**
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;**
- F. Managing risks and performance through robust internal control and strong public financial management; and**
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**

2.0 Proposal Details

- 2.1 The draft AGS for 2024/25 is attached at Appendix A. All key officers and the Head of Internal Audit were given the opportunity to provide information and key evidence to support how the organisation has complied with the principles set out in paragraph 1.4 above during the year.
- 2.2 The timescale to produce the AGS coincides with that for the approval of the audited financial accounts. The AGS must be approved at a meeting of the Council or delegated committee, in this case, the Audit Committee.
- 2.3 The Leader of the Council and the Chief Executive will be asked to sign the AGS certifying that they are aware of the governance issues within the Authority and of the measures that are needed to mitigate them.

3.0 Details of Consultation

- 3.1 Members of the Senior Leadership Team and other key officers across the Council have had the opportunity to participate in the formulation of this document.

4.0 Options and options analysis (including risk assessment)

- 4.1 As the production of a draft AGS is a legislative requirement, no alternative options are identified.

5.0 Conclusion

- 5.1 The draft AGS and the results of the review reflect the developments and issues impacting the Council's governance arrangements during the last twelve months. Addressing the significant issues identified in the statement will help ensure the Council maintains and improves its standards of governance in the future.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The report has no direct impact on the above issues.

FINANCIAL IMPLICATIONS

None arising directly from this report.

OTHER RESOURCE IMPLICATIONS, SUCH AS HUMAN Resources, Information Service, Property, Open Spaces:

None arising directly from this report.

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has no comments to make on this Report.

LEGAL IMPLICATIONS

Legal Services has no further comments to make on this Report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has authorised this report.

BACKGROUND PAPERS

N/A

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Ref:

Annual Governance Statement

2024/2025

INTRODUCTION AND ACKNOWLEDGEMENT OF RESPONSIBILITY

Lancaster City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used efficiently, effectively and economically.

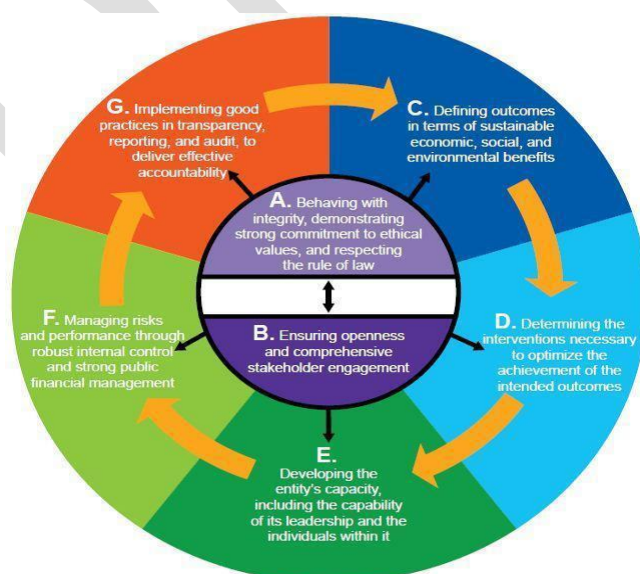
To meet our responsibility, we have put in place proper governance arrangements for overseeing what we do. These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in a timely, open and accountable manner. These arrangements consist of all the systems, processes, culture and values which direct and control the way in which we work and through which we account to, engage with and lead our communities.

The Accounts and Audit Regulations (2015), require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

THE GOVERNANCE FRAMEWORK

The Council has adopted a Code of Corporate Governance (approved in November 2022). The Preparation and publication of this Annual Governance Statement is in accordance with the principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016) (The Framework). The Framework contains seven core interlinked principles detailed in table 1 below

Table 1. Principles for Delivering Good Governance in Local Government



The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

The Council has also had regard to the recent addendum to the Framework (Delivering good governance in local government: Framework) dated May 2015 when producing this Annual Governance Statement.

Key elements of the Council's governance framework are summarised below.

Table 2. Overview of the key elements of the Council's Governance Framework

<u>The Council, Cabinet and Leader</u> <ul style="list-style-type: none"> • Provide leadership, develop strategy, and set policy • Engage with and support the Council's communities and neighbourhoods to thrive and succeed 	<u>Scrutiny and Review</u> <ul style="list-style-type: none"> • The Overview and Scrutiny Committee reviews Council policy and can scrutinise and challenge decisions • The Budget and Performance panel reviews operational and financial performance • The Audit Committee reviews internal control, fraud, risk management and governance
<u>Decision Making</u> <ul style="list-style-type: none"> • Meetings are held in public • Agendas, minutes and decisions are recorded on the Council's website 	<u>Risk Management</u> <ul style="list-style-type: none"> • Risk management strategy ensures proper management of risks • Risk registers identify both strategic and operational risk
<u>Paid Service and Statutory Officers</u> <ul style="list-style-type: none"> • The Head of Paid Service is the Chief Executive who is responsible for all Council staff and leading an effective corporate management team of Chief Officers to deliver the strategies within the policy framework set by Elected Members • The Council's Section 151 Officer is responsible for safeguarding the Council's financial position and ensuring value for money • The Chief Officer (Governance) is the Council's Monitoring Officer, who is responsible for ensuring legality and promoting high standards of public conduct 	

HOW WE COMPLY WITH THE CIPFA / SOLACE FRAMEWORK

Set out below is how the Council has specifically complied with the seven core principles set out in the CIPFA / SOLACE framework during 2024/25.

Table 3: Summary of Compliance against the Local Code of Corporate Governance

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Compliance Overview	<p>The following key policies, procedures, and practices remained in place and were applied throughout the year.</p> <ul style="list-style-type: none"> • Code of Conduct for both members and staff • The Council's 'values and behaviours framework'

	<ul style="list-style-type: none"> • The Council Housing service has agreed staff and manager Charters. • Registers of interest policies for both staff and members • The Council has a corporate complaints handling policy and housing complaints policy. • The Council has a publishable Complaints self-assessment for both the Housing Ombudsman and the Local Government and Social Care Ombudsman on our website. Our self-assessments and annual reports are reported annually to June Cabinet for a publishable Cabinet statement in line with Ombudsman requirements. • Council and Committee minutes show any declarations made at meetings are viewable on each Councillor's record on the website • An electronic Gifts and Hospitality register for both staff and Members • Both Standards and Overview and Scrutiny Committees • There are policies and procedures in place for dealing with unacceptable behaviours for both officers and Members • Effective monitoring and review of counter fraud policies are in place and are monitored and reviewed annually by the Corporate Enquiry Team to ensure they are applied consistently. • A 'Raising Concerns' Policy (updated February 2025) is in place and sits with the Council's Monitoring Officer • The Council complies with CIPFA's Role of the Chief Financial Officer and the role of the Head of Audit in Local Government (provided by MIAA) • Training is provided for regulatory committees on a regular basis. • Compliance with specific legislation, law or guidance is documented in decision making documents • Council housing produces an annual self-assessment for Regulator of Social Housing Consumer Standards. This has been presented to the established Council Housing Advisory Group, but will also be presented more formally to other Committees through 2025/26, following the development of a dedicated Council Housing Assurance Framework. • Council Housing have an adopted Breaches Policy which outlines the steps which should be taken and when referrals to the Regulator of Social Housing should be made should there be a breach of required standards. • The Constitution includes terms of references, defines decision making powers and describes roles and functions • The Constitution is regularly reviewed and kept up to date
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Principle B: Ensuring openness and comprehensive stakeholder engagement	
Compliance Overview	<p>The following key policies, procedures, and practices remained in place and were applied throughout the year.</p> <ul style="list-style-type: none"> • The Council's Council Plan is published to all staff, elected members, partners and the community. The Council Plan 2024/27 was adopted in December 2023. • An annual 'Narrative Report' is published and accompanies the Statement of Accounts

	<ul style="list-style-type: none"> • The Section 151 Officer publishes annual accounts within statutory deadlines to the community to report on the organisation's activities, achievements and its financial position and performance • The Council publishes information in accordance with the Local Government Transparency Code 2015 and continues to monitor effective compliance with the Code. • An Overview and Scrutiny and Budget and Performance Panel report is published annually • The Council publishes all key decisions on its website • The Council live-streams Full Council meetings • A Freedom of Information publication scheme is in place • Standardised report pro-formas for decision making are in place and a published timetable of reporting deadlines for committees is published • The Council ensures that appropriate consultation and engagement takes place • The Council publishes all current and closed consultations on its website • Customer feedback forms are in place in key outlets e.g. Salt-Ayre Leisure Centre • The Council has subscribed to the Engagement HQ Platform, Keep Connected. The platform is an easy and secure way for the public to participate in projects (https://keepconnected.lancaster.gov.uk) • Participative democracy (the continuing use of the Lancaster District People's Jury and the Placemaking with Young Adults Engagement Programme) has been used to inform the Council's strategy for dealing with climate change and this approach continues to be developed. • Council Housing have an established Tenant Voice group which meets bi-monthly. Throughout 2024-25 additional engagement and scrutiny groups for Council Housing have been supported such as the Council Housing Advisory Group, Block Voice and Tenant Scrutiny Group – which through the past year have reviewed our block cleaning and are finalising a report to be published on our website. Council Housing also have agreed Tenant Voice Strategy 2024-2027 and Resident Engagement Strategy: A Commitment to Building Safety, which detail our approach to resident engagement. • The Council Housing Service in line with Regulatory requirements undertake an annual Tenant Satisfaction Survey the details of which are published on our website alongside the accompanying action plan. • Housing Options has a bi-monthly stakeholders meetings with stakeholders through homeless advisory group/homelessness forum. • The Council has a Community Connector team whose role is to engage and connect with partners, communities and elected members. • The Council's Public Realm team have engagement & development officers who support communities and groups in regards to co design and management of public open spaces • During the process of review and subsequent adoption of the Climate Emergency Local Plan, the Council held a series of engagement events with statutory consultees, parish councils, local interest groups and residents. A similar approach is being taken to the current Local Plan, which is at an early stage of evidence gathering. One (live) example is the call for young people aged 18-30 to participate in a series of engagement events
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	<p>called 'WALKshops' in Lancaster, Morecambe and Carnforth regarding placemaking. The Council are seeking to engage in lively discussion regarding sustainable infrastructure, vibrant neighbourhoods, or more green spaces.</p> <ul style="list-style-type: none"> • During the year virtual meetings and events for stakeholders and residents were held. Officers have been able to arrange meetings via Microsoft Teams when concerns arise, increasing the Council's partnership working • The Council has several communication guidance documents in place e.g. the Intranet Policy, the Plain English and Style Guide, recently updated Media and Social Media Guidelines, and corporate identity policy. • The Council complies with publication dates for reports and the 'forthcoming decisions list (forward plan) • Robust arrangements are in place for both the shared service arrangements with Revenue and Benefits and the Corporate Enquiry Team • The Budget and Performance Panel was fully consulted in relation to the Council's budget • The Council's vision, strategic plans, priorities and targets are developed in consultations with the local community and other key stakeholders • Online publication of Councillors' interest in accordance with the Localism Act 2011 • The Council has reviewed its procurement processes and procedures to ensure compliance with the Procurement Act 2023 and has up-to-date systems and processes in place to ensure compliance with its procurement obligations. This includes the use of the Government's central digital platform and ensuring social value is achieved via the use of Social Value Portal. • A cross-party working group has been established by full council to work through issues of local government reorganisation with appropriate terms of reference being set.
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Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits

Compliance Overview	<p>The following key policies, procedures, and practices remained in place and were applied throughout the year.</p> <ul style="list-style-type: none"> • Corporate key performance indicators (revised as and when appropriate) are reported quarterly to Cabinet and the Budget and Performance Panel • A 'Narrative Report' is published within the Statement of Accounts to reflect the Council's key achievements • There are effective arrangements in place to deal with failure in service delivery via the Council's corporate complaints procedure • The Medium-Term Financial Plan, Revenue Budget and Capital Programme are designed to deliver the strategic priorities • The Council has a capital programme of works • The Council has an approved Capital Investment Strategy • Individual capital projects are equality impact assessed • All key decisions are required to consider (where applicable) the impact on Climate, Equality, Wellbeing & Social Value, Health & Safety and Community Safety. This includes consideration of fair access to services • The Council has an adopted local plan which remains up-to-date i.e. it
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	<p>was adopted within the last five years (July 2020).</p> <ul style="list-style-type: none"> • The Council's Climate Emergency Local Plan Review (CELPR) which sought to strengthen local planning policies regarding climate mitigation and adaptation has concluded. Following the formal Examination by the Government's Planning Inspectorate, the CELPR was found soundly prepared, and the Plan was adopted by Council in January 2025. • The Council continues to make good progress regarding assembling an evidence base for its new Local Plan (which will eventually replace the one adopted in 2020). Details of progress are reported on the Council's Local Plan Policy Hub webpages. In April 2025, Cabinet approved the timetable for the formal stages of the Local Plan. The 30-month formal part of the plan-making process will commence on 1 January 2026. • Procedures are in place to address conflicting interests e.g. the call-in procedure and codes of conduct for members and officers. • The Council declared a climate emergency in January 2019. Since then, it has developed several workstreams aimed at ensuring that its' own activities have a net zero carbon impact by 2030. To support the wider ambition of decarbonising the whole district, the Council worked with Energy Systems Catapult (via external funding) to produce a Local Area Energy Plan (LAEP). The LAEP has since been adopted by the Council (October 2024) and it identifies the most cost-effective pathways to net zero for the Lancaster District. • Formal decisions take into account an assessment of environmental impact, proportionate to the nature of the decision
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Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Compliance Overview	<p>The key arrangements for managing performance and delivery, to inform interventions, continued to operate throughout the year. These included</p> <ul style="list-style-type: none"> • Effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and consideration on which decisions are based • Member and Officer briefings took place for more complex areas of decision making • The MTFS, Revenue Estimates and Capital Programme are configured to meet the requirements of the Council Plan and Ambitions document and are published annually. They are key documents for forecasting budget requirements and planning ahead • The MTFS sets out the framework for corporately managing the Council's resources in the years ahead • Corporate Key Performance Indicators are in place and are reported quarterly to Cabinet and the Budget and Performance Panel • Both Capital and Revenue bids consider 'social value'. • Proper, professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making • The Council considers public surveys, demographic information and public health reports when developing the Council Plan
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Principle E: Developing the entity's capacity, including the capability of its leadership

and the individuals within it	
Compliance Overview	<p>The key arrangements for building our capacity and capability continued to operate throughout the year. Leadership forums, including Wider Leadership Forum were maintained</p> <ul style="list-style-type: none"> • The Council is an active member of both the Local Government Association and District Council Network and has senior Members and Chief Executive in national representative roles. • The Council is member of APSE and regularly benchmarks several key Council services e.g. Street Cleansing, Council Housing's repairs and maintenance, Internal Audit, Waste Management, Pest Control and Leisure • The Council has received both blue and green flag status for its clean beaches and parks and open spaces • The Leader, Chief Executive and Section 151 Officer regularly attend Lancashire Leaders, Lancaster Chief Executives and Lancashire Chief Finance Officer meetings • The Chief Executive is responsible and accountable to the Authority for all aspects of operational management and has regular meetings/1-1's with the Leader, Cabinet and the Senior Leadership Team. • The Senior Leadership Team meet regularly with portfolio holders and Cabinet as a whole. • The Section 151 Officer is responsible to the Authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control and attends Senior Leadership Team meetings on invitation. • There is a clearly defined management structure and a scheme of delegation to officers, which is underpinned by the Members' Code of Conduct and a Protocol for Officer and Member relations • All new members receive a full corporate induction, ongoing support and role-specific training • An Accreditation review for Investors in People was carried out in summer 2023, resulting in an upgrade to Silver (Established) accreditation (valid for 3 years). • An induction programme is provided for all new staff and Members • The Council has several policies and incentives to support the Health and Wellbeing agenda e.g. Agile Working, Absence Management, discounted gym membership and the Cycle to Work Scheme. • A new annual conversation framework was co-designed in early 2023 and launched from April 2023.

Principle F: Managing risks and performance through robust internal control and strong financial management	
Compliance Review	<ul style="list-style-type: none"> • The regulations, policies and governance arrangements set out in the Code of Corporate Governance have been applied through the year for the Council. Examples of these include • The Council has a Risk Management Policy which was updated in March 2023 and further refreshed in March 2024 to include details on risk appetite. • All services have Information asset registers and privacy notices are now

	<p>in place for most the Council's service areas.</p> <ul style="list-style-type: none"> • The Council has an Overview and Scrutiny Committee and a Budget and Performance Panel which have been set clear roles and responsibilities • Key Performance Indicators are reported quarterly to Cabinet and the Budget and Performance Panel and a 'Narrative Report' is published within the Statement of Accounts. • Effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based • There is a calendar of dates for submitting, publishing and distributing timely reports to the Council's committees • The Council has an effective Internal Audit Service and all current Audit reviews are conducted under the Auditing Practices Board Guidelines and in line with Public Sector Internal Audit Standards (PSIAS) • An Audit Committee is in place, which is independent of the Executive and the Overview and Scrutiny function • The Head of Internal Audit and Assurance (Louise Cobain of MIAA) is Consultative Committee of Accountancy Bodies (CCAB), Chartered Public Finance Accountant (CPFA) 2005 qualified and also holds a Chartered Management Institute Level 5 Leadership and Management Programme (2018). • The implementation of internal audit report recommendations is monitored by the Council's Head of Internal Audit and Audit Service and Assurance (provided by MIAA) and the Audit Committee. MIAA has External Quality Accreditation (which is required every five years. This was undertaken in 2020 by CIPFA which confirms MIAA's full compliance with the Public Sector Internal Audit Standards. MIAA also undertakes annual self-assessments against standards which again confirms full compliance. • The Council has several counter-fraud policies in place which assist against fighting fraud and corruption • The Council has a Anti Money Laundering Policy in place which is reviewed by the Audit Committee. A revised Anti Money Laundering Policy was approved by Audit Committee in March 2023 • The Council has an 'Anti Money Laundering Reporting Officer' • The Council's Annual Governance Statement is prepared in compliance with CIPFA's 'delivering good governance in Local Government' • The Council uses an on-line e-learning portal to promote the General Data Protection Regulations (GDPR) and information security and is mandatory for all new starters • The Council has a designated Data Protection Officer and continues to work towards ensuring it is fully compliant with GDPR. Progress is being made on a recent DP Audit and Action Plan. The Information Governance Framework has been implemented but there are still areas for improvement including the consent process and contract management. These works are being progressed. • Secure arrangements are in place for the transfer of sensitive data (SFTP, Sharepoint Link and encryption tools available within Office 365) • The Council has both a records management policy and a confidential waste policy in place. The records management and retention policy was last updated February 2023 and the retention schedule, attached to the records management policy, is currently being improved. • Those making decisions are provided with information that is fit for
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	<p>purpose, relevant, timely and gives clear explanations of technical and financial issues and their implications</p> <ul style="list-style-type: none"> • Budget monitoring reports are issued to budget holders on a regular basis
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Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Compliance Review	<p>The Council endeavors always to be open and transparent. The regulations, policies and governance arrangements set out in the Code of Corporate Governance have been applied throughout the year for the Council and can be accessed here:</p> <ul style="list-style-type: none"> • The Council endeavors to publishes information in accordance with the Local Government Transparency Code 2015. • Each year we publish information on our website outlining how we spend Council Tax income. • A 'Narrative Report' is published within the Statement of Accounts to reflect the Council's key achievements • The Council's website is comprehensive, accurate and user friendly • The Council has an on-line Planning Application Policy • Annual presentations are delivered for elected Members concerning the Council's finances as part of the production of the Revenue Estimates, the Capital Programme and the update of the MTFS • An effective internal audit function is resourced and maintained enabling them to deliver an annual internal audit opinion • The Council ensures that there is a process in place for the follow up of audit recommendations • The Council complies with both the Public Sector Internal Audit Standards and CIPFA's Statement on the role of the Head of Audit (2019) • In accordance with the Audit and Account Regulations 2015, an annual assessment of the effectiveness of the internal audit function is completed annually • The Audit Committee members are able to have private and confidential discussions with the Head of Internal Audit and Assurance. This is safeguarded by the functions and responsibilities of the Audit Committee in the Council's Constitution. • In accordance with the Public Sector Internal Audit Standards (PSIASS) the Head of Audit & Assurance developed a risk based Internal Audit Plan (2023/2024). This was approved by Audit Committee 22nd March 2023.P • The Council has a RIPA Policy in place and officers who use social media to carry out surveillance have received relevant training. The RIPA Policy was reviewed and agreed by the Audit Committee in March 2025. • The Council's Monitoring Officer has been trained as a RIPA Authoriser (training took place in January 2025) as per the Investigatory Powers Commissioner's recommendations. • Arrangements for accountability and prevention of corruption when working with suppliers and partners are documented within the Council's Contract Procedure Rules. The Contract Procedure Rules were updated in January 2025.
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Financial Management Code

The CIPFA Financial Management Code 2019 (FM Code) was introduced during 2020-21, to improve the financial resilience of organisations by embedding enhanced standards of financial management. The implementation of the FM Code is mandatory from 2021-22, and the Council has assessed compliance with the Code, against each of the seven standards. This concluded that the current working practice and noted planned improvements (subject to works set out in the table below) will meet the expectations of the Code of Practice against each of the standards:

- Responsibilities of the Chief Finance Officer and Leadership Team.
- Governance and Financial Management Style.
- Long to Medium Term Financial Management.
- The Annual Budget.
- Stakeholder Engagement and Business Plans.
- Monitoring Financial Performance; and
- External Financial Reporting

Table

RAG	Description	Number of Financial Management Standards				Movement
		21/22	22/23	23/24	24/25	
GREEN	Compliance is being demonstrated.	7	8	11	12	+1
AMBER	Minor to Moderate improvements are required to demonstrate full compliance.	8	9	6	5	-1
RED	Moderate to Significant improvements are required to demonstrate full compliance.	2	0	0	0	0
Total		17	17	17	17	0

Standard	Action Required	Responsible Officer	Timescale
Responsibilities of the Leadership Team and Chief Financial officer (CFO)	Increased use of benchmarking data and peer review for inclusion in business case and as part of Outcomes Based Resourcing (OBR) to focus on VfM aspects.	Senior Leadership Team	Responsibilities of the Leadership Team and Chief Financial officer (CFO)
Governance and Financial Management Style	Further embedding of Performance Management via the Council's "Annual Conversation"	Chief Officer (People and Policy) and Senior Leadership Team	Governance and Financial Management Style
Long to Medium Term	Further work will be required as part of the 2026/27 budget	Chief Finance	Long to Medium Term Financial

Financial Management	<p>setting process to address the significant forecast deficits and minimise the use of reserves, in both the General Fund and HRA</p> <p>Each lead portfolio member to be more involved in developing and setting the budget for their service areas.</p> <p>As part of the process to address the structural deficit service plans will need to be reflect how the services and the Council will be financially sustainable</p>	Officer	Management
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REVIEW OF EFFECTIVENESS

We have responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Council who have responsibility for the development and maintenance of the governance environment and by Internal Audit's annual report.

Issues arising from the review of the effectiveness of our governance framework are monitored by the Office of the Chief Executive and the Council's Audit Committee.

The Council uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

Assurance from Internal and External Audit

Internal Audit Assurance

One of the key assurances the Council receives is the Internal Audit Annual Report. In this report, the Internal Audit Service gives an opinion on the Council's internal control, risk management and governance framework.

The 2024/2025 Internal Audit Annual Report and Head of Internal Audit Opinion recognises that like other organisations across the public sector is facing a number of challenging issues and wider organisational factors particularly with regards to changes in the political landscape, financial challenges and increasing collaboration across organisations. The Head of Internal Audit also recognises that the Council has directed Internal Audit into known risk areas, thereby effectively utilizing internal audit resource.

The overall opinion of the Head of Audit, as detailed in the report is that:

“...for the period 1st April 2024 to 31st March 2025 **provides Limited Assurance, that that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation’s objectives at risk.**

Context: This opinion is provided in the context that the Council like other organisations across the public sector is facing a number of challenging issues and wider organisational factors particularly with regards to changes in the political landscape, financial challenges and increasing collaboration across organisations.

In considering the overall opinion, we do acknowledge that the Council has directed Internal Audit into known risk areas, thereby effectively utilising internal audit resource. There is oversight of key action plans by the council’s leadership team, specifically relating to the critical and high risk rated actions arising from the Procurement review. The council have put in a place a number of measures following the review to address the control weaknesses identified and are continuing to focus upon the remaining areas.

Moving forward, the Council is committed to strengthening of its control framework with a continuing focus on action plans overseen by the Chief Executive.”

As part of the Shared Revenues & Benefits Service Agreement, Lancaster City and Preston City Council have completed the internal audit reviews of Housing Benefits Overpayments (by Lancaster City Councils internal auditors) and National Non-Domestic Rates (by Preston City Council internal auditors).

The Council is making progress with its purchasing process review and making changes to strengthen control in this area.

External Audit Assurance 2020/21 – 2022/23

The Council’s external auditors, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. Like other Council’s across the country, we have been significantly impacted by the crisis in the public sector audit sector and the resulting audit backlog. This resulted in the External Auditor’s opinions for the 2019/20 – 2022/23 financial statements were delayed for a number of years. To address this backlog Department for Levelling Up, Housing & Communities published deadlines for outstanding issues to be resolved. This approach was re-confirmed in July 2024

Financial Years Statements	Audit Deadline
All years up to and including.2022/23	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

The Audits of the 2019/20 - 2022/23 Financial Statements have now been concluded, and the External Auditors, Deloitte issued unmodified opinions for both 2019/20 and 2020/21. In line with the backstop arrangements disclaimed opinions were issued for 2021/22 and 2022/23.

The following Value for Money (VfM) Risk Assessment and Conclusions supporting Deloitte's opinions

Financial Year	Risk Assessment	Conclusion
2020/21	No risk of significant weakness	No significant weakness identified
2021/22	No risk of significant weakness	No significant weakness identified
2022/23	No risk of significant weakness	No significant weakness identified

There were a small number of other improvement recommendations made, many of which the Council have already actioned and will continue to implement over the coming year.

A copy of the audited financial statements was published on the Council's website ahead of the 13th December 2024 backstop deadline

External Audit Assurance 2023/2024

KPMG have been appointed as the Council's External Auditors for the 5-year period 2023/24 to 2028/29. Given the volume of work outstanding from previous years and the changes to the backstop dates resulting in both Deloitte and KPMG requiring significant officer support over the same period meeting the February 2025 backstop deadline was always going to be a challenge. Priority was given to finalising the outstanding audit work to enable Deloitte to issue their opinions and also to the statutory work of the Council around budget production, setting of Council Tax etc. Regrettably **we did not achieve the deadline**, and a note has been published on the Council's website [Statement of Accounts - Lancaster City Council](#)

All outstanding issues relating to the 2023/24 audit have been provided and we are awaiting confirmation from KPMG of their timescale for issuing the disclaimed audit opinion.

Outstanding Objections and Audit Certificates

The Council has been subject to a number of longstanding objections to the Council's Financial Statements, which has had a considerable impact on both the Audit Opinions and Certification. The objection to the 2019/20 Financial Statements was concluded June 2021, and audit certificate from Deloitte.

2020/21 to 2022/23

The outcome of the objections was formally communicated to the objector by Deloitte in February 2025. The communication outlined in detail the External Auditor's considerations and conclusion against each of the grounds for objection and confirms that for a number of reasons none have been upheld. Section 28 (3) (b) of the Local Audit & Accountability Act 2014 allows the objector 21 days from the date of receipt to appeal against the decision to the court. It is understood that the objector has communicated a desire to exercise this right to Deloitte.

Until the issue of the objections is finally resolved the External Auditor will not be able to issue the Audit Certificates and formally closed the 2020/21 to 2022/23 audits.

2023/24

The objections appear to be similar in nature to those received in previous years and to assist KPMG have been cross referenced to the findings from Deloitte. However, KPMG will need to

form their own view of the validity of the objections which will impact on their ability to issue the audit certificate and conclude the 2023/24 audit.

A review of key performance indicators

The Council uses a number of key outcome indicators to assess the quality of governance arrangements. Performance in 2024/25 is set out in the table below.

Indicator	Performance in 2024/25
Formal reports issued by the Section 151 Officer or Monitoring Officer	No formal reports have been issued by the Section 151 Officer or the Monitoring Officer.
Number of data incidents reported to the Data Protection Officer (DPO)	45 incidents were reported to the DPO in 2024/25
Number of Data Breaches reported to the Information Commissioner's Office (ICO)	Of 45 reported to the DPO, none (0) were reported to the ICO.
Outcomes from Standards Committee or Monitoring Officer investigations	Nine (9) breaches of the code of conduct were reported to the Monitoring Officer. Matters were either discontinued on screening and finding of no breach by the Monitoring Officer or resolved by local resolution by the Monitoring Officer
Proven frauds carried out by councillors or members of staff	There have been no proven frauds carried out by Councillors' or members of staff in 2024/25. Allegations of fraud have been made and are under investigation in accordance with the Council's policies.
Local Government Ombudsman (LGO) referrals upheld	10 referrals have been made to the LGO in 2024/25. One of these is currently being investigated and we await the outcome. Four referrals to the Housing Ombudsman were made in 2023/24. One referral was investigated and upheld with a finding of maladministration. And two others are currently under review by the Housing Ombudsman, we are awaiting their decision. Remedies included an apology, review of complaint handling failures, compensation and demonstration of improvement.

GOVERNANCE ISSUES AND SIGNIFICANT CHALLENGES

Issues Identified in Prior Years

Information Governance was identified as governance issues in 2019/20 and commented on during previous Governance reviews. Further commentary on the progress to address these is provided below.

Significant Governance Issues

Information Governance

The Council's Information Governance (IG) Team continues to work on compliance with the General Data Protection Regulations which came into force on the 25 May 2018. Our Internal Audit carried out a review of IG policy and processes in May 2020. Internal Audit recommendations, at this time, recognised that significant progress has been made in some areas. However, there were still a number of areas that required immediate attention, therefore only 'limited' assurance was provided.

A follow up review has been undertaken by Internal Audit with a final report being issued in June 2023. The report notes that "there has been some progress made to implement the recommendations from the original report". However, there are still issues around the Council's Information Asset Registers and recorded legal bases for the collection of Sensitive Personal Data. The IG Team are working in conjunction with all of the Council's departments to get these issues resolved.

Whilst some recommendations have been implemented, there are still a number of issues to be addressed. The June 2023 report identified eight main areas that require immediate attention and continues to provide 'Limited Assurance' in respect of Data Protection: Policy and Processes.

IG have formulated an Action Plan against the recommendations of Internal Audit. The plan shows progress in a number of key areas and identifies issues yet to be resolved and further steps to be taken. The Senior Leadership Team are taking this matter seriously and is putting in place governance and resource measures to ensure that Internal Auditors' recommendations are tackled as a matter of priority – with the main areas requiring immediate attention being dealt with first.

Other Governance Issues

The 2023 AGS referred to a number of other governance issues which were identified following annual governance meeting with key officers. Audit Committee were last updated on the progress of these at their meeting on 19th March 2025. The actions which remain outstanding are all underway, or there is a plan for when the actions will start. The outstanding actions and their timescales are:

- Policy Review – this is an ongoing task to provide reminders to policy owners about reviewing their policy when it is coming up for renewal or if it becomes overdue.
- Information on Website – there is a project in place to replace the website software. The content will be reviewed as part of this. The work has recently commenced and it's likely that we will have a new website by the end of the financial year. The content will be revised in sections, rather than all being updated by this time next year.
- Review of Festival Market Management – our internal auditors carried out a review during 24/25. The agreed actions are due to be completed by the end of 2025.

A further Governance issues around contract management have been added to the Action Plan. Concerns with contracts relates to issues around storage of contracts, management of contracts and oversight of KPIs.

The Audit Committee will be provided with regular progress updates.

Significant Challenges for 2024/25 and Beyond

Purchasing

The use of procurement cards for purchasing is an issue. Problems identified include issues with appropriate spending, payment processing, training, systems and procedures and monitoring of procurement cards.

Internal audit and officers have undertaken a thorough review of procurement card spending. The number of cards has been reduced from 140 to 90. Further training has been given to card holders and authorisers. Issues with officer spending have been and continue to be investigated and addressed. Further monitoring of card transactions has been introduced.

The number of procurement cards, the level of authorised spend and category of spend is currently under review. It is expected that the number of procurement cards will be further reduced.

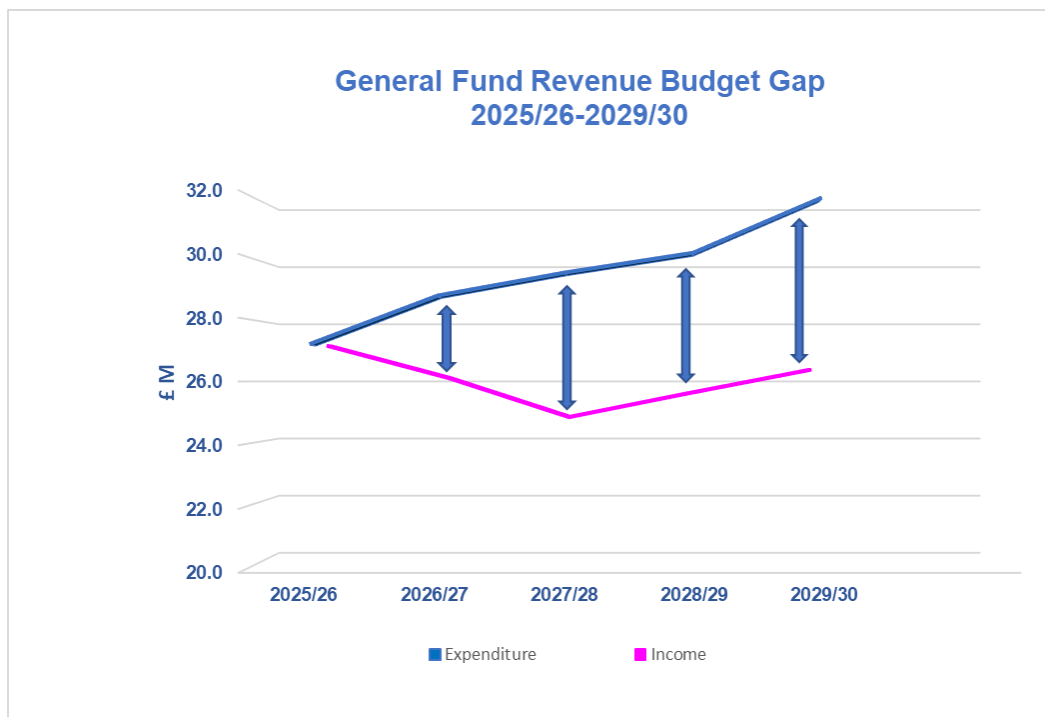
The number of purchases via purchasing card has been reduced as the Council moves away from frequent use of procurement cards.

The Council has also commenced a wider review of its spending with a view to procuring preferred suppliers for goods and services. This to further to safeguard the Council's spending, and to secure cost savings.

Financial Sustainability

Similar to other Councils across the country we continue to face unprecedented levels of financial and economic uncertainty in terms of Local Government funding. This, and specific local issues such as those surrounding temporary postponement of decommissioning plans for Heysham power station, do hamper the degree of confidence with forecasts can be made and inevitably some key estimates and assumptions are likely to change in the coming months. As a result, balancing the budgets in the short and medium term represents a significant challenge and has resulted in some difficult and unpalatable decisions having to be made to address future budget gaps

General Fund Budget Gap



Cumulative Deficit as Percentage of Revenue Budget

	2025/26 £'M	2026/27 £'M	2027/28 £'M	2028/29 £'M	2029/30 £'M
Net Revenue Budget	27.201	28.749	29.489	30.118	31.873
Budget Gap (Incremental)	0.000	2.633	4.699	4.513	5.480
% of Net Revenue Budget (Incremental)	0%	9%	16%	15%	17%
Budget Gap (Cumulative)	0.000	2.633	7.332	11.845	17.325
% of Net Revenue Budget (Cumulative)	0%	9%	25%	39%	54%

The forecast gaps are structural in nature, meaning that the Council's forecast spending exceeds the income it expects to receive, and this is compounded year on year. This position represents a significant challenge over the short and medium term. It is imperative that the Council's OBR process continues, and this will be fundamental in driving down budget gaps from 2026/27 and beyond and in realising financial sustainability.

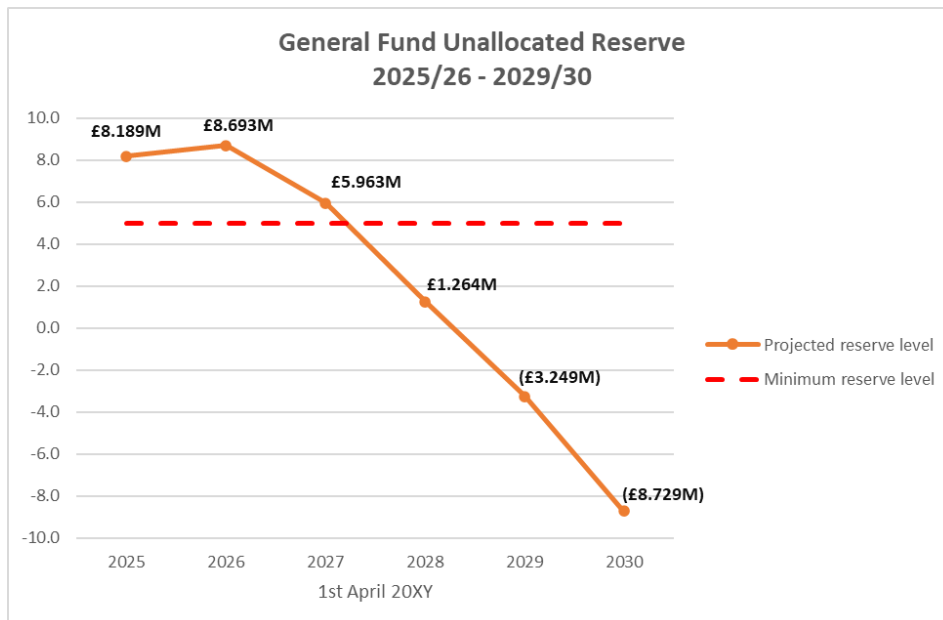
Reserves & Balances

A Council's reserves are an essential part of good financial management. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. The level, purpose and planned use of reserves are important factors for the Council as part of the MTFS.

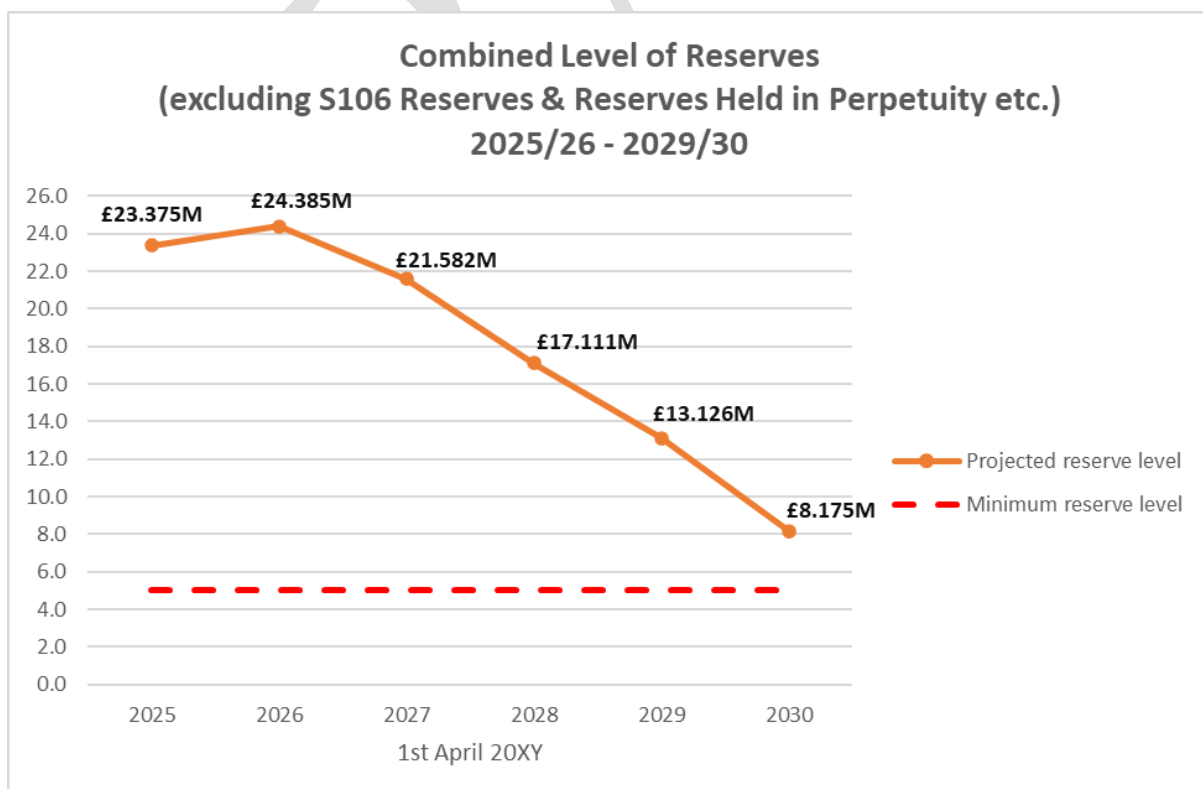
By their nature reserves are finite and, within the existing statutory and regulatory framework, it is the responsibility of the s151 Officer to advise the Council about the level of reserves that it should hold and to ensure that there are clear protocols for their establishment and use.

In accordance with the s151 Officers' advice the minimum level of General Fund unallocated reserve is £5M and £0.750M for the HRA

The graph and below provide details of our current forecast level of General Fund Balances including the impact of funding the forecast deficit from this reserve.



The graph below provide details of our current forecast level of all available Council reserves. The analysis excludes a number of essentially ring-fenced reserves such as s106, reserves held in perpetuity, revenue grants unapplied & elections. It does include reserves such as Business Retention and Renewals Reserves. These reserves are held for specific purposes, particularly the Business Rates Retention Reserve which is a mandated reserve. Its purpose is to manage the risk of fluctuations in business rates income, including changes in the Council's appeals provision and movements in forecast prior year surpluses or deficits. Whilst the transfers can be made to the general fund it is required to be maintained at a prudent level to manage the risks with business rates and not to support ongoing budget deficits. The graph below is used to underline the seriousness of the current situation against the Council's entire resources, not only the general fund.



The Council's Housing Revenue Account continues to face unprecedented levels of financial and economic uncertainty in terms of Government rent setting restrictions as well as the current

and changing landscape around social housing regulation. Expectations on service delivery continues to increase coupled with a challenging financial picture.

Of particular note linked to regulation is:

- The introduction of Tenant Satisfaction Measures during 2023/24. This year is the second year of data collection of which we have seen improved satisfaction across the board, whilst recognising there is more work to do – these results are formally reported to the Regulator during 2024. [Tenant Satisfaction Measures - Lancaster City Council](#)
- The mandatory registration of high-rise buildings was completed in 2023 with safety case files compiled at the end of March 2024 – call-in of these files is awaited,
- The ongoing Government-led professionalisation of the housing sector review – currently awaiting further details,
- The ongoing Government-led implementation of Awaab's Law (linked with property condition against Housing Health and Safety Rating System hazards) – currently awaiting further details, as well as awaiting further details of an anticipated new Decent Homes Standard,
- Ofsted-style inspections from the Regulator being introduced from April 2024, on a four-yearly cycle, now coming to the end of the first year,
- Housing Ombudsman Spotlight reports into poor sector performance and accompanying self-assessments, and
- A renewed focus on the customer complaints process through the introduction of a joint complaints code with the Local Government and Social Care Ombudsman, and mandatory submission of self-assessments and annual reports. (Self-assessment and performance information can be found here: [Complaints - Lancaster City Council](#))

All of these, together with other routine operational pressures has placed significant financial stress on the Council's Housing Revenue Account (HRA). As a result, the level of reserves within the HRA 30 Business Plan has dipped below the s151 Officer recommended minimum levels and is expected to do so for 12-18 months, as work to reverse this decline takes effect. However, these reserve forecasts do not include the impact of any future projects and as such careful monitoring of expenditure and the impact on reserve levels will be paramount going forward.

Progress from last year's AGS

The Council has made further progress with regard to Risk Management. Some consultancy work was commissioned to help us build in the 'three lines of defence' model to our risk management approach and provide suggestions on how to further improve our risk management processes. As a result, we will be moving from a 4 x 4 to a 5 x 5 (impact and likelihood) risk matrix to enable us to differentiation between risk severity and concentrate our efforts on managing the highest scoring risks. As part of this exercise, the Council's risk appetite for different risk categories will be re-visited, having adopted it in January 2024.

Two of the recommendations from the 23/24 audit are still outstanding, as they will be addressed when the risk matrix is updated and the 'three lines of defence' model implemented.

The Council took part in an LGA Corporate Peer Challenge in April 2024. This challenge, in the form of a review of the council's corporate functions, was independently undertaken by the Local Government Association (LGA).

A positive feedback report was subsequently published. The overriding view of the peer challenge was that over the last two years the Council has undergone a period of rapid improvement, is making real improvements for people and place, and is well-placed for the

future to deliver on the needs of its communities. Following the review the Council produced a plan for addressing recommendations made. A further review was undertaken in January 2025 by the AGA. The review found that the plan for addressing the recommendations of the Peer Challenge had been acted upon and that 85% of the recommendations were on track and progressing well. Praise was given for the Council's approach to community wealth building, economic resilience, and environmental sustainability.

Forward look on Governance

The Government's Local government reorganisation is a significant change that the Council is currently working on and will continue to work over the coming years. Current and new practices and procedures need to be looked at in light of future change and good governance is needed to ensure that reorganisation is smooth and efficient and works well for Lancashire. A cross-party group has been established to consider proposals on reorganisation and to oversee this work.

A lot of work has been undertaken within 2023/24 and 2024/25 in getting the Council prepared for the changes under the Procurement Act 2023. The Act came into force on 24 February 2025. The Council has overhauled its template documentation, guidance and procedures and is in a good position to meet its obligations under the 2023 Act. It has also amended its Contract Procedure Rules. Looking to the future, further work is needed on the Council's procurement policy, strategy and social value.

Council housing produces an annual self-assessment for Regulator of Social Housing Consumer Standards. This will be presented formally to relevant Committees through 2025/26, following the development of a dedicated Council Housing Assurance Framework.

The Council has asked Internal Audit to focus on areas of known weakness. There are several outstanding audit actions that need to be completed. This will be a priority for the Council over the next financial year.

REVIEWING AND REPORTING ARRANGEMENTS

The CIPFA/SOLACE guidance recommends that authorities should undertake annual reviews of their governance arrangements to ensure continuing compliance with best practice as set out in the framework.

This year the Annual Governance Statement for 2024/25 has been produced with the help and engagement with all key officers, who have the most appropriate knowledge, expertise and levels of seniority providing information and key evidence to support how the organisation has complied with the principles set out in guidance.

As well as demonstrating how the Council is meeting each of the principles, it is also an opportunity to identify any issues or gaps that could lead to a weaker governance structure.

The AGS is submitted for consideration by the Leader and Chief Executive who then sign to certify they are aware of the governance issues within the Council and of the measures that are required to improve the controls around the Council's governance framework.

CERTIFICATION

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this Statement, and to further enhance our governance arrangements to enable delivery of our Corporate Plan.

Signed on behalf of Lancaster City Council:

Councillor Caroline Jackson
Leader of Lancaster City Council

Mark Davies
Chief Executive of Lancaster City Council

Date:

DRAFT

AUDIT COMMITTEE

Audit Committee Assurances in Relation to the Financial Reporting Process

21 May 2025

Report of Chief Finance Officer

PURPOSE OF REPORT

To summarise how the Audit Committee gains assurance, as ‘those charged with governance’, from management in order to fulfil its responsibilities in relation to the financial reporting process.

This report is public

RECOMMENDATION

The Committee is asked:

- To consider whether the responses at Appendices 1 and 2 are consistent with its understanding, and whether there are any further comments it wishes to make.

1.0 BACKGROUND

- 1.1 The Council’s external auditor, KPMG, is required to comply with the requirements of the International Standards on Auditing (UK) (ISA), as adopted by the UK Financial Reporting Council (FRC), in conducting the audit of the Council’s financial accounts for the year ended 31 March 2025.
- 1.2 Under the ISA’s KPMG have specific responsibilities to communicate with the Audit Committee on certain specific matters and, as part of the risk assessment procedures, KPMG is 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 2025.
 - General Enquiries of Management
 - Fraud.
 - Laws and Regulations.
 - Related Parties; and
 - Accounting Estimates
- 1.3 To support this work and to assist the Audit Committee as ‘those charged with governance’ (TCWG), to fulfil its responsibilities in relation to the financial reporting process, management has reviewed a number of documents and compiled a series of questions and responses covering the 2024/25 financial year. Although not exhaustive details of these are provided at **Appendices A and B**. Additional assurance will be required from the Chair of the Committee, and also Internal Audit, these will be dealt with directly with the individuals and passed to the External Auditor.

2.0 GENERAL ENQUIRES OF MANAGEMENT

- 2.1 ISA's (UK) 300 and 315 deal with the external auditors' responsibilities to plan the audit of the financial statements and identify and assess the risks of material misstatement within them.
- 2.2 To assist in discharging these obligations the auditors make a range of detailed and general enquires.
- Significant changes to the Council's control environment
 - Key events & policies
 - Accounting policies
 - Complex transactions
 - Areas of litigation or contingencies

3.0 FRAUD

- 3.1 ISA (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.
- 3.2 The primary responsibility for prevention and detection of fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider a number of issues such as the potential for override of controls and inappropriate influence over the financial reporting process.
- 3.3 The External Auditors are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. This includes considering the arrangements management has put in place with regard to fraud risks including.
- process for identifying and responding to risks of fraud, including any identified specific risks,
 - communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
 - communication to employees regarding business practices and ethical behaviour

4.0 LAW AND REGULATIONS

- 4.1 ISA (UK) 250 requires auditors to consider the impact of laws and regulations in an audit of the financial statements.
- 4.2 Management, with the oversight of the Audit Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.
- 4.3 As noted above auditors are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. Where the auditors become aware of information of non-compliance, or suspected non-compliance they need to gain an understanding of this and the possible effect on the financial statements.

5.0 RELATED PARTIES

5.1 ISA (UK) 550 requires auditors to review the Council's procedures for identifying related party transactions and obtain an understanding of the controls that have been established to identify such transactions.

5.2 The Council is required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council.
- associates.
- joint ventures.
- an entity that has an interest in the authority that gives it significant influence over the Council.
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

5.3 The Council is required to make a disclosure if a transaction (or series of transactions) is material on either side, i.e., if a transaction is immaterial from the other body's perspective but material from a related party viewpoint then the Council must disclose it.

6.0 ACCOUNTING ESTIMATES

6.1 ISA (UK) 540 requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates.
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates.
- How the entity's risk management process identifies and addresses risks relating to accounting estimates.
- The entity's information system as it relates to accounting estimates.
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

6.2 As part of this process auditors also need to obtain an understanding of the role of TCWG, which is particularly important where the estimates have high estimation uncertainty or require significant judgement. Specifically does the Audit Committee

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them.
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates.

7.0 OPTIONS AND OPTIONS ANALYSIS

7.1 The Committee could choose to accept the responses put forward by management or amend the comments as it wishes.

8.0 CONCLUSION

- 8.1 The attached Appendices set out a series of questions and responses from Management in respect of each of the above areas for consideration by the Audit Committee.
- 8.2 The responses demonstrate that the Audit Committee can gain assurance from management in order for it to fulfil its responsibilities in respect of the financial reporting process.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The report has no direct impact on the above issues.

FINANCIAL IMPLICATIONS

None arising directly from this report.

OTHER RESOURCE IMPLICATIONS, SUCH AS HUMAN Resources, Information Service, Property, Open Spaces:

None arising directly from this report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has authored this report in his capacity as Chief Finance Officer

LEGAL IMPLICATIONS

The Local Audit and Accountability Act 2014 (the Act) states that the accounts of a relevant authority for a financial year must be audited:

(a) in accordance with the Act and provisions made under it, and

(b) by an auditor (local auditor) appointed in accordance with the Act or provision made under it.

A local auditor must, in carrying out the auditor's functions in relation to the accounts of a relevant authority, comply with the Code of Audit Practice applicable to the authority that is for the time being in force. The current Code of Practice for UK Local Government is the Code of Audit Practice issued by the National Audit Office, which came into effect from the 2020/21 audit year. The Code adopts the International Standards on Auditing (ISAs) as issued by the FRC.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

N/A

Contact Officer: Paul Thompson

Telephone: 01524 582603

E-mail : pthompson@lancaster.gov.uk

Ref:

APPENDIX 1 – ENQUIRES OF MANAGEMENT

QUESTIONS & RESPONSES IN RELATION TO GENERAL ENQUIRES

	Question	Response
1	What are the key events or issues that have had a significant impact on the financial statements	<p>The continuing impact of factors such as general and pay inflation, interest rates and have impacted the Council in a number of areas.</p> <ul style="list-style-type: none"> • additional costs and loss of income to the Council has led to variations in expenditure and income across all the Council's portfolios • impact on Collection Fund accounting • impact on provision for bad debts
2	Has there been any events, or transactions that has caused a change or adoption of new accounting policies?	We have adopted IFRS16 Leases for the current. The revised policy was approved by Audit Committee March 2025.
3	Has Management and the Audit Committee considered the appropriateness of the Councils accounting policies?	Audit Committee considers the Proposed Accounting Policies and Critical Judgements used in the Preparation of the Statement of Accounts annually.
4	Does that Council use any financial instruments including derivatives	<p>There have been no changes to the Council's financial instruments in 2024/25, which remain simple and straightforward.</p> <p>The Council does not use LOBO's or derivatives or other complex arrangements.</p>
5	Are there any significant transactions outside of the normal course of Council business?	No
6	Has there been any changes in circumstances or events that may lead to an impairment of non-current assets	<p>The potential for impairment has been discussed with the in-house property valuer and the annual impairment review requested.</p> <p>We are not aware of any issues that would result in a significant impairment for 2024/25.</p>
7	Is the Council a guarantor to any contracts	No

APPENDIX 1 – ENQUIRES OF MANAGEMENT

8	Are there any contingent liabilities and/ or any un-asserted claims that would affect the financial statements?	<p>Although there are a number of claims against the Council these are being managed by the Council's legal team and insurers and are not expected to have an impact on the financial statements.</p> <p>All known contingent liabilities are disclosed within the financial statements.</p>
9	<p>Other than our in-house solicitors are there any other solicitors used by the Council during the year?</p> <p>Are they working on open litigation or contingencies from prior years?</p>	<p>a. Brabners LLP b. Eversheds Sunderland LLP c. Berryman's Lace Mawer LLP d. Gateley Plc e. Greenhalgh Kerr Solicitors</p> <p>Eversheds Solicitors have been engaged in the collection of monies owed to the Council from prior litigation.</p>
10	Has any of the Council's service providers reported any items of fraud, non – compliance with laws or regulations affecting the financial statements.	None that we are aware of currently
11	What other advisors has the Council consulted during the year?	<p>Link Group/ MUFG – Treasury Management advisors. MIAA Solutions – Eden Project governance & Mainway/ Skerton School site Business Plan development</p>
12	Are you aware of any instances which may have had an impact on the Council's Internal Control Environment?	The Committee will be aware of the long-standing capacity issues within Finance. This has now been resolved following successful recruitment and internal promotions.

APPENDIX 1 – ENQUIRES OF MANAGEMENT

QUESTIONS & RESPONSES IN RELATION TO FRAUD

	Question	Response
1	<p>What is management's assessment of the risk that the financial statements may be materially misstated due to fraud.</p> <p>What is the nature, extent, and frequency of such assessments?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p>	<p>Overall, it is considered that there is a low risk that the financial statements being materially misstated (c£1M) due to fraud.</p> <p>There are a number of processes in place to prevent and detect fraud with the accounts.</p> <p>These include: -</p> <ul style="list-style-type: none"> • Regular monitoring and review of expenditure/ income throughout the year with the budget holders • Finance Officers check accruals for reasonableness, including review of period on transactions. • Approval hierarchy/ limits in CIVICA – this is the point of authorisation for most of the spending. • Approval hierarchy for journals/ virements • Internal audit review of main control areas linking through to the Annual Governance Statement • Keeping up to date with the latest guidance to ensure proper accounting rules are adhered to. <p>The Council has appropriate arrangements in place to identify and respond to the risk of fraud.</p> <p>These include the Anti-Fraud, Bribery and Corruption Policy (including the Fraud Response Plan), Raising Concern (Whistle blowing) Policy and a dedicated Corporate Fraud Team. These set out the Council's position regarding this area.</p> <p>There are various processes to highlight fraud risks and raise awareness, these include the circulation of fraud alerts and information received from the National Anti-Fraud Network to relevant managers and staff and the provision of eLearning</p>

APPENDIX 1 – ENQUIRES OF MANAGEMENT

		<p>packages for managers and staff covering fraud awareness, preventing bribery and corruption, and working with the Bribery Act.</p> <p>The Council has a dedicated whistle blowing phone number in place which is monitored by external staff who will follow up any calls relating to fraud allegations for appropriate investigation.</p> <p>The audit team are also informed of any potential or suspected fraud which may be brought to management's attention through other channels, such as the corporate complaints process.</p> <p>These are followed up under the whistle blowing policy where relevant. The results are reported to senior management and the Audit Committee</p> <p>The Council also participates in the National Fraud Initiative (NFI). NFI data matches are followed up to determine the reasons for the matches being identified and assess if they are the result of timing difference, fraud, or other errors.</p> <p>Chief Officers are responsible for self-assessing the effectiveness of the control arrangements in their departments and are required to complete an Assurance Statement annually to evidence this as part of the process to support the Annual Governance Statement. These statements include specific reference to effective controls to prevent, detect and deter fraud, anti-fraud and corruption and confirmation that budget monitoring is conducted on a regular basis.</p>
2	What do we determine to be the classes of accounts, transactions, and disclosures most at risk to fraud?	<ul style="list-style-type: none"> • Handling cash and banking • Ordering and payment for goods and services • Bank mandate fraud. • Direct payments

APPENDIX 1 – ENQUIRES OF MANAGEMENT

3	Are you aware of any instances of actual, suspected, or alleged fraud, errors, or other irregularities either within the Council as a whole or within specific departments since 1 April 2024?	As with all Councils it is not possible to eliminate fraud entirely and as such there are a number of suspected, nonmaterial or alleged frauds currently under investigation.
4	<p>Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within the Council where fraud is more likely to occur?</p>	<p>The Council operates a shared Corporate Fraud Team with Preston and Fylde Councils and have identified a number of specific fraud risk areas such as Council Tax, Housing Benefit, Business Rates as well as COVID Business Grants. In addition, as noted above there are a number of areas of that are consider more susceptible to fraud.</p> <p>Internal Audit considers the Council's control and risk management framework and processes as part of the development of its risk-based plan, which is presented annually to the Audit Committee for approval, and as part of reviews of the related fundamental financial systems. Whilst areas for improvement have been identified to strengthen controls in place, with some exceptions identified regarding compliance with the controls in place, no material issues have been identified during the year.</p> <p>As noted previously, there areas within the Council that are more at risk of fraud such who handle cash or were large volume, small value procurement is undertaken such as cafes, Salt Ayre Leisure Centre etc</p>
5	What processes does the Council have in place to identify and respond to risks of fraud?	<p>The Council has various arrangements in place to identify and respond to the risk of fraud. These include.</p> <ul style="list-style-type: none"> • Anti-Fraud, Corruption and Bribery Policy • Sanctions Policy and • Raising Concerns Policy (Formally Whistleblowing) <p>These documents set out the Council's position regarding this area. There are various processes to highlight fraud risks and raise awareness, these include the circulation of fraud alerts and information received from the National Anti-Fraud Network to</p>

APPENDIX 1 – ENQUIRES OF MANAGEMENT

		<p>relevant managers and staff and the provision of eLearning packages for managers and staff covering fraud awareness, preventing bribery and corruption, and working with the Bribery Act.</p> <p>The Council has a dedicated whistle blowing phone number in place which is monitored by external staff who will follow up any calls relating to fraud allegations and will refer matters to either Internal Audit or the Council's Corporate Fraud Team. The Council also participates in the National Fraud Initiative.</p> <p>As noted above the Council operates a shared Corporate Fraud Team with Preston and Fylde Councils and has engaged Mersey Internal Audit Agency (MIAA) to deliver its internal audit service.</p> <p>Chief Officers are responsible for self-assessing the effectiveness of the control arrangements in their departments.</p>
6	<p>How do you assess the overall control environment for the Council, including.</p> <p>the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control?</p> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter, or detect fraud</p>	<p>Despite previous issues around Internal Audit the Council has a comprehensive internal control framework in place, which includes Financial Procedure Rules, Contract and Procurement Procedure Rules, an Officer Scheme of Delegation, an Anti-Fraud, Corruption and Bribery Policy and resource and budget monitoring processes.</p> <p>These various documents and processes are monitored and reviewed periodically to ensure that they are up to date and fit for purpose. Chief Officers are responsible for self-assessing the effectiveness of their arrangements Internal Audit considers these control processes as part of the development of the risk-based plan and as part of reviews of the related fundamental financial systems.</p>
7	Are there any areas where there is potential for misreporting	Unlike private sector or other Public Sector bodies such as NHS there is little or no incentive for fraudulent reporting

APPENDIX 1 – ENQUIRES OF MANAGEMENT

		In relation to accruals and other estimation techniques, detailed guidance and key deadlines are sent out to budget holders for cascade down to staff in departments. Also, Finance teams work closely with budget holders to advise on recording expenditure and income in the correct accounting period.
8	<p>How does the Council communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>The Council has an Officer's Code of Conduct which is used to encourage ethical behaviour in staff.</p> <p>There are also instructions relating to Registers of Personal and Business Interests and the receipt of Gifts and Hospitality. An annual email is sent to senior staff reminding them of the importance of this area and the need to complete the appropriate declarations.</p> <p>Staff are expected to report any concerns that they may have regarding any potential or suspected fraud, either to their line manager or to Internal Audit</p> <p>Issues have been reported outside of the Whistleblowing/ Raising Concerns Policy, and this are being followed up in line with the Council policies.</p>
9	<p>From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed, and managed?</p>	<p>Those in relation to exchequer functions – making payments/ collecting and recording income etc.</p> <p>Treasury management – dealing with borrowing and investments.</p> <p>HR & Payroll Setting up and of payment of staff.</p> <p>Posts responsible for procurement activity and raising and approving orders.</p> <p>Controls ensuring separation of duties e.g., setting up new vendors; change of bank details; authorisation hierarchy for ordering; set-up /changes to employee details etc. Financial Procedures, Procurement and Purchasing Rules are in place setting out staff roles and responsibilities.</p>

APPENDIX 1 – ENQUIRES OF MANAGEMENT

10	<p>Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>None that we are aware of currently.</p> <p>Related party relationships and transactions are fully reviewed as part of the accounts closure process and all significant transactions disclosed in the notes to the accounts. Members Register of Interest reviewed for personal / business interest with which the Council has transactions. Chief Officers are each required to make a personal return in respect of their own/any family members potential interests with which the Council has transactions.</p>
11	<p>What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit and Governance Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p>	<p>The Audit Committee receive reports from Internal Audit setting out the progress of the approved Audit Plan and the Corporate Fraud Manager on progress against business plan.</p> <p>The Committee members are able to ask questions of Officers during the year regarding the details of the counter fraud activity to clarify any of the details reported and improve their understanding of this area. The Committee also invites senior officers to provide updates on any significant areas of concern raised in the reports in respect of key or fundamental financial systems.</p> <p>The 2024/25 Internal Audit Annual Opinion Report presented to the Committee, concluded that the Council has substantial systems of risk management, control and governance in place which are being applied to an adequate standard.</p> <p>The Committee also receives a Counter Fraud Annual report setting out the results of investigations carried out and counter fraud activity undertaken during the previous year.</p>
12	<p>Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>As noted previously issues have been reported outside of the Whistleblowing/ Raising Concerns Policy and this are being investigated in line with the Council policies.</p>
13	<p>Have any reports been made under the Bribery Act?</p>	<p>None that we are aware of currently.</p>

APPENDIX 1 – ENQUIRES OF MANAGEMENT

QUESTIONS & RESPONSES IN RELATION LAW AND REGULATIONS

	Question	Response
1	How does management gain assurance that all relevant laws and regulations have been complied with	<p>The Council's Legal and Finance departments provide advice on law and regulation on a number of areas that relate to Council's business and activities. In addition, the Procurement and HR teams also advise on laws and regulations relating to that area. There are a number of qualified legal, HR and finance professionals with expertise in specific areas, who would provide advice support to departments.</p> <p>The Customer Service Team, Information Governance and Legal Team coordinate complaints received, and where they escalate undertake internal investigation and liaise with the LGO when referred.</p> <p>The consideration of and dealing with complaints are supported by qualified legal staff. Any legal issues that are identified from the complaints are actioned appropriately.</p> <p>Instruction of external legal advisers including Counsel as appropriate in complex matters. To update knowledge, qualified legal staff are required to undertake extensive training and collate CPD points-regulated by the Solicitor's Regulatory Authority.</p> <p>The Council's Constitution is regularly reviewed and updated, ensuring that relevant changes in the law are reflected, and that the governance framework is legally sound.</p> <p>There have been no actual claims for judicial review issued against the Council for a number of years. However, letters before action under the Judicial review protocol were received which were responded to adequately and thereby negating the need for a claim to be made.</p>

APPENDIX 1 – ENQUIRES OF MANAGEMENT

		<p>Staff who are members of professional bodies are bound by their codes of conduct and requirements to comply with professional standards and relevant laws and regulations.</p> <p>Corporate and Departmental risk registers are in place.</p> <p>The risk-based audit plan would consider compliance with laws and regulations for key risk areas</p>
2	What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?	<p>See above, but also the Monitoring Officer and 2 Deputy Monitoring Officers ensure lawful decision-making as well as provision/ procedure to ensure legal implications are considered for all Cabinet, Council, and other reports.</p> <p>The Monitoring Officer (MO) and Senior Manager Democratic Services (Deputy MO) attend Council and various regulatory committees to advise as appropriate. The MO is now a member of Senior Leadership Team.</p> <p>External Inspections would also detect non-compliance e.g. a recent VAT inspection did not highlight any areas of non-compliance.</p> <p>Training is provided to elected members and officers at all levels from the in-house legal team and externally on a wide range of subject matter relating to our statutory duties and legal compliance in specific areas.</p> <p>Regular Statutory Officers Group meeting has been set up to focus on the overall governance of the Council, assurance including better decision-making.</p>
3	Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?	No

APPENDIX 1 – ENQUIRES OF MANAGEMENT

4	How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	Through Internal Audit reports and opinions on specific areas of business via the delivery of the risk based annual audit plan
5	Have there been any instances of non-compliance or suspected non-compliance with laws and regulation.	None that we are aware of currently
6	Is there any actual or potential litigation or claims that would affect the financial statements?	There are some on-going litigation matters. They are not thought to have a material effect on the Council's Financial Statements.
7	What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	Litigation matters are covered by the Council's insurance policies are managed by the Authority's claim handlers and insurance solicitors in coordination with our in-house insurance officer. Matters not covered by insurance policies are identified by officers (in accordance with relevant policies) and referred to the Council's in-house legal department for evaluation. The Council has a designated litigation solicitor who evaluates and progresses litigation matters.
8	Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	There are no reports known of that would affect the financial statements. As noted above a recent VAT inspection did not highlight any areas of non-compliance.

APPENDIX 1 – ENQUIRES OF MANAGEMENT

QUESTIONS & RESPONSES IN RELATION REALTED PARTIES

	Question	Response
1	<p>Have there been any changes in the related parties including those disclosed in the Council's financial statements? If so, please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and the Council whether the Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>The Council established a More Homes for the Bay a Local Authority Trading Company (LATCO) however although incorporated it is yet to commence trading and does not hold any assets.</p>
2	<p>What controls are in place to identify and account for and disclose related party transactions and relationships</p>	<p>Related party relationships and transactions are fully reviewed as part of the accounts closure process and all significant transactions disclosed in the notes to the accounts.</p> <p>Members Register of Interest reviewed for personal / business interest with which the Council has transactions Senior Leadership Team are each required to make a personal return in respect of their own/ any family members potential interests.</p>
3	<p>What controls are in place to authorise and approve significant transactions and arrangements with related parties</p>	<p>Decision making hierarchy specified within the Council's Constitution. Significant transactions over £250K would be classed as "Key Decisions", which require reporting to/ decision making by the Executive Board and are published ahead of the decision on the Council's website.</p>
4	<p>What controls are in place to authorise and approve significant transactions and arrangements with related parties</p>	<p>As above.</p>

APPENDIX 1 – ENQUIRES OF MANAGEMENT

QUESTIONS & RESPONSES IN RELATION TO ACCOUNTING ESTIMATES

	Question	Response
1	What are the classes of transactions, events, and conditions, which are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	<p>Those where the basis of measurement for the amount recognised in the accounts is uncertain, therefore an estimation technique is required, e.g.:</p> <ul style="list-style-type: none"> • Accruals of expenditure and income • Valuation and depreciation of property, plant, and equipment assets • Fair value measurements • Assumptions made when calculating accounting provisions. • The valuation of the Pensions liability
2	How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	<p>Management follows the latest professional guidance to assist in identifying issues that may impact on accounting assumptions and estimates used in preparing the statement of accounts e.g., events causing increased uncertainties. In addition, issues are discussed with:</p> <ul style="list-style-type: none"> • Lancashire CFO's Group and sub-groups to compare approach; and • external audit regarding any new areas they will be focussing on <p>Assumptions/ source data is taken from historical data wherever possible amended to reflect known/ likely changes.</p>
3	How do management review the outcomes of previous accounting estimates?	Comparison of actual outcomes to estimates made – review and update historical information to inform future estimates.
4	Have any changes made to the estimation processes and, if so, what was the reason for these?	No
5	How do management identify the need for and apply specialised skills or knowledge related to accounting estimates	If estimates involve specialised professional judgements and access to specific relevant data, which the Finance team do not have or have access to, then a relevant expert/ advisor is needed e.g. Treasury Management Advisors/ Property Valuers/ Pensions Actuaries

APPENDIX 1 – ENQUIRES OF MANAGEMENT

6	How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	For significant accounting estimates provided by the advisors above, the Finance team will review supplementary information to support the calculations provided by the advisors and discuss the methodology to ensure they understand the estimates made.
7	How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	The Finance team will review movements in property valuations looking at significant movements in order to challenge the valuations conducted.
8	Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement	<p>Statement of Accounts Note 4: Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty discloses key transactions that require significant estimates. The items disclosed are.</p> <p>Property, plant, and equipment</p> <ul style="list-style-type: none"> • Valuations • Depreciation <p>Fair Value Measurements Pensions Asset/ Liability Provision for Business Rate Appeals Debtors/ Arrears</p> <p>The disclosure also details the nature of the estimation uncertainties as well as providing movements should actual results differ from assumptions.</p>
9	How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Explicitly reported to Audit Committee with specific disclosures included within the Statement of Accounts

APPENDIX 2 – ACCOUNTING ESTIMATES

Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, Plant and Equipment Valuations	The Council engages a valuation expert, who is a member of the Council's Property Team, to undertake property valuations. All valuations are undertaken by qualified valuers. Properties are valued in line with accounting standard requirements and in accordance with Royal Institute of Chartered Surveyors Guidance on the basis of a three year rolling programme.	Appropriately qualified valuer is engaged to undertake valuations.	Yes	Since valuations are compiled by an expert using recognised measurement techniques and based on professional guidance, the underlying data is considered to be reliable and the scope to use judgement and change assumptions limited.	No
Council Dwellings Valuations	As above, however, HRA assets are revalued at least every five years on a rolling programme, with desktop valuations in the intermediate years.	As Above	As Above	As Above	As Above
Investment Property Valuations	As Above, however Investment Properties are valued on an annual basis	As Above	As Above	As Above	As Above
Property, Plant and Equipment and Council Dwellings	Real Asset Management software is used to calculate and process the annual depreciation charge based on the latest property valuation Depreciation is charged on a straight	Suitably qualified officers/ valuer advise the estimate of	Yes	The main assumption in the depreciation is the useful life of the asset.	No

APPENDIX 2 – ACCOUNTING ESTIMATES

Depreciation	line basis over the useful life of each specific asset.	useful life for each asset.		Property assets have their useful life estimate by our expert valuer. Other assets have their useful lives estimated by a suitably qualified officer.	
Valuation of defined benefit net pension fund liabilities	<p>The Projected Unit method of valuation is used to calculate:</p> <ul style="list-style-type: none"> • benefit obligation (liability) - the total present value of individual scheme members benefits in relation to service completed up to the date of the calculations • Service cost - the total present value of individual scheme members benefits which is attributable to service during the accounting period 	Appropriately qualified experts used to derive valuations.	Actuarial services including calculation of accounting information provided by Scheme Actuary - Mercers	<p>Detailed information to support calculations and assumptions used is provided by the Actuary based on data submitted by the employer.</p> <p>The Council has not been subject to:</p> <ul style="list-style-type: none"> • Significant outsourcing / bulk transfer of scheme members Amalgamation/ reorganisation • Significant redundancy/ restructuring programs • Average pay increases significantly in excess of assumptions adopted <p>Therefore, the only cause of uncertainty is the impact of the war in Ukraine and general economic pressures on financial markets</p>	No

APPENDIX 2 – ACCOUNTING ESTIMATES

Fair value estimates	<p>PPE, investment property and treasury investments fair values as detailed above.</p> <p>The calculations for the fair value of borrowings are provided by the Council's treasury management advisers, Link Group. These are generally for disclosure notes only.</p>	Appropriately qualified experts used to derive valuations	Fair value calculations provided by Link Group	<p>The Council does not have any complex borrowings with high degrees of uncertainty.</p> <p>The Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value – its professional treasury advisers, Link Group</p>	No
Provisions: Business Rates Appeals	Data from VOA for 2010, 2017 and current revaluation appeals	Approach discussed at LCFO's and Sub Group	Indicative levels of business rates appeals provided by Analysis Local	<p>Uncertainty due to variance in appeal decisions and significant backdating.</p> <p>. Check & Challenge, appeal system has curtailed activity to some extent</p>	No
Accruals	Creditors generated by Purchasing Module of Civica where orders receipted but not paid at 31/03/24.	Detailed guidance issued to budget holders and manual accruals reviewed by Finance team prior to input.	No	Some degree of uncertainty	No
Credit loss and impairment allowances	Consideration of age profile of arrears and other specific issues impacting on collectability of debt	The calculation is undertaken with Finance based on historic data	No	<p>Age profile of arrears over a 3 year rolling period is considered a best estimate based on known patterns.</p> <p>Some degree of uncertainty remains</p>	No

AUDIT COMMITTEE

Statement of Accounts Update

21 May 2025

Report of Chief Finance Officer

PURPOSE OF REPORT
To provide the Committee with an updated position regarding the outstanding issues relating to the, 2020/21, 2021/22, 2022/23 and 2023/24 Statement of Accounts, and the progress in preparation of the 2024/25 Financial Statements.
This report is public.

RECOMMENDATIONS

The Audit Committee is recommended to note the following areas.

1. The progress of the outstanding issues relating to the 2020/21, 2021/22, 2022/23 and 2023/24 Statement of Accounts
2. Preparation for production of the 2024/25 Statement of Accounts

1.0 INTRODUCTION

1.1 This report provides an update on key areas and events of the since the last Audit Committee meeting 19 March 2025. The paper covers the following areas.

- External Audit position of the Council's Statement of Accounts 2019/20 – 2023/24
- Closedown and production of the Statement of Accounts 2024/25.

1.2 Links to previous Statement of Accounts updates can be found at the end of this document as part of the Background Papers

2.0 BACKGROUND

2.1 At the last meeting of this Committee, Members considered a report providing details of the Council's progress in addressing the outstanding Statement of Accounts for 2019/20, 2020/21, 2021/22 and 2022/23 against the "Audit Backstop" deadlines of the 13 December 2024 and 28th February 2025 for 2024/25 financial statements

3.0 THE FINANCIAL YEARS 2019/20 – 2022/23

3.1 The Audit of the 2019/20 – 2022/23 Financial Statements has been concluded. Our former External Auditors, Deloitte issued unmodified opinions for 2019/20 & 2020/21 and in accordance with the backstop arrangements issued disclaimed opinions for the financial years 2021/22 and 2022/23.

- 3.2 Copies of the audited financial statements were published on the Council's ahead of the 13th of December 2024 backstop deadline.
- 3.3 To enable Deloitte to issue their audit opinions the backstop arrangements required them to complete the work to support their value for money conclusion. Although this work was reported separately to Audit Committee a summary of the results is included below

Table 1 Summary Findings

Financial Year	Risk Assessment	Conclusion
2020/21	No risk of significant weakness	No significant weakness identified
2021/22	No risk of significant weakness	No significant weakness identified
2022/23	No risk of significant weakness	No significant weakness identified

FINANCIAL YEAR 2023/24

- 4.0 KPMG have been appointed as the Council's External Auditors for the 5-year period 2023/24 to 2028/29. As previously reported the delays in issuing the audit opinions and addressing the objection to the prior year's financial statements have impacted their ability to undertake work on the 2023/24. Similar to previous years audits a backstop date of 28th February 2025 was provided to issue an audit opinion. Regrettably **we did not achieve this deadline**, and a note has been published on the Council's website [Statement of Accounts - Lancaster City Council](#)
- 4.1 Members should recall that the s151 Officer advised that given the volume of work outstanding from previous years and the changes to the backstop dates requiring both Deloitte and KPMG requiring officer support over the same period was always going to be a challenge. Priority was given to finalising the outstanding audit work to enable Deloitte to issue their opinions and also to fulfilling the Council's statutory obligation in regard to the 2025/26 budget cycle.
- 4.2 All outstanding adjustments have now been agreed with KPMG and are now reflected within the Council's Statement of Accounts. These have been passed to KPMG for final review and once agreed should allow them to issue a disclaimed audit opinion.
- 4.3 In regard to KPMG's Value for Money conclusion all responses and supporting information was presented to KPMG earlier in the year. To date no questions, or queries have been received although a final review is yet to be concluded.
- 4.4 To reassure Members there are no financial consequences to the Council for not achieving the backstop date. MHCLG initially published a list of all of the bodies on their website and we were 1 of 58 other public sector bodies, including 18 other District Councils who did not meet the 28th of February 2025 backstop date. This list is expected to be updated shortly. [Addressing the local audit backlog in England: Non-compliance lists - GOV.UK](#)
[February 2025 - audit opinion data - PSAA](#)
- 5.0 OUTSTANDING OBJECTIONS TO THE FINANCIAL STATEMENTS**
- 5.1 Members of the Committee will be aware of a number of longstanding objections to the Council's Financial Statements and the impact on the certification and closure of the audits. The following paragraphs provide detail of the current position and any matters currently outstanding.

2020/21 to 2022/23

- 5.1 The position remains largely unchanged from that reported to the Committee in March. The outcome of the objections were formally communicated to the objector by Deloitte 25th February 2025. The communication outlined in detail the External Auditors considerations and conclusion against each of the 34 objections and confirms that for a number of reasons **none** of the objections have been upheld.
- 5.2 Section 28 (3) (b) of the Local Audit & Accountability Act 2014 allows the objector 21 days from the date of receipt to appeal against the decision to the court. It is understood that the objector has communicated his desire to exercise this right to Deloitte. Correspondence is on going between Deloitte and PSAA Ltd around this issue.
- 5.3 Until, the issue of the objections is finally resolved the External Auditor will not be able to issue the Audit Certificate and formally closed the 2020/21 to 2022/23 audits.
- 5.4 Deloitte have advised that based on the time incurred and the external legal advice, their proposed fee for the objection is **£48,191** to cover the 2020/21, 2021/22 and 2022/23. This is below their previous estimates, but the Committee should note that this cost excludes a considerable amount Council officer time with the true cost of the objection far exceeding this amount. The fee for the objection will be disclosed within the 2024/25 Statement of Accounts.

2023/24

- 5.5 Members will recall that similar to previous years the 2023/24 Financial Statements are subject to ongoing objections by a local Council Taxpayer. The objections appear to be similar in nature and to assist KPMG have been cross referenced to those from previous years and the findings from Deloitte.
- 5.6 KPMG will need to form their own view validity of the objections and may well result in the Council incurring additional fees. It will also impact on their ability to issue the audit certificate and conclude the 2023/24 audit.

6.0 PREPARATION OF THE 2024/25 FINANCIAL STATEMENTS

- 6.1 The deadline for publishing the Council's Unaudited 2024/25 Statement of Accounts is 30th June 2025. Preparation is proceeding well, with a number of key areas completed and it hoped that they will be published ahead of this deadline.

7.0 DETAILS OF CONSULTATION

- 7.1 The report provides the Committee with an update on the progress of the audit of the Statement of Accounts 2019/20 to 2023/24 and preparation for 2024/25 and so consultation has been limited to discussion with the External Auditors.

8.0 OPTIONS AND OPTIONS ANALYSIS

- 8.1 As the report is for noting no alternative options are put forward, but the Committee could make supplementary commentary regarding any matters arising.

9.0 CONCLUSION

- 9.1 Members should note the progress and matters arising to date.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

No implications directly arising.

LEGAL IMPLICATIONS

S27 of the Local Audit and Accountability Act 2014 makes provision for an elector of the Council's area to make an objection to the local auditor in respect of the grounds set out at paragraph 3.4 of this Report. On receipt of an objection the local auditor must decide (a) whether to consider the objection, and (b) if the auditor does so, whether to take action within paragraph (a) and (b) of s27(1) in response.

In considering any objection, the auditor will need to have regard to the provisions of the 2014 Act and the code of audit practice applicable to the Council. The Local auditor must in carrying out functions under the 2014 Act, have regard to guidance issued by the Comptroller and Auditor General under paragraph 9 of Schedule 6 of the 2014 Act. This includes the Auditor Guidance Note 4.

An objector aggrieved by a decision of a local auditor not to consider the objection or not to apply for a declaration under s28 of the 2014 Act may within 6 weeks from notification of the decision require the auditor to provide written reasons for the decision and within 21 days from receipt of the written reasons may appeal against the decision to the court.

FINANCIAL IMPLICATIONS

There are no financial implication flowing directly from this report.

However, Member's should be aware of the additional audit fees that may accrue because of the objection to the financial statements.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No implications directly arising.

SECTION 151 OFFICER'S COMMENTS

This report forms part of the Chief Finance Officer's responsibilities, under his role as s151 Officer.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Statement of Accounts 2019/20 – 2023/24

<http://www.lancaster.gov.uk/the-council-and-democracy/budgets-and-spending/statement-of-accounts>

Statement of Accounts Updates

[Agenda for Audit Committee on Wednesday, 19th March 2025, 6.00 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 27th November 2024, 6.00 p.m. - Lancaster City Council](#)

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Ref:

<u>Agenda for Audit Committee on Wednesday, 31st July 2024, 6.00 p.m. - Lancaster City Council</u>	
<u>Agenda for Audit Committee on Wednesday, 22nd May 2024, 6.00 p.m. - Lancaster City Council</u>	
<u>Agenda for Audit Committee on Wednesday, 20th March 2024, 6.00 p.m. - Lancaster City Council</u>	
<u>Agenda for Audit Committee on Wednesday, 22nd November 2023, 6.00 p.m.</u>	
<u>Agenda for Audit Committee on Wednesday, 26th July 2023, 6.00 p.m. - Lancaster City Council</u>	
<u>Agenda for Audit Committee on Wednesday, 24th May 2023, 6.10 p.m. - Lancaster City Council</u>	
<u>Agenda for Audit Committee on Wednesday, 22nd March 2023, 6.10 p.m. - Lancaster City Council</u>	
<u>Agenda for Audit Committee on Wednesday, 23rd November 2022, 6.10 p.m. - Lancaster City Council</u>	
<u>Agenda for Audit Committee on Wednesday, 25th May 2022, 6.10 p.m. - Lancaster City Council</u>	
<u>Agenda for Audit Committee on Wednesday, 23rd March 2022, 6.10 p.m. - Lancaster City Council</u>	
<u>Agenda for Audit Committee on Wednesday, 24th November 2021, 6.10 p.m. - Lancaster City Council</u>	