

AUDIT COMMITTEE

**Wednesday, 8 November
2023**

6.00 pm

**Committee Rooms 1-2, City
Hall**

Membership:	Councillors Chris Burke (Chair), David Clarkson, Thomas Dyer, Gary Hewson, Clare Smalley, Calum Watt and Emily Wood (Vice-Chair)
Substitute member(s):	Councillors Natasha Chapman, Martin Christopher, Pat Vaughan and Aiden Wells
Independent Member:	Jane Nellist
Officers attending:	Democratic Services, Jaclyn Gibson, Laura Shipley and Amanda Stanislawski.

A G E N D A

SECTION A	Page(s)
1. Confirmation of Minutes - 25 September 2023	3 - 8
2. Declarations of Interest	
Please note that, in accordance with the Members' Code of Conduct, when declaring interests members must disclose the existence and nature of the interest, and whether it is a disclosable pecuniary interest (DPI) or personal and/or pecuniary.	
3. External Audit: Audit Completion Report	9 - 48
4. Statement of Accounts 2022/23	To Follow

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Present: Councillor Chris Burke (*in the Chair*)

Councillors: David Clarkson, Thomas Dyer, Gary Hewson,
Clare Smalley, Calum Watt and Emily Wood

Independent Member: Jane Nellist

Apologies for Absence: None.

20. Confirmation of Minutes - 17 July 2023

RESOLVED that the minutes of the meeting held on 17 July 2023 be confirmed and signed by the Chair.

21. Matters Arising

Councillor Clarkson referred to minute number 12 which asked for clarification on the Digital City Agenda and how it would be achieved. He commented that a response had not been received.

Jaclyn Gibson, Chief Finance Officer advised that a response would be provided from Major Developments Directorate following the meeting.

22. Declarations of Interest

No declarations of interest were received.

23. External Audit: 2021/22 and 2022/23 Audit Progress Report (To Follow)

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 2021/22
 - Audit progress 2022/23
 - Fiscal pressure and inflation challenges for the public and social sector
- c) invited committee's questions and comments:

Question: Were the Councils investments stress tested by External Audit to ensure that they were secure?

Response: Investments and financial sustainability was considered as part of the external audit process. External Audit would report concerns at any time in the process and they could be reported publicly if necessary.

Question: Was external audit involved in the Western Growth Corridor Project?

Response: Western Growth Corridor was a long term project which had been considered as part of previous audits over the years. Risk assessments had been completed and external audit's view was that the Council had the necessary arrangements in place.

RESOLVED that the content of the report be noted.

24. Annual Complaints Summary Report 2022-2023

(Councillor Clare Smalley joined proceedings)

Emily Holmes, Assistant Director Transformation and Strategic Development:

- 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 2022-23.
- 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, and the previous five years. 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 in that time and consequently kept complaints low.
- g) further detailed the breakdown of directorate complaints at paragraph 4 of the report
- h) highlighted that of the 459 complaints responded to in 2022-2023, 55% (254) were upheld, this was an increase on the percentage upheld in the previous two years which were 49% and 40% respectively.
- i) referred to paragraph 5 of the report and detailed the complaints that were investigated by LGSCO.
- j) referred to paragraph 6 and gave an overview of the one complaint that was investigated and upheld by the Housing Ombudsman Service.

- 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.

Question: Why had there been an increase in the number of complaints received regarding Parking in 2022-23 compared to previous years?

Response: An answer would be provided following the meeting.

Question: What was the process for dealing with complaints?

Response: There was a two stage complaints process. A level 1 complaint was investigated by an officer within the service area and a response provided to the complainant. If the complainant was not satisfied with the response they could escalate their complaint to level 2 which would be investigated by another officer and a response provided. If the complainant was still not satisfied they could then escalate the complaint to the ombudsman.

Question: Did the Council compare complaints with other Councils?

Response: The Council regularly met with Customer Service Departments at the District Councils where common themes in complaints and concerns were addressed.

Question: Were any changes in procedures or processes resulting from a complaint tracked to ensure that they were carried out?

Response: They were monitored through each Directorates Departmental Management Team.

Question: Referred to the table at paragraph 3.3 of the report and asked if the percentage of time taken to respond related to the 12 weeks response time?

Response: It was measured against the Councils response times which was 10 working days for level 1 complaints and 20 working days for a level 2 complaint.

RESOLVED that the content of the 2022-2023 complaints report be noted.

25. Revised Internal Audit Plan 2023/24

Amanda Stanislawski, Audit Manager:

- a) presented to Audit Committee the revised Audit Plan for 2023/24 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 revised plan had been reduced by 32 days, with other savings in resources being made through reducing support to Assurance Lincolnshire and sharing the Housing Benefit Subsidy work with the Revenues Team
- c) advised that the plan would be resourced through the purchase of days from Julia Rafferty Consulting Ltd, purchase of specialist IT days from Audit One, days from the casual auditor and the Audit Manager. However, if the positions were filled some of the audits may be reinstated or costs reduced.

- d) suggested the deferral of a number of audits and also the removal; or changes to some audits as outlined at paragraph 2.5 of the report.
- e) 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.
- f) updated that the vacant posts had not been filled and the Principal post was currently being advertised again using a recruitment service which specialised in recruiting to public sector posts.
- g) invited members comments and questions.

Question: There was a lot of amber and red sections under the internal audit risk assessment section of the plan. Was this a concern?

Response: There was no concern at present as the risk has been considered for each section.

Question: Did the suggested number of audit days meet the requirements?

Response: There was no minimum amount of audit days, the Audit Manager was satisfied that there was enough to reach an annual opinion.

Question: Was the number of audit days benchmarked against other Councils?

Response: It was difficult to benchmark against other authorities as they are all different in terms of how they provide their services and what services they provide. Generally speaking City of Lincoln Council had a higher number of audit days compared to other Lincolnshire District authorities which is reflective of the services provided.

Comment: It would be interesting to see what the small overspend would be as there was less audit work being completed but the cost had increased due to staffing issues.

RESOLVED that the revised Audit Plan 2023/24 be approved

26. **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 2023/24 as detailed at Appendix B 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.

The committee considered the contents of the report.

RESOLVED that the contents of the Audit Committee work programme 2023/24 be noted.

Audit Committee – Member request monitoring table

Date of committee – 25 September 2023

Action No.	Name of committee report	Information requested / question asked	Member name	Officer responsible for providing response	Date response provided	Response
1	Confirmation of Minutes – 17 July 2023	Referred to the Digital City Agenda and asked for clarification of what this was and how it would be achieved?	Councillor Clarkson	Kate Ellis	30 th October 2023	The Council had been working with partners to encourage investment into upgrading digital connection speeds, coverage, accessibility and affordability. This was an ambition of the Council and a huge amount of investment from companies was required to achieve this. This digital strategy would be refreshed in due course.
2	Annual Complaints Summary Report 2022-2023	Why had there been an increase in the number of complaints received regarding Parking in 2022-23 compared to previous years?	Councillors Hewson and Clarkson	Kieron Manning	3 rd October 2023	The increase in complaints have been firstly due to the cleanliness of the Bus Station which is largely due to the number of pigeons that access the building. Additional cleaning has now been put in place daily and a 4 weekly floor clean scheduled and the complaints have now significantly diminished. The second element is the inevitable reaction of some to the introduction of the new Residents Parking Scheme, but this has now settled post implementation also.

SUBJECT:	EXTERNAL AUDIT: AUDIT COMPLETION REPORT
DIRECTORATE:	CHIEF EXECUTIVE & TOWN CLERK
REPORT AUTHOR:	LAURA SHIPLEY, FINANCIAL SERVICES MANAGER

1. Purpose of Report

- 1.1 This report summarises the findings from the 2022/23 audit, which is substantially complete. It identifies the key issues that Members should consider before an opinion, conclusion and certificate are issued.
- 1.2 This report includes only matters of governance interest that have come to the external auditor's attention in performing the audit. It is not designed to identify all matters that might be relevant to the Authority.
- 1.3 The report will be presented at the meeting by the Council's External Auditors, Mazars.

2. Executive Summary

- 2.1 The Council's financial statements are an important means by which the Council accounts for its stewardship of public funds. Council Members have final responsibility for the financial statements. It is therefore important that the Audit Committee consider Mazars findings before recommending the adoption of the financial statements to Full Council.

3. Opinion on the financial statements

- 3.1 At the time of preparing this report, Mazars work on the financial statements was substantially complete. Subject to the satisfactory conclusion of any outstanding work, Mazars anticipate issuing an unqualified audit opinion without modification (a report to those charged with governance (IAS 260) is attached at Appendix A).
- 3.2 As part of the audit work undertaken Mazars have considered the internal controls in place relevant to the preparation of the financial statements. The findings of this work has resulted in no significant findings or recommendations being made. Further details are provided in section 5 of the attached report.
- 3.3 In relation to misstatements in the accounts there were no material misstatements, or misstatements above the Trivial threshold of £54k, identified during the completion of the audit work. Further details are provided in section 6 of the attached report.
- 3.4 A fully amended copy of the Statement of Accounts is presented elsewhere on this agenda.

4. Value for Money conclusion.

- 4.1 Mazars are yet to complete their work in respect of the Council's arrangements in securing economy, efficiency and effectiveness in its use of resources. At the time of preparing this report, no significant weaknesses in arrangements, that require a recommendation to be made, have been identified. However, work continues to be undertaken on the Council's arrangements and a commentary on these arrangements will be provided in the External Auditor's Annual Report and reported to the Audit Committee.

5. Strategic Priorities

- 5.1 The Council's Statement of Accounts are a financial summary of the Council's activities in support of its Vision 2025 and Strategic Priorities during the financial year 2022/23.

The external audit of the Council's financial statements and VFM conclusion is a statutory requirement and as such contributes towards the fitness for purpose of the Council's governance arrangements.

6. Organisational Impacts

6.1 Finance

There are no direct financial implications arising as a result of this report.

6.2 Legal Implications including Procurement Rules

In accordance with the Accounts and Audit (Amendment) Regulations 2022 the Statement of Accounts must be approved and published by the Council, together with the audit opinion and certificate, by the 30 September 2023. Where an audit of accounts has not been concluded by the specified date, the Council must publish as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the Statement of Accounts and it reasons for this. In accordance with this, a notice was published on the Council's website on 30 September to state that the audit of the 2022/23 Statement of Accounts had not yet been completed.

6.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

Due to the nature of the report, no specific Equality Impact Analysis is required.

7. Risk Implications

7.1 There are no risk implications arising as a result of this report.

8. Recommendation

8.1 Audit Committee are asked to:

- a) Consider the matters raised in the report before recommending the financial statements for referral to the Executive and subsequent approval by Full Council;
- b) Approve the draft letter of representation, attached at Appendix B, on behalf of the Council before Mazars issue an opinion, conclusion and certificate and delegate any further amendments to the letter, should any additional issues be raised by Mazars, to the Chief Finance Officer who will report any changes to the Chair of the Audit Committee.

Is this a key decision?

No

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

No

How many appendices does the report contain?

Two

List of Background Papers:

Draft Statement of Accounts 2022//23 – Audit Committee 17 July 2023.

Lead Officer:

Laura Shipley, Financial Services Manager
Laura.shipley@lincoln.gov.uk

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Audit Completion Report

City of Lincoln Council— Year ended 31
March 2023

13

October 2023



Contents

- 01** [Executive summary](#)
- 02** [Status of the audit](#)
- 03** [Audit approach](#)
- 04** [Significant findings](#)
- 05** [Internal control recommendations](#)
- 06** [Summary of misstatements](#)
- 07** [Value for Money](#)

[Appendix A: Draft management representation letter](#)

[Appendix B: Draft audit report](#)

[Appendix C: Independence](#)

[Appendix D: Other communications](#)

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Members of the Audit Committee
City of Lincoln Council
City Hall
Beaumont Fee
Lincoln
LN1 1DD

30 October 2023

Dear Committee Members

Audit Completion Report – Year ended 31 March 2023

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions for the Audit Committee's 8 November 2023 meeting and the Full Council's 28 November 2023 meeting.

15

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented in September 2023. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail, then please do not hesitate to contact me on Mark.Surridge@mazars.co.uk.

Yours faithfully



Mark Surridge

Mazars LLP

Mazars LLP
2 Chamberlain Square,
Birmingham,
B3 3AX

01

Section 01: **Executive summary**

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2022/23 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Valuation of Council Dwellings, Land and Buildings, Surplus Assets, Assets held for Sale and Investment Properties; and
- Valuation of Defined Benefit Pension Net Liability.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out any audit misstatements. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2023.

At the time of preparing this report there are matters remaining outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B. This is subject to the work outstanding, identified at Section 2 of this report.



Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

We have recently received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. This work will be completed as part of our audit closure procedures.



Wider powers






The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.


02


Section 02: **Status of the audit**


2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Opening Balances		The 2021/22 financial statements audit is expected to be finalised in November 2023.. We will then be able to agree the opening 2022/23 balances and agree any changes to the prior year comparators in the draft 2022/23 financial statements.
Valuation of Land and Buildings, Surplus Assets and Investment Properties		We are working through the residual queries relating to this significant audit risk area, including assessing whether valuation movements were in line with market expectations by considering valuation trends.
Valuation of Defined Benefit Pension Net Liability		We are awaiting a response to our request for assurances from the Pension Fund Auditor. The assurance letter from the auditor will enable us to complete the remaining audit procedures and conclude on this significant audit risk area.
Evidence compilation and review procedures		We are completing the remaining procedures and clearing queries in the following areas: <ul style="list-style-type: none">Non-pay expenditure, debtors and creditorsThe Housing Revenue Account and Collection Fund Account.
Completion Procedures		Procedures such as our quality control review, qualitative review of the adjusted financial statements, ongoing consideration of any post balance sheet events, and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report.

 Likely to result in material adjustment or significant change to disclosures within the financial statements.

 Potential to result in material adjustment or significant change to disclosures within the financial statements.

 Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03: **Audit approach**

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum. We have not made any changes to our audit approach since we issued our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £1.6m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements, is £1.8m using the same benchmark.

Use of experts

In our Audit Strategy Memorandum we identified the following experts planned to be used by management in preparing the financial statements, and by ourselves in carrying out our audit. There are no changes to the planned approach or matters arising to report.

Item of account	Management’s expert	Our expert
Defined benefit liability	Barnett Waddingham <i>Actuary for Lincolnshire Pension Fund</i>	PWC <i>Consulting actuary appointed by NAO</i>
Property, plant and equipment, Investment Properties and Assets held for Sale valuation	Paul Clifton, MRICS <i>The Council’s internal valuer</i>	We used our internal valuation expert to support our work on Investment Property valuations
Property, plant and equipment valuation	DVS Property Services <i>External valuation specialist for Council Dwellings</i>	Not applicable
Business Rate Appeals valuation	Inform CPI Limited <i>Analyse Local Valuation System</i>	Not applicable
Financial instrument disclosures	Link Asset Services <i>Treasury management advisors</i>	Not applicable

Service organisations

International Auditing Standards (UK) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. In our Audit strategy Memorandum we identified the following service organisation as relevant to the Council and have summarised our response. There are no changes to the planned approach or matters arising to report.

Items of account	Service organisation	Audit approach
Payroll Expenditure	North Kesteven District Council <i>The payroll entries that form part of the Council’s financial statements are material and are derived from the processing of monthly payrolls. The payroll processing is undertaken and administered by North Kesteven District Council on behalf of the Council.</i>	We reviewed the controls at the Council over these transactions and gained an understanding of the work of the service organisations. We concluded that the Council has sufficient controls in place over the services provided by the payroll service and we were able to audit these items of account based on the records held at the Council.

04

Section 04: **Significant findings**

4. Significant findings

- In this section we outline the significant findings from our audit. These findings include:
- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
 - our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 13 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
 - any further significant matters discussed with management; and
 - any significant difficulties we experienced during the audit.

23

Significant risks

Management override of controls	Description of the risk This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: <ul style="list-style-type: none">• Accounting estimates impacting amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion Based on the work completed to date, no issues have been identified that need to be brought to the attention of Members. Should any matters arise from the clearance areas set out in section 2 of this report, these will be reported in our follow up letter to the Committee.

4. Significant findings

24

Valuation of the net defined benefit liability	Description of the risk The net defined benefit liability relating to the Local Government Pension Scheme represents a significant balance on the Council's balance sheet. The Lincolnshire County Pension Fund, as the local scheme administrator, uses an actuary to provide an annual valuation of these assets and liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area. The 2022 Triennial Valuation of the Fund, and changes in the Actuaries' assumptions in 2022/23 have seen significant movements in the Pension liability valuation.
	How we addressed this risk We addressed the risk by:
	<ul style="list-style-type: none">critically assessing the competency, objectivity and independence of the Actuary engaged by the Lincolnshire County Pension Fund;liaising with the auditors of the Lincolnshire County Pension Fund to gain assurance over the design and implementation of controls in place at the Lincolnshire Pension Fund;reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Fund Actuary, and the key assumptions included within the valuations. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; andagreeing the data in the IAS 19 valuation report provided by the Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements
	Audit conclusion We have, subject to completion of the steps set out in Section 2, obtained sufficient appropriate evidence to conclude that the valuation of the net defined benefit liability included in the financial statements is reasonable.

Valuation of Council Dwellings, Land and Buildings, Surplus Assets, Assets held for Sale and Investment Properties	Description of the risk Property related assets are a significant balance on the council's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.
	How we addressed this risk We addressed the risk by:
	<ul style="list-style-type: none">critically assessing the Council's valuers' scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;considering whether the overall revaluation methodologies used by the Council's valuers were in line with industry practice, the CIPFA code of practice and the Council's accounting policies;assessing whether valuation movements were in line with market expectations by considering valuation trends;critically assessing the approach that the Council adopted to ensure that assets that were not subject to revaluation in 2022/23 were materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers.
	Audit conclusion We have, subject to completion of the steps set out in Section 2, obtained sufficient appropriate evidence to conclude that the valuation of council dwellings, land and buildings, surplus assets, investment properties and assets held for sale included in the financial statements is reasonable.

4. Significant findings

Qualitative aspects of the Council’s accounting practices

We have reviewed the Council’s accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the Council’s circumstances.

The draft Statement of Accounts was published by the 31 July 2023 publication deadline.

Significant matters discussed with management

During our audit we discussed the following significant matters to management:

The Council’s financial position, including development of the medium-term financial plan - During the year, we have met with officers to discuss the Council’s financial position and budget setting process and pressures to enable us to reflect on the Council’s financial resilience and sustainability, and to conclude whether the going concern basis of accounting in the preparation of the financial statements is appropriate.

Consideration of accounting implications of pension asset surpluses - At 31 March 2023 some employers have, for the first time in many years, a net IAS19 pension asset (surplus). Accounting standards set out the matters to be considered in determining the correct accounting treatment for such surpluses. We have discussed and considered the Council’s accounting treatment for its share of the Local Government Pension Scheme and are satisfied that the net liability is in line with IAS19 Employee Benefits.

Impact of ISA315 - ISA (UK) 315 (Revised 2019) introduces major changes to the auditor’s risk identification and assessment approach, which are intended to drive a more focused response from auditors undertaking work to obtain sufficient appropriate audit evidence to address the risks of material misstatement. This has involved enhanced risk identification and assessment; greater emphasis on understanding IT; and Increased focus on controls. We have needed to make additional enquires in these areas to enable us to meet these audit requirements.

Significant difficulties during the audit

During the course of the audit we have had the full co-operation of management. The audit was again carried out remotely and we have worked with management to overcome any difficulties in carrying out our normal audit procedures and obtaining the audit evidence required to complete the audit. We continue to work with management to complete any remaining audit work and resolve audit queries and are grateful for the co-operation and support provided.

Modifications required to our audit report

There are no matters arising from our audit work to date that indicate that audit report needs to be modified. Our current draft audit report is set out in Appendix B.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2022/23 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

4. Significant findings

Delay in the audit certificate

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts.

The 2021/22 Audit Certificate is still outstanding as the National Audit Office has not finalised its auditor reporting requirements in respect of that year's Whole of Government Accounts (WGA) return. The NAO has also not finalised its requirements for the 2022/23 return.

We expect to issue the 2022/23 audit report but delay the issue of the 2022/23 Audit Certificate until:

- the 2021/22 and 2022/23 WGA auditor procedures are completed and that year's Audit Certificate has been issued; and
- the 2022/23 Auditor's Annual Report has been issued.

We will update the Audit Committee when more information is known but at this stage the draft Auditor's Report at Appendix B assumes that we are not able to issue the Audit Certificate at this stage.

05

Section 05: **Internal control recommendations**

5. Internal control recommendations

As part of our audit of the financial statements, we obtained an understanding of internal controls sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to Those Charged With Governance any significant deficiencies identified during the course of our work.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

No matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

No significant findings or recommendations in relation to internal controls have been noted as at the date of this memorandum.

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

06

Section 06:

Summary of misstatements

6. Summary of misstatements

Misstatements and disclosure amendments

We are pleased to report that no material misstatements, or misstatements above our Trivial threshold of £54k, have been identified during our audit work to date.

We will update the Audit Committee if any further reportable misstatements are identified as a result of the remaining work summarised at Section 2.

A small number of disclosure amendments to the notes to the Statement of Accounts have been agreed with management to correct minor errors. None of these are significant and we are not required to highlight them in this report.

07

Section 07: **Value for Money**

7. Value for Money

Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the 2022/23 Auditor's Annual Report alongside or within three months of issuing the audit report on the financial statements

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2023. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Council's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the 2022/23 Auditor's Annual Report.

Appendices

A: Draft management representation letter

33

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

Mazars LLP
First floor,
Two Chamberlain Square,
Birmingham
B3 3AX

Dear Mark

City of Lincoln Council - audit for year ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of City of Lincoln Council (the Council) for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation, and other material;
- Additional information that you have requested from us for the purpose of the audit; and

Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Head of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Appendix A: Draft management representation letter

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Head of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
 - All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment, intangible assets and investment properties below their carrying value at the balance sheet date. I have considered the potential risk of RAAC as well as the impact of Covid-19 on the property valuations and am satisfied that an impairment review is not necessary

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report fairly reflects that assessment.

Current banking crisis

We confirm that we have assessed the impact on City of Lincoln Council of the on-going Global Banking challenges, in particular whether there is any impact on the company's ability to continue as a going concern, and on the post balance sheet events disclosures.

We confirm that our exposure where applicable (either direct cash exposure or direct / indirect through investments) with any bank reported as in a distress situation, is not material.

Appendix A: Draft management representation letter

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements and internal control recommendations

I confirm that the effects of any uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Chief Finance Officer

Appendix B: Draft audit report

Independent auditor’s report to the members of City of Lincoln Council

Report on the audit of the financial statements

{SUBJECT TO FINALISATION}

Opinion on the financial statements

We have audited the financial statements of City of Lincoln Council (‘the Council’) for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account and Movement on the Housing Revenue Account Statements and the Collection Fund, and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (‘the Code Update’), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and as at 31st March 2023 and of the Council’s expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Appendix B: Draft audit report

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015 and the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

We evaluated the Chief Finance Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Appendix B: Draft audit report

Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2023.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of City of Lincoln Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack or 2021/22 and 2022/23;
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

[Signature]

Mark Surridge Key Audit Partner

For and on behalf of Mazars LLP

2 Chamberlain Square

Birmingham

B3 3AX

[Insert date]

Appendix C: Independence





As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

40



Issue	Perceived threats	Safeguards
We have been separately engaged by the Council to carry out additional work Assurance services – Housing Benefits Agreed upon Procedures and Pooling of Housing Capital Receipts. Before agreeing to undertake any additional work, we consider whether there are any actual, potential or perceived threats to our independence.	Self interest	The proposed fees for this work, is significantly below the fee for the external audit.

Appendix D: Other communications

Other communication		Response
<div>  <div> Compliance with Laws and Regulations </div> </div>		<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
	<div>  <div> External confirmations </div> </div>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
<div> <div>41</div>  <div> Related parties </div> </div>		<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
	<div>  <div> Going concern </div> </div>	<p>We have not identified any evidence to cause us to disagree with the Chief Finance Officer that City of Lincoln Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

42

Other communication		Response
	Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
	Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit Committee, confirming that</p> <ul style="list-style-type: none">a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:<ul style="list-style-type: none">i. Management;ii. Employees who have significant roles in internal control; oriii. Others where the fraud could have a material effect on the financial statements; andd. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Mark Surridge

Mazars

2 Chamberlain Square

Birmingham

B3 3AX

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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Chief Executive & Town Clerk

Angela Andrews CPFA

City Hall, Beaumont Fee,

Lincoln. LN1 1DD

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Facsimile: (01522) 873546

Website: www.lincoln.gov.uk

Mark Surridge
Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

Jaclyn Gibson

is dealing with this matter

E-mail : jaclyn.gibson@lincoln.gov.uk

Direct Line: 01522 873258

8th November 2023

Dear Mark

City of Lincoln Council - audit for year ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of City of Lincoln Council (the 'Council') for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation), sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as s151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been properly recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains not already disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as s151 Officer, for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements of the Council may be materially misstated as a result of fraud.
- all knowledge of fraud or suspected fraud affecting the entity involving:
 - management and those charged with governance.
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have considered the potential risk of RAAC as well as the impact of Covid-19 on the property valuations and am satisfied that an impairment review is not necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report fairly reflects that assessment.

Current banking crisis

We confirm that we have assessed the impact on City of Lincoln Council of the on-going Global Banking challenges, in particular whether there is any impact on the company's ability to continue as a going concern, and on the post balance sheet events disclosures. We confirm that our exposure where applicable (either direct cash exposure or direct / indirect through investments) with any bank reported as in a distress situation, is not material.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully



Jaclyn Gibson, FCCA
Chief Finance Officer (s151)