

## **Audit Committee Annual Report 2023/24**

**24 April 2024**

### **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 since it was last reported to Council on the 26 April 2023
- 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 The Audit Committee has met 4 times during the financial year 2023/24. A link to the website for further details on the reports and minutes is included here:

[Browse meetings - Audit Committee - Lancaster City Council](#)

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

#### 24<sup>th</sup> May 2023

- Risk Management Update
- Internal Audit Progress Report
- Statement of Accounts Update
- Training & Work Programme

#### 26<sup>th</sup> July 2023

- Internal Audit Progress Report
- Internal Audit Annual Report 2022/23
- Counter Fraud Annual Report 2022/23
- CIPFA Financial Management Code
- Risk Management Update Q1
- Annual Governance Statement 2022/23
- Audit Committee Assurances in Relation to the Financial Reporting Process
- Statement of Accounts Update

#### 22nd November 2023

- Risk Categories and Risk Appetite
- Update of the Regulation of Investigatory Powers Act 2000 (RIPA) Policy
- Strategic Risk Management Update
- Internal Audit Progress Report
- Review of Internal Audit Effectiveness
- Annual Review of Audit Committee Performance
- Statement of Accounts Update
- AGS Action Plan Monitoring

#### 20<sup>th</sup> March 2024

- Updated Risk Management Policy
- Strategic Risk Management
- Internal Audit Progress Report
- Internal Audit Charter
- Internal Audit Plan 2024/25
- AGS Action Plan Monitoring
- Statement of Accounts Update
- Proposed Accounting Policies and Critical Judgements used in the Preparation of the Statement of Accounts 2023/24

### **3.0 Key Activities**

- 3.1 The three main documents considered by the Audit Committee annually are the Annual Governance Statement (AGS), the Statement of Accounts and the report to those charged with governance (ISA 260).
- 3.2 In preparation for the 2022/23 Statement of Accounts, the Councils AGS was reviewed by the Audit Committee at its meeting 26<sup>th</sup> July 2023 prior to signing by the Leader of the Council and Chief Executive and formal inclusion in the draft financial statements.
- 3.3 The requirements and timeline for the approval of the Statement of Accounts have changed in accordance with the amended Regulations. The Councils draft 2022/23 Accounts were published on the Council's website and submitted for audit by 30<sup>th</sup> July 2023 and the timeline for the conclusion of the audit was 30<sup>th</sup> September 2023. These revised deadlines have impacted both Council and the external auditors. Whilst both the audits of the 2019/20 and 2020/21 Statement of Accounts are still on-going, audit work on the 2021/22 and 2022/23 is

yet to commence.

#### **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. Although the audit of the 2019/20 and 2020/21 financial statements are yet to be concluded, no issues have been brought to the attention of the s151 Officer, or Committee Chair that would suggest an adverse opinion is expected, or deterioration in performance of the Audit Committee.
- 4.2 I would like to take this opportunity to thank each member of the Audit Committee and also, each and every elected member and council officer who has assisted in providing effective systems of corporate governance and internal control and have continued to make an important contribution to the standing and achievements of the Council.
- 4.3 Over the next 12 months, the Audit Committee will be focusing on addressing the areas identified in the Internal Audit Annual Report. I would particularly like to maintain the momentum in respect of embedding Risk Management within Lancaster City Council, as an integral part of strategic and operational management, and to properly inform risk based Internal Audit planning.

#### **CONCLUSION OF IMPACT ASSESSMENT**

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

None directly arising from this report.

#### **LEGAL IMPLICATIONS**

None directly arising from this report.

#### **FINANCIAL IMPLICATIONS**

None directly arising from this report.

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

None directly arising from this report.

#### **SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and has no additional comments.

#### **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

#### **BACKGROUND PAPERS**

[Browse meetings - Audit Committee - Lancaster City Council](#)

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