

10 April 2019

Audit Committee Annual Report 2018/19

Report of the Audit Committee Chairman

PURPOSE OF REPORT

To inform the Council of the current position on issues being dealt with by the Audit Committee.

This report is public

1.0 Introduction

1.1 I am pleased to present my Annual Report to Council on the work of the Audit Committee during 2018/19.

1.2 The Terms of Reference of the committee are set out in Part 3, Section 8 of the Council's Constitution. The scope of its activity is summed up in the statement of purpose:

"The audit committee is a key component of Lancaster City Council's corporate governance. It provides an independent high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of an audit committee is to provide those charged with governance, independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of Lancaster City Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place".

2.0 Audit Committee Meetings

2.1 Since the last Annual Report, which was discussed at Council on the 11 April 2018, the Audit Committee has met four times. A link to the website for further details on the reports and minutes is included here:

<https://committeeadmin.lancaster.gov.uk/ieListMeetings.aspx?CId=316&Year=0>

2.2 In summary, the following areas have been considered by the Committee:

At the 23 May 2018 meeting

- Annual Governance Statement 2017/18
- Internal Audit Annual Report 2017/18

- Counter fraud Annual Report 2017/18
- Public Sector Internal Audit Standards – Peer Review

At the 24 July 2018 meeting

- Statement of Accounts 2017/18 / ISA 260

At the 28 November 2018 meeting

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- Regulation of Investigatory Powers (RIPA) Policy
- Internal Audit Monitoring
- Audit Committee Effectiveness
- Local Government Ombudsman Annual Review Letter 2018
- Annual Audit Letter 2017/18
- Fee Letter 2018/19

At the 20 February 2019 meeting

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- Audit Committee terms of reference
- Internal Audit Charter
- Internal Audit Strategy and Risk Based Plan 2019/20
- Certification of Claims and Returns 2017/18
- External Audit Planning Report for year ending 31 March 2018

There was also two items of urgent business;

- Draft Risk Register – Following a request from the Audit Committee to review the progress made in the development of a strategic risk register. This was identified as a significant area of concern on the Council Annual Governance Statement for 2017/18
- Updated Accounting Policies 2018/19 – It is considered good practice for the Audit Committee to review and approve the Councils accounting policies prior to the production of its statement of accounts.

2.3 The next Audit Committee meeting is arranged for 12 June 2019, where the following areas will be considered:

- Internal Audit Annual Report 2018/19
- Draft Annual Governance Statement
- Counter Fraud Annual Report 2018/19
- Effectiveness of Internal Audit

3.0 Key Activities

3.1 The three main documents considered by the Audit Committee annually are the Annual Governance Statement, the Statement of Accounts and the report to those charged with governance (ISA 260). Each one has been considered in detail by the Committee in line with statutory deadlines.

4.0 Conclusion

4.1 The organisation and operation of the Audit Committee is considered as part of the external auditor's annual value for money opinion. The external auditor issued an unqualified Value for Money opinion 31 July 2018 stating that "*the Authority has proper arrangements to ensure it has taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and*

local people.” They further concluded that “the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.”

- 4.2 I am certain that the work of the Audit Committee, other elected members and council officers in providing effective systems of corporate governance and internal control have continued to make an important contribution to the standing and achievements of the council. I would like to thank them all again for their continued support and hard work. Over the next 12 months, the Audit Committee will be focusing on ensuring the areas identified in the Annual Governance Statement are sufficiently addressed, particularly risk management, which was reported as an area of concern in the External Auditors Planning Report for the year ending 31 March 2019.

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 arising from the report.

MONITORING OFFICER’S COMMENTS

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

BACKGROUND PAPERS

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