

Present: Councillor Rebecca Longbottom (*in the Chair*)

Councillors: Helena Mair, David Clarkson, Thomas Dyer,
Gary Hewson, Rosanne Kirk and Calum Watt

Independent Member: Jane Nellist

Apologies for Absence: None.

59. Confirmation of Minutes - 1 February 2022

RESOLVED that the minutes of the meeting held on 22 March 2022 be confirmed subject to the following amendment:

Councillor Vaughan be included in the attendance list.

60. Declarations of Interest

No declarations of interest were received.

61. Change to Order of Business

RESOLVED that the order of business be amended to allow the following reports to be considered before the remaining agenda items.

- Information Governance Update
- Exclusion of Press and Public
- Information Governance Update
- Partnership Governance
- Inclusion of Press and Public

62. Information Governance Update

Sally Brooks, Data Protection Officer:

- a. presented a report to update Audit Committee on progress made with Information Management monitoring the council's compliance with data protection legislation including the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA)
- b. highlighted that update reports were submitted to Audit Committee on a bi-annual basis, the last report was provided in September 2021
- c. advised on data protection training that was underway by the council at paragraph 4 of the officer's report which was a legal requirement under the GDPR and the ICO
- d. reported on work completed in relation to contracts, Brexit and UK GDPR as detailed at paragraph 5 of the report
- e. updated members of Audit Committee in relation to progress made with the Office 365 roll out as detailed at paragraph 6 of the report

- f. reported that the Annual Governance Statement (AGS) status for Information Governance had been downgraded from Red to Amber due to progress made in the implementation of the GDPR and had since been removed from the AGS although remained closely monitored with reports submitted to IG Board, CMT and Audit Committee
- g. invited members' questions and comments;

Question: Referred to the risk register and questioned if the target risk related to the end of the financial year or if it rolled on.

Response: Clarified that the risk register was updated each time that it was presented to committee and was the current scenario of the Council. The majority of the risks were static but ongoing work was required to ensure continued compliance.

Question: Referred to page 9 of the risk register in relation to IT Security and asked for an update.

Response: The IT Security compliance met legal requirements, however work needed to continue to ensure that compliance continued to be met.

RESOLVED that the content of the report be noted.

63. Exclusion of Press and Public

RESOLVED that the press and public be excluded from the meeting during consideration of the following item(s) of business because it is likely that if members of the public were present there would be a disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972

64. Information Governance Update

Minute number 62 included details of the discussion associated with this item.

(Only Appendix A Information Governance Risk Register was contained here as exempt information.)

65. Partnership Governance

Jaclyn Gibson, Chief Finance Officer:

- a. presented an overview of the annual assurance assessments for the Council's significant partnerships
- b. gave the background to the report as detailed at paragraph 2 of the report and explained the governance framework
- c. highlighted the Council's Partnership Guidance as detailed at paragraph 3 of the report
- d. advised that each Directorate had a partnership register in place and highlighted the annual assurance assessments that had been completed

- e. explained that the outstanding annual assurance assessments would be presented to the Audit Committee on 14th June 2022
- f. invited members questions and comments;

Jane Nellist, Independent Member asked if the Annual Assurance Assessment forms would be signed. Jaclyn Gibson, Chief Finance Officer confirmed that the forms had been signed electronically.

RESOLVED that the annual assurance assessments of the Council's significant partnerships and the RAG status for each partnership be noted.

66. Inclusion of Press and Public

RESOLVED that the press and public be included back into the meeting.

67. Next Steps Accommodation Project - Homes England Compliance Audit Results

Andrea Ripley, Housing Strategy Officer:

- a. presented a report to request that Audit Committee note the result of the Homes England Compliance Audit for the Next Steps Accommodation Programme (NSAP) which took place during Q2 of 2021/22
- b. highlighted that the Council was currently under contract with Homes England (HE) to deliver several schemes.; the annual Compliance Audit Programme provided assurance that the Council had met all of HE's requirements and funding conditions; and had properly exercised its responsibilities as set out in HE's Capital Funding Guide
- c. explained that on the 15th July 2021 the Audit Committee approved the audit to be completed by the Council's external auditor Mazars
- d. advised that on the 17th January 2022, Homes England issued the Audit report to confirm a successful Green rating. The report confirmed that the scheme met all requirements with zero breaches and also had no areas for improvement
- e. invited members' questions and comments;

Question: Referred to paragraph 4.1 of the report and asked for clarification on RSAP.

Response: Clarified that RSAP was the Rough Sleepers Accommodation Programme which had delivered 3 properties at present.

Question: Asked if the audit compliance scheme was reported through Audit Committee as part of normal procedure.

Response: It was a requirement to complete a post project review.

Question: Asked if inflation had been considered as part of the audit.

Response: The audit was based on the property prices at the time of the audit.

RESOLVED that the successful Green rating for Audit Compliance as per paragraph 3.2 of the report be acknowledged and noted.

68. Annual Governance Statement Monitoring

Jaclyn Gibson, Chief Finance Officer:

- a. presented a progress update on those areas identified as 'significant governance issues' as set out in the 2020/21 Annual Governance Statement (AGS), which Audit Committee had a role to review
- b. stated that the report provided details of the monitoring arrangements for the significant internal control issues raised in the latest AGS, as detailed at Appendix A of the report
- c. advised that key actions would be reviewed by the Service Manager's Group and be overseen by Corporate Leadership Team as well as monitored by Audit Committee
- d. advised that on the status of the two significant issues:
 - i. The IT Disaster Recovery plan alignment with current Business Continuity plans remained at amber status
 - ii. Vision 2025 needs to be re-profiled and communicated to a wider audience in light of Covid-19 had been reduced to green status as all of the key work was completed
- e. requested that members of Audit Committee give consideration to the content of the report.

Question: Referred to Cyber-attack insurance and asked if it had been procured.

Response: Confirmed that it had been procured and would be in place from April 2022.

Question: Asked if the cyber-attack insurance covered financial loss.

Response: A summary of the insurance could be circulated following the meeting.

RESOLVED that the content of the report be noted and monitoring arrangements be continued.

69. Internal Audit Progress Report

Amanda Stanislawski, Audit Manager:

- a. presented the Internal Audit Progress Report to Audit Committee, incorporating the overall position reached so far and summaries of the outcome of audits completed during the period January 2022 to March 2022, as detailed at Appendix A.
- b. highlighted that Audit Committee held the responsibility for receiving a regular progress report from Internal Audit on the delivery of the Internal Audit Plan as a key requirement of public sector internal audit standards.
- c. detailed the content of the report covering the following main areas:

- Progress against the plan
- Summary of Audit work
- Current areas of interest relevant to the Audit Committee

d. invited members' questions and comments;

Question: Asked for more information on the Lincoln Visitor Information Centre.

Response: The Lincoln Visitor Centre had been transferred from Lincoln BIG. The centre operated at a surplus and a recommendation was to develop a business plan to enhance the services offered.

Question: Further asked if part of the business plan was to develop an e-commerce website. If so, how much the website would cost and how much income would be generated?

Response: There was no capital investment being provided therefore not aware that money would be sent for an ecommerce website.

Question: Referred to page 4 of the report and highlighted the higher attendance at virtual multi-agency meetings due to remote working.

Response: This had been a positive from the pandemic as online meetings were easier for people to attend as they did not have to travel.

Question: Asked what the plan of action was for meeting the audit span moving forward

Response: We would be looking at drawing up a plan for next year and also completing some analysis work to find out the reasons for any delays.

Comment: It was good to note that additional resources had been provided to cover the Audit Manager vacancy.

Question: Referred to the Lincolnshire Safeguarding Children Partnership which stated that there was 96% compliance which meant that there was 4% non-compliance. Given the area of safeguarding children this could have significant implications. Whilst it was suggested that gaps were being addressed, was there anything the Audit Committee needed to be concerned about?

Response: This would be for the Safeguarding Team to address.

RESOLVED that the report be accepted and the monitoring arrangements be continued.

70. Internal Audit Recommendations Follow Up

Amanda Stanislawski, Audit Manager:

- a) presented an update to Audit Committee on outstanding audit recommendations including recommendations over 12 months old.
- b) referred to Appendix A attached to his report which provided details of relevant audits, outstanding recommendations, agreed actions and the current position/explanation from the service manager
- c) invited members' questions and comments.

RESOLVED that updates on Audit Recommendations older than 12 months be noted.

71. Combined Assurance Report

Jaclyn Gibson, Chief Finance Officer:

- a. presented the combined assurance report which grouped the different sources of assurance in a single model to provide the basis for Senior Management and the Audit Committee to gain a better understanding of their organisation's assurance status and needs, as detailed at Appendix A to the report
- b. summarised the assurance levels for different areas of Council business
- c. advised that despite the impact of Covid-19 on the Council and the changes in services, systems and processes etc that it had to make, the overall levels of assurance were broadly consistent with previous years with a combined assurance of 65% services designated green, 32% amber and 3% red
- d. further advised on the actions being taken to address those amber and red assurance levels detailed in Appendix A of the report
- e. invited members' questions and comments;

Question: Asked what was the Lincoln way of working and how would this be addressed.

Response: The Lincoln way of working referred to the Councils core values and was an internal policy for staff on how they were managed for example respect and dignity at work and these were considered during one to ones with managers.

Question: Asked what the OD Pillar meant.

Response: This stood for Organisational Development Pillar.

Question: Asked for more detail on the reduced capacity in the Legal Department.

Response: There were currently two vacancies in the Legal Department, it was difficult to recruit into professional services in Local Government. They had taken on some agency workers to fill the gap.

Question: Asked what work was being undertaken with tree management.

Response: A tree trial was underway at the moment which would look at how they could develop in longer terms. The trial would identify which were the trees at biggest risk and what could be done going forward.

Question: Referred to the brief update in relation to the Christmas Market and commented that the report did not highlight any risks in relation to the contracts.

Response: The report was not designed to flag up all the individual risks in all of the areas.

Question: Requested an update on Tourism.

Response: This could be circulated following the meeting.

RESOLVED that the content of the Combined Assurance report be noted.

72. Fraud Risk Register - Annual Review

Amanda Stanislowski, Audit Manager:

- a. presented a report to provide Audit Committee with an updated fraud risk register for consideration
- b. explained that the Audit committee had a responsibility within its terms of reference to monitor the Councils anti-fraud and anti-corruption arrangements including an assessment of fraud risks
- c. advised that the Fraud Risk Register contained 27 risks – none were red, 14 were amber and 13 were green, the risk and risk levels were detailed at paragraph 4 of the report
- d. referred to paragraph 4 of the report which highlighted the key findings from the CIPFA Fraud and Corruption Tracker which provided a national picture of public sector fraud and corruption activity to help local authorities identify and implement mitigating actions
- e. invited members' questions and comments;

Question: Referred to risk 15 in relation to Council Tax and questioned why it was rated probable.

Response: This would be looked into and a response circulated following the meeting.

RESOLVED that the fraud risk register be noted.

73. Draft Internal Audit Plan - 2022/23

Amanda Stanislawski, Audit Manager:

- a. presented the Internal Audit Plan 2022-23 for consideration and approval, as detailed at Appendix A to his report
- b. advised that the plan had been developed using a combination of the Council's Combined Assurance Model, an assessment of risk, consultation with senior management and issues raised by Audit Committee
- c. reported that the Internal Audit Plan should focus on the key risks facing the Council, be adequate to support the Head of Audit opinion taking into account key risks facing the Council when developing the plan, achieving a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year, via a regular review of any changing activity and risks
- d. drew members' attention to the areas proposed for auditing as detailed at Appendix B to his report
- e. advised that the annual planned days were 313, which represented a "good" level of audit resource for an authority of this size and allowed the Head of Internal Audit sufficient resources to comply with standards and provide and appropriate audit opinion. This included work across key financial systems, other governance and due diligence areas as well as critical systems, ICT and counter fraud

- f. explained that the service continued to provide internal audit days through the Assurance Lincolnshire partnership for which the Council received income to help achieve the internal audit agreed net budget
- g. invited members' questions and comments;

Question: Requested clarification on the difference between Western Growth Corridor and Charterfields.

Response: Western Growth Corridor referred to the area whereas Charterfields would be the name of the development when it was built.

Question: There had been a reduction in days when compared to last year which was 360 days plus 40 days for housing benefit. This year, there were 313 in total plus 35 for Housing Benefit subsidy testing. Was this the impact of efficiency savings?

Response: There had been no reduction in resources over 2021/22 to 2022/23.

RESOLVED that the Internal Audit Plan 2022-23 be approved.

74. Statement of Accounting Policies 2021/22

Jaclyn Gibson, Chief Finance Officer:

- a. presented for consideration the Council's accounting policies used to prepare the 2021-22 Statement of Accounts, as detailed at Appendix 1 of her report
- b. advised that each year the content of the accounting policies was reviewed to ensure it reflected the requirements of the Code of Practice on Local Authority Accounting (the Code), based on International Financial Reporting Standards (IRFS) and that it remained relevant to the Council
- c. referred to the accounting policies for 2021/22 Statement of Accounts as detailed in Appendix 1 and advised that there were no changes to the accounting policies in 2021/22 other than some wording adjustments (highlighted in the Appendix)
- d. requested that members review and note the Accounting Policies to be used for the 2021/22 accounts.

Question: Asked where the grand piano was currently and if it had been kept safe.

Response: The relevant Officers would know where the grand piano was and assurance would be provided that it was being kept safe.

RESOLVED that the Accounting Policies to be used for the 2021/22 accounts be noted.

75. External Audit Enquiries 2021/22 Statement of Accounts

Jaclyn Gibson, Chief Finance Officer:

- a. presented a report to inform members of the External Auditor's requirement for the provision of information regarding the Council's approach to dealing with fraud, litigation, laws and regulations, together with some areas specific to the accounts such as related parties and estimates used in the accounts as part of their audit of the Council's Statement of Accounts for 2021/22

- b. advised that the purpose of the report was to allow members to comment on officers' responses related to 'Those Charged with Governance'
- c. drew members' attention to the proposed responses to the inquiries provided by officers and requested members' views regarding their submission.
- d. invited members' questions and comments;

Question: Referred to single person discount in relation to Council Tax fraud and asked if this should be a higher risk.

Response: It was a risk but the value compared to the overall council tax yield did not flag as a red risk based on the value.

Question: Referred to Internal Audit having undertaken an "emerging legislation" audit/review in the past and requested more information.

Response: The report could be updated to include the details of when the audit was completed and any outcomes.

RESOLVED that the proposed responses to the enquiries to those charged with governance for the 2021/22 Statement of Accounts be agreed and submitted to Mazars, External Auditor.

76. IAS19 - Assumptions used to Calculate Pension Entries in the 2021/22 Statement of Accounts

Jaclyn Gibson, Chief Finance Officer:

- a. presented a report to allow the committee to consider the assumptions the pension fund actuary proposed to use in preparing IAS19 figures for inclusion in the 2021/22 Statement of Accounts
- b. advised that IAS19 represented the accounting standard for pension costs, based on the simple principle that an organisation should account for retirement benefits when it was committed to give them
- c. informed members that in order to calculate the costs of earned benefits for inclusion in the statement of accounts, the scheme actuaries used assumptions to reflect expected future events which led to best estimates of future cash flows arising under the scheme liabilities
- d. advised that the council planned to use the calculated costs and the underlying assumptions, based upon the specialist advice of the actuary of the Lincolnshire County Council Pension Fund in preparing the Statement of Accounts for 2021/22
- e. detailed further financial and demographic assumptions as detailed at paragraph 3 and 4 and Appendix A of the report and relevant financial implications at paragraph 6 of the report
- f. requested that members approve the IAS19 assumptions the pension fund actuary proposed to use in preparing IAS19 figures for inclusion in the 2021/22 Statement of Accounts.

RESOLVED that the IAS19 assumptions the pension fund actuary proposed to use in preparing IAS19 figures for inclusion in the 2021/23 Statement of Accounts be approved.

77. External Audit Progress Report

Mike Norman, representing Mazars, External Auditor:

- a. provided the External Audit progress report to Audit Committee which gave an update on progress in delivering their responsibilities as external auditor to the City of Lincoln Council
- b. advised that the External Audit progress report attached at Appendix A of the report covered the following areas:
 - Audit progress
 - 2010/21 audit and assurance Work
 - 2021/ 22 Audit planning process
 - A summary of recent relevant reports and publications for information
- c. invited members' questions and comments;

The Chair expressed her disappointment and frustration that the accounts had been delayed and asked for the reasons why they had been delayed.

Mike Norman, Mazars responded that there had been a backlog in the review process. It has been agreed to role the balance forward so it should not hold up the process for the next accounts.

RESOLVED that the content of the report be noted.

78. CIPFA Financial Management Code

Jaclyn Gibson, Chief Finance Officer:

- a. presented the Council's assessment for 2021/22 against standards contained within the CIPFA Financial Management Code and the associated actions arising to ensure compliance
- b. gave the background as detailed at paragraph 3 of the report and advised that the Financial Management Code was designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability
- c. explained that the code focussed on value for money, governance and financial management styles, financial resilience and financial sustainability
- d. advised that the Council's external auditors from 2021/22 now had regard to the Financial Management Code and would be looking to ensure that the Council was meeting the code

- e. referred to the 2020/21 self-assessment as set out at paragraph 4.7 of the report and gave an update on a range of actions that were being undertaken to move towards full compliance
- f. referred to an updated 2021/22 self-assessment contained at Appendix A of the report and highlighted the actions that had arisen from the updated assessment (which incorporated those outstanding from 2020/22) as detailed at paragraph 4.8 of the report
- g. advised that the areas set out for improvement would be include in the Annual Governance Statement and progress would be monitored through the Audit Committee.

RESOLVED that

- 1. the progress of the actions arising from the 2020/21 self-assessment be noted.
- 2. the 2021/22 self-assessment attached at Appendix A of the report be noted.

79. DLUHC: Measures to Improve Local Audit Delays

Jaclyn Gibson, Chief Finance Officer:

- a. presented a summary of the Government's announcement of a new series of measures to support the timeliness of local audit (conducted by external audit), and the implications for the Council
- b. referred to paragraph 2 of the report and gave an overview of the challenges around the timeliness of local audits in recent years and highlighted the reasons for this
- c. advised that the government was continuing to prioritise measures to improve timeliness and support capacity as part of its response to the Redmond Review and highlighted the measures taken to date as detailed at paragraph 2.5 of the report
- d. summarised the series of new measures to improve timeliness and the wider local audit market as set out table 3.2 of the report.

RESOLVED that the latest measures that had been announced and the potential implications for the Council be noted.

80. Audit Committee Work Programme

Jaclyn Gibson, Chief Finance Officer:

- a. presented a report to inform members of the Audit Committee on the work programme for 2021/22 as detailed at Appendix A of the report
- b. referred to paragraph 3 of the report and highlighted the changes to the work programme

- c. advised that the Audit Committee Terms of Reference was attached at Annex A of the report for information
- d. referred to paragraph 4 of the report and gave an overview of the learning and development plan to support members in the delivery of their roles
- e. invited members' questions and comments:

Question: Asked if the training would be held virtually.

Response: The intention would be to hold the training in person at City Hall.

RESOLVED that the contents of the Audit Committee work programme 2021/22 be noted.