

<b>Present:</b>	Councillor Rebecca Longbottom ( <i>in the Chair</i> )
<b>Councillors:</b>	Jackie Kirk, Thomas Dyer, Gary Hewson, Calum Watt, Emily Wood and Alan Briggs
<b>Independent Member:</b>	Jane Nellist
<b>Apologies for Absence:</b>	Councillor David Clarkson

**24. Confirmation of Minutes - 19 July 2022**

RESOLVED that the minutes of the meeting held on 19 July 2022 be confirmed and signed by the Chair.

**25. Matters Arising**

The Chair referred to minute number 15 in relation to the Recommendation/Agreed Action Follow Up Protocol and asked if the wording of paragraph 3.1 had been reviewed as requested at the last meeting.

Amanda Stanislowski, Audit Manager confirmed that the wording had been updated and the Protocol would be included within the recommendations report to be presented to Audit Committee in December 2022.

The Chair referred to minute number 20 and asked if the comments made in relation to the green stickers had been referred to the relevant Officer.

Amanda Stanislowski, Audit Manager confirmed that the comments had been referred to Steve Bird, Assistant Director of Communities and Street Scene.

**26. Declarations of Interest**

No declarations of interest were received.

**27. Change to Order of Business**

RESOLVED that the order of business be changed to run as follows:

- Confirmation of Minutes – 19<sup>th</sup> July 2022
- Declarations of Interest
- Information Governance Update
- Exclusion of Press and Public
- Information Governance Update

The agenda to continue unchanged from item 3 of the agenda.

**28. 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 March 2022
- c) updated that since the agenda was published the government had announced that the Data Protection Reform had been delayed and maybe withdrawn and re-written completely, an update would be provided in due course
- d) updated members of Audit Committee in relation to progress made with the Office 365 roll out as detailed at paragraph 6 of the report
- e) 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
- f) invited members' questions and comments;

**Question:** Referred to the current risk score and commented that all areas were showing the same improvement and asked for clarification.

**Responded:** The risks showed as being static due to all the work that had put in place to mitigate the risks. If the risk levels dropped officers would respond and put measures in place.

**Question:** Referred to the roll out of Office 365 and asked if Freedom of Information requests could be dealt with automatically within the system.

**Response:** The suite did hold the capability but there were no plans to use it without officers' knowledge. There were tools that could assist officers with a data search if requested.

**Question:** Referred to the low risk identified within Comms and asked why the risk was low when the Christmas Market Facebook page had recently been hacked.

**Response:** The risk referred to was in relation to staff being aware of data protection. There would always be a risk of cyber-attack. Facebook was not a system controlled by the Council therefore we could not improve security of the system. No personal data was shared on Facebook.

**Question:** Referred to the Cyber Ninjas training and commented the training as longwinded and uninteresting and asked if any feedback had been received from staff.

**Response:** No negative feedback had been received from staff on the training.

**Comment:** Pleased to hear that a 10-minute refresher training session was being provided.

RESOLVED that the content of the report be noted.

## 29. **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

**30. Information Governance Update - Appendix A**

Minute number 38 included details of the discussion associated with this item.

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

**31. Inclusion of Press and Public**

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

**32. Annual Complaints Summary Report 2021-22**

Jo Crookes, Customer Services Manager:

- a) presented the annual complaints report which included reference to the Annual Review of Local Authority Complaints issued by the Local Government and Social Care Ombudsman (LGSCO), and details of the decisions of the Housing Ombudsman
- b) reported also on the overall number of complaints received by the Council including response times and percentage of complaints upheld on a directorate basis for the full year 2021-22.
- c) highlighted the background to the council's complaints procedure at paragraph 2 of the report
- d) advised that the Housing Ombudsman had published a Complaint Handling Code, details of which were contained at paragraph 2.3 of the report.
- e) explained that as a result of the guidance, and in consultation with the Resident Involvement Panel, new time targets for handling complaints had been introduced:
  - Initial acknowledgment within 5 days
  - Level 1 complaints to be responded to within 10 working days
  - Level 2 complaints to be resolved within 20 working days.
- f) reported that the number of complaints received over the year had increased on the previous year. There were some council services that had suspended their operations for several months, in year 2020-2021 which would have reduced the potential for something to go wrong. However, the total number of complaints was at its highest in the last 5 years.
- g) detailed further the breakdown of directorate complaints at paragraph 4 of the report
- h) highlighted that of the 392 complaints responded to in 2021-2022, 49% (193) were upheld, this was an increase on the percentage upheld in the previous two years which were 39% and 40% respectively.

- i) explained that tenancy related complaints i.e. those which were classed as a landlord function, were now referred to the Housing Ombudsman (HOS) rather than being dealt with by the LGSCO
- j) referred to paragraph 5 of the report and detailed the complaints that were investigated by LGSCO.
- k) highlighted the trend in complaints as detailed at paragraph 7 of the report.
- l) highlighted the number of compliments received from members of the public acknowledging professionalism of staff across all service areas
- m) invited members' questions and comments.

RESOLVED that the content of the 2021-2022 complaints report be noted.

### **33. Annual Governance Statement Monitoring**

Graham Rose, Senior Policy Officer:

- a) presented a progress update on those areas identified as 'significant governance issues' as set out in the 2021/22 Annual Governance Statement (AGS), which Audit Committee had a role to review
- b) stated that the report provided an update on the progress made for one significant internal control issue identified in the 2021/22 Annual Governance Statement presented to Corporate Management Team and Audit Committee in June 2022. This Particular issue was monitored throughout 2021/22 and carried forward for monitoring during 2022/23. There were no other issues identified within the 2021/22 Annual Governance Statement
- c) advised on the status of one significant issue:
  - i. Disaster Recovery Plan in place for IT arrangements and alignment with current Business Continuity Plans
- d) referred to Appendix A of the report and updated on the progress made with this one significant issue
- e) requested that members of Audit Committee give consideration to the content of the report.

Members referred to the specific cyber-attack insurance and asked when it would be procured.

Jaclyn Gibson, Chief Finance Officer responded that currently it was difficult to meet the demands of the insurance companies, this was a general issue and not specific to the City of Lincoln Council. Investment would be needed to meet the requirements of the insurance companies and officers needed to weigh up if it would be feasible to make those investments.

RESOLVED that the progress made on the one issue identified within the Annual Governance Statement 2021/22 be noted.

### 34. Internal Audit Plan 2022/23 Review

Amanda Stanislowski, Audit Manager:

- a) presented to Audit Committee the revised Audit Plan for 2022/23 which included a change in the number of days in the Audit Plan and to seek views on audit coverage in the second half of the year.
- b) explained that the development of the plan used a combination of the following:
  - The Council's Combined Assurance Model,
  - An assessment of risk – based on the significance and sensitivity of key activities
  - Consultation with Senior Management
  - Issues raised by the Audit Committee
- c) highlighted that using the Combined Assurance Model helped streamline and avoid duplication of effort where assurances could be drawn from other sources.
- d) advised on the reduced resources in 2022/23 as detailed at paragraph 3 of the report and explained that the current Audit Plan needed to be amended to reflect the lower level of resource.
- e) suggested the deferral of a number of audits and also the removal; or changes to some audits as outlined at paragraph 4 of the report.
- f) advised that the revised plan focussed on core financial audits and other key areas to enable internal audit to provide an annual opinion on the governance, risk and control environment at the year end.
- g) updated that the vacant posts had not been filled and were currently being advertised again.
- h) invited members comments and questions.

**Question:** Asked if the Council were actively searching to recruit to the vacant posts.

**Response:** The posts were currently being advertised for the fourth time, they were now being advertised on both a full and part time basis. Recruiting to professional roles in the council was difficult at the moment.

**Question:** Suggested that officers contact the University to try and recruit to the posts.

**Response:** This could be explored.

**Question:** Commented that there was a substantial reduction to the work that would be completed and asked if this was enough to provide an opinion this year.

**Response:** The work on the Audit Plan was the minimum that was needed to be able to provide an opinion.

**Question:** Asked what would happen with the Audit Plan next year.

**Response:** The Audit plan was reviewed on an annual basis.

**Question:** Commented that the number of auditing hours were often reduced and asked how many hours were being put into auditing.

**Response:** This was temporary reduction in resources due to staffing, the budget was still available and there was no intention of reducing the number of audit days any further.

The committee expressed concern that the Audit team was down to one member and that there were not enough resources to provide an Audit opinion.

Angela Andrews, Chief Executive and Town Clerk reassured the committee that there was enough resources to provide an Audit opinion and if it was identified that there was not enough resources we would seek additional resources externally. The Council would never be in a position where an audit opinion could not be provided.

RESOLVED that revised Audit Plan 2022/23 be approved

### 35. **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 April 2022 to June 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) advised that recruitment was proving difficult and despite three attempts the two vacant posts had not been filled. The posts were currently being advertised for a fourth time
- e) invited questions and comments

Members discussed the contents of the report in further detail.

Councillor Hewson, referred to the Performance Management Audit and explained that a chart had been implemented to track outstanding questions and responses at Performance Scrutiny Committee and suggested that this be implemented for Audit Committee . He further commented on the accuracy of data provided.

Angela Andrews, Chief Executive and Town Clerk, responded that audit looked at one dimension of Performance Management, she assured members that the data provided had been triangulated over a number of areas and was reliable and accurate.

Councillor Dyer, referred to the new Elections Act in relation to trialling voter ID and asked if there was any resource available to audit this.

Angela Andrews, Chief Executive and Town Clerk, responded that there was a project team working on this. Auditing was not part of the project plan at the moment.

Jane Nellist, Independent Member referred to the Limited Assurance Audit in relation to Performance Management and asked if given some of the findings of the audit, would this have an impact on audits that had been removed from the plan. She further commented that it was difficult to pick out information when the full reports were not provided to committee.

Amanda Stanislawski, Audit Manager responded that there would be no impact on any other audits and the recommendations from Audits would be reported to committee in due course through the usual recommendation monitoring reports.

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

### 36. Whistleblowing Policy and Guidance

Amanda Stanislawski, Audit Manager:

- a) presented the Council's current whistleblowing policy and guidance
- b) explained that the current whistleblowing policy had been updated to correct paragraph numbering, reflect changes in the personnel and other external links. There had been no material change to content.
- c) highlighted that the councils whistleblowing policy was part of a range of counter fraud policies which were reviewed every two years (or sooner if required).
- d) stated that a whistleblower was generally a term used for a person who worked in or for an organisation and raised an honest and reasonable concern about a possible fraud, crime, danger or other serious risk that could threaten colleagues, service users, customers, members of the public or the success and reputation of an organisation
- e) referred to a copy of the policy and guidance at Appendix A of the report and highlighted the marked changes.
- f) invited members questions and comments.

**Question:** Asked if the policy was accessible for staff whilst the contact details were being updated.

**Response:** The policy was available on net consent and there were a number of officers contact details within the policy for staff to contact.

**Question:** Asked if the names in the document could be changed with delegated powers.

**Response:** The policy was due for its bi-annual review, there were no other changes required except for names and contact details.

The Chair requested that officers names be updated in the policy as and when required and not to wait until the policy was due for review.

RESOLVED that the updated Whistleblowing Policy and Guidance be approved.

**37. External Audit - Audit Completion Report (21/22)**

The Council's external auditors presented the Audit Completion Report which summarised the findings from the 2021/22 audit.

The external auditor's work on the financial statements was substantially complete and, subject to satisfactory conclusion of any outstanding work, they would propose issuing an unqualified audit opinion without modification. As part of the audit, the internal controls in place relevant to the preparation of the financial statements had been considered, with 1 low recommendation resulting from this work made as follows:

- Journal processing.

Further details of these recommendations were outlined in section 5 of the external auditors' report at Appendix A.

In relation to misstatements in the accounts, there was one misstatement identified that was above the threshold level of £37k., this was adjusted for as part of the audit process and had been reflected in the Statement of Accounts.

The Statement of Accounts included on the agenda for this meeting at item 6 reflected a fully amended version of the document.

It was reported that the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources were yet to be completed. At the time of preparing this report, no significant weaknesses in arrangements, that required a recommendation to be made had been identified. However, work continued to be undertaken on the Council's arrangements and a commentary of these would be provided in the External Auditors Annual Report.

As part of presenting this item, the external auditors took the Committee through each page of the report and highlighted any key issues, particularly with regard to:

- the audit approach;
- significant findings;
- internal control recommendations;
- summary of misstatements;
- value for money conclusion.

**Question:** Referred to Management override in controls in relation to the Audit Approach and asked for clarification.

**Response:** This was a mandated risk across all external audits which had to be considered. It referred to miss reporting rather than being a material fraud within a business.

The Chair commented that she was pleased to see that there were no significant matters brought to committees attention and that Mazars had worked well with the Councils Finance Team.

It was RESOLVED:



- (1) That the financial statements be recommended to Council for approval.
- (2) That the draft letter of representation on behalf of the Council be approved, before the external auditors issue an opinion, conclusion and certificate, and that any further amendments to the letter, should any additional issues be raised by the external auditors be delegated to the Chief Finance Officer and Chair of the Audit Committee, which any changes reported back to the Audit Committee.

### **38. External Audit Progress Report**

Mike Norman, Mazars:

- a) presented the External Audit Progress Report to provide Audit Committee with an update on progress in delivering responsibilities of the external auditors.
- b) referred to the External Audit progress report attached at Appendix A covering the following areas:
  - Audit planning update and progress report: and
  - A summary of recent relevant national reports and publications
- c) requested that members note the contents of the report and the attached appendix.
- d) invited member's questions and comments.

RESOLVED that the contents of the External Audit Planning Update and Progress report be noted.

### **39. Assessment of Going Concern Status**

Jaclyn Gibson, Chief Finance Officer:

- a) presented a report to inform the Audit Committee of an assessment of the Council as a going concern for the purposes of producing the Statement of Accounts for 2021/22.
- b) explained the background of the report as detailed at paragraph 2 and advised that the concept of 'going concern' assumed that an authority, its functions and services would continue in operational existence for the foreseeable future.
- c) advised that the report set out the position of the City Council and provided justification for the 2021/22 financial statements being prepared on a 'going concern' basis.
- d) highlighted the main factors which underpinned the assessment
  - The Council's current financial position
  - The Council's projected financial position
  - The Council's balance sheet
  - The Council's cash flow

- The Council's governance arrangement
  - The regulatory and control environment applicable to the Council as a local authority
- e) detailed the Council's current Financial Position and highlighted the following areas:
- General Fund
  - Housing Revenue Account (HRA)
- f) further detailed the following:
- The Council's Projected Financial Position – Revenue Resources
  - The Council's Balance Sheet as at 31<sup>st</sup> March 2022
  - The Council's Cash Flow
  - The Council's Governance Arrangements
  - The External Regulatory and Control Environment
  - Material Uncertainties
- g) advised that it was considered that having regard to the Council's arrangements and such factors as highlighted in the report that the Council remained a 'going concern' and the Council's accounts for 2021/22 had appropriately been prepared on this basis. The report gave that assessment by the Council's Section 151 Officer in support of presenting the Accounts for approval and provides assurance to Mazars, the Council's external auditor.
- h) invited committee's questions and comments

**Question:** Asked what was causing the Council to lose money from reserves.

**Response:** The grants from the Covid-19 Pandemic had distorted the figures over the last couple of years.

RESOLVED that the outcome of the assessment of the Council's going concern status for the purpose of preparing the Statement of Accounts 2021/22 be accepted

#### 40. **Statement of Accounts 2021/22**

Jaclyn Gibson, Chief Finance Officer:

- a) presented the Statement of Accounts for the financial year ended 31 March 2022.
- b) reported that the Statement of Accounts for 2021/22 provided a comprehensive picture of the Council's financial circumstances and were compiled to demonstrate probity and stewardship of public funds.
- c) reported that the Council was statutorily required to publish its Statement of Accounts for 2021/22 with an audit opinion and certificate by no later than 30 September 2022. This date had been extended from the ordinary deadline of 31 July.
- d) noted that the Statement of Accounts for 2021/22 were still subject to final verification by external audit. The audit of accounts was being finalised by Mazars, who had commented the audit in July. Should any material changes

be necessary as a result of this final external audit work, these would be reported back to a meeting of this committee by the Chief Finance Officer.

- e) reported that the Council must make the Statement of Accounts available for public inspection for 10 working days. Following notification from the Council's external auditors, this ran from 1 August 2022 until 12 August 2022 and the external auditor was available to answer questions during this period. It was reported that no questions had been asked.
- f) advised that during the completion of the external audit no misstatements above the threshold level of £49k were found.
- g) reported that the Council was required to provide a documented annual review of the effectiveness of its governance arrangements which sat alongside the Statement of Accounts, known as the Annual Governance Statement. The overall level of assurance provided in 2021/22 was substantial and was in line with the Council's Code of Corporate Governance.
- h) explained that one significant issue had been identified in respect of IT Disaster Recovery, an issue which was included in the previous years Annual Governance Statement. Although progress had been made over the last twelve months it was felt that the issue should remain on the list of significant issues, and progress against the actions would be regularly reported by Management to the Committee. There were no other significant issues identified in 2021/22
- i) presented the following aspects of the Statement of Accounts:
  - the Comprehensive Income and Expenditure Statement;
  - the Balance Sheet;
  - general balances;
  - earmarked reserves;
  - liquidity;
  - debtors;
  - creditors;
  - non-current assets;
  - pensions;
  - officer remuneration;
  - borrowing;
  - investments.
- j) invited members' questions and comments.

**Question:** Referred to the breakdown of capital expenditure on page 104 and page 116 of the report and commented that the figures were different and asked if there was a reason why.

**Response:** The information had been extracted into a summary of accounts; this would be clarified with the team.

RESOLVED that

1. the final Statement of Accounts 2021/22 be noted, noting that the external audit was substantially complete.

2. any further changes to the Statement of Accounts, arising from the conclusion of the external audit be delegated to the Chief Finance Officer who would report any changes to the Chair of Audit Committee.

#### **41. Request for Audit Committee Approval of Mazars' 2021/22 Non-Audit Services**

Jaclyn Gibson, Chief Finance Officer

- a) presented a report to request that the Audit Committee approved the proposed engagement of the Council's external auditor, Mazars to undertake the:
  - Housing Benefits – Reporting report on the 2021/22 return and;
  - Pooling of Housing Capital Receipts – Reporting Accountant report on the 2021/22 return
- b) advised that historically this had not required the approval of Audit Committee, however Mazars had requested that the engagements for 2021/22 be formally approved by Audit Committee as per the letter attached at Appendix A of the report
- c) invited committee's questions and comments

**Question:** Asked what was the justification for Mazars asking for approval.

**Response:** It was to show that there were internal procedures in place to consider any threats to the independence of Mazars.

**Question:** Asked when were the auditors appointed.

**Response:** Public Sector Auditor Appointments were every five years.

RESOLVED that Mazars be engaged to undertake the additional non-audit work as detailed at paragraph 1 of the report.

#### **42. Review of The Constitution - Financial Procedure Rules**

Jaclyn Gibson, Chief Finance Officer:

- a) presented to Audit Committee the revised Financial Procedure Rules and associated amendments required to the Constitution, for consideration and recommendation for adoption by Council
- b) reported that the financial procedure rules provided a framework for officers to work within to ensure compliance with the need to secure proper administration of the Council's financial affairs as required by section 151 of the Local Government Act 1972
- c) stated that the last fundamental review took place in 2018, as approved by Council on 10<sup>th</sup> April 2018.
- d) advised that the Financial Procedure Rules must be reviewed at least every 3 years. The scheduled review in 2021 was delayed due to the impact of the Covid 19 Pandemic. The rules had been reviewed to ensure that they reflected best practice and for any amendments required in relation to changes in the environment in which the council operated.

- e) reported on key changes to the existing Financial Procedure Rules as detailed within paragraph 4 and Appendix A of the report
- f) explained that a new part had been included within the Financial Procedure Rules, called Part B Financial Approval Limits. This was intended to include the key elements of the rules that had specific approval limits attached to them, into a shorter, clearer document.
- g) requested members' consideration on the content of the report.

**Question:** Asked for clarification in the procedure for compensation for complaints that were upheld.

**Response:** Any compensation claim would be investigated through the Insurance Team before any compensation was awarded.

The Chair requested that the 2 sections of the Financial Procedure Rules be cross referenced to ensure that it was clear on Part B of the rules which it was referring to in Part A.

RESOLVED that Audit Committee recommended that the revised Financial Procedural Rules be referred to Council for approval.

#### **43. Audit Committee Work Programme 2022/23**

Amanda Stanislawski, Audit Manager

- a) presented a report to inform members of the Audit Committee on the work programme for 2022/23 as detailed at Appendix A of the report
- b) referred to paragraph 3 of the report which highlighted the changes to the work programme
- c) advised that the Audit Committee Terms of Reference was attached at Appendix A of the report for information
- d) invited members' questions and comments:

RESOLVED that the contents of the Audit Committee work programme 2022/23 be noted.