
Present:	Councillor Geoff Ellis (<i>in the Chair</i>)
Councillors:	Thomas Dyer, Gary Hewson, Ronald Hills, Jackie Kirk, Rebecca Longbottom and Laura McWilliams
Independent Member:	Jane Nellist
Apologies for Absence:	Pat Jukes

1. **Confirmation of Minutes - 26 March 2019**

The minutes of the meeting held on 26 March 2019 be confirmed subject to minor changes to comments made by J Nellist within item number 60 Risk Management – Annual Update.

2. **Declarations of Interest**

No declarations of interest were received.

3. **External Audit Progress Report 2019/20**

Jon Machej, representing Mazars, External Auditor:

- a. presented an External Audit progress report to provide the Audit Committee with an update on progress in delivering their responsibilities
- b. highlighted that there were a couple of issues regarding pensions and prior account adjustments
- c. requested that members note the contents of the report and the attached appendix
- d. invited members questions and comments.

Members asked what was meant by unusable reserves?

Jon Machej, External Auditor, explained that unusable reserves were accounts that hold funds that cannot be spent such as pension contributions.

Jaclyn Gibson, Chief Finance Officer, advised that some of links for publications that were within the report were chargeable and asked that members liaise with herself before purchasing as the Council may already have a copy.

RESOLVED that the contents of the report and the attached appendix be noted.

4. **Annual Internal Audit Report 2018/19**

John Scott, Audit Manager:

- a. presented the Annual Internal Audit Report for comments

- b. highlighted that Governance, Risk, Internal Control and Financial Control were all performing well
- c. recommended that Audit Committee should note the contents of the report and appendices
- d. invited members questions and comments.

Members asked for more detail regarding the new build short life working group.

John Scott, Audit Manager, explained that the group was set up following the new build properties being ready for allocation. There were issues with allocations of properties so the group was set up as the best use of resources to allocate the new build properties.

RESOLVED that the contents of the report and appendices be noted.

5. Annual Governance Statement 2018/19

John Scott, Audit Manager:

- a. presented a report to inform Audit committee that the Annual Governance Statement (AGS) had been signed off by the Leader and CX as of the end of May 2019
- b. highlighted that for 2018/19, there was just one significant governance identified which was: the Disaster Recovery Plan in place for IT arrangements was not sufficiently aligned with the Business Continuity plans that were currently in place for restoring key services in terms of IT needs
- c. recommended that Audit Committee reviewed the contents of the Final Annual Governance Statement with a view to monitoring progress on the significant issue identified over the coming year 2019/20
- d. invited members questions and comments.

Members asked whether the committee could help with making sure that the Disaster Recovery Plan for IT aligns with the Business Continuity Plans that were in place.

Jaclyn Gibson, Chief Finance Officer, explained that this matter was being overseen by CMT and would come back to Audit Committee on a quarterly basis so that it could be monitored.

Members asked where the consultation data could be accessed with regard to the citizen panel and whether members could have a view of the responses.

Jaclyn Gibson, Chief Finance Officer, explained that the consultation results were reported internally to the Corporate Leadership Team and then sent to Performance Scrutiny Committee through portfolio holders that attend.

RESOLVED that:

- The contents of the Final Annual Governance Statement with a view to monitoring progress on the significant issue identified over the coming year 2019/20 be agreed.
- The results from the citizen panel consultations be taken to Performance Scrutiny Committee, with the timing and format to be agreed with the Policy Manager.

6. **Draft Statement of Accounts 2018/19**

Colleen Warren, Financial Services Manager:

- a. presented the Statement of Accounts for the financial year which ended 31 March 2019, together with a short summary of the key issues reflected in the statutory financial statements for scrutiny
- b. highlighted the summary of key issues within the below areas in the Financial Statements:
 - The Comprehensive Income and Expenditure Statement
 - The Balance Sheet
 - Cross Cutting Key Issues
- c. recommended that Audit Committee scrutinise the Statement of Accounts
- d. invited members questions and comments.

Members asked what the income for Brexit was in 2018/19?

Jaclyn Gibson, Chief Finance Officer explained that this was a one off grant given to Councils to help prepare them for Brexit. The money hadn't been spent yet but there was an action plan in place for how the Council were planning for Brexit.

Members asked why the funding for the National Arts Trust had decreased?

Jaclyn Gibson, Chief Finance Officer explained that this money was for the Drill Hall and was part of a savings programme whereby the funding reduced over a four year period.

Members asked whether any money could be received from the contractors who built the Central Car Park and whether there was a loss of income for the 5th floor not being completed?

Jaclyn Gibson, Chief Finance Officer explained that the City of Lincoln Council didn't have a legal right to claim for damages due to the contract and that the car park had not been fully occupied since it opened, so the 5th floor not being open, hadn't contributed to the loss of income, however retention monies were still being held.

Members asked whether the substantial reduction in assets against outgoings was purely due to borrowing rather than spending reserves and whether the Right to Buy sales were included?

Colleen Warren, Financial Services Manager explained that it was due to an increase in short term borrowing during 2018/20. However as long Term Borrowing costs was cheaper in the longer term some short-term borrowing had been exchanged for long-term borrowing in early 2019/20. The reserves that were there

needed to be maintained. Concluded Right to Buy sales were included and monies for the sale of land on Yarborough Road and land at Tritton Road were still waiting to be concluded.

RESOLVED that:

- The Statement of Accounts were scrutinised.
- An update on the contractual position and impact on the Central Car Park due to the closure of the 5th floor be sent to Audit Committee.
- An explanation of the £600k overdraft would to be included in the Statement of Accounts.

7. Internal Audit Progress Report

John Scott, Audit Manager:

- a. presented the Internal Audit Progress Report to the Audit Committee, incorporating the overall position reached so far, and summarised the outcomes of audits completed during the period
- b. detailed the contents of the Internal Audit progress report which included:
 - Progress against the plan
 - Summary of Audit work
 - Implementation of Audit recommendations
 - Current areas of interest relevant to the Audit Committee
- c. recommended that Audit Committee note the content of the latest Internal Audit Progress Report for 2018-19 and consider whether any of the following options were relevant:
 - Report and make recommendations to the Executive if they felt it was appropriate
 - Refer any matter under review they feel appropriate to the relevant Portfolio Holder, Scrutiny Chair or Committee
 - Seek responses from Officers on matters arising (written or verbal) to be submitted to the next Audit Committee on any of the issues raised within this report or associated Appendices. Members may further wish to request the presence of the relevant Managers at the meeting to explain performance/specific issue.
 - Accept the report and continue to monitor arrangements
- d. invited members questions and comments.

RESOLVED that the report be accepted and the committee would continue to monitor arrangements.

8. Audit Committee Work Programme

RESOLVED that a training session for Audit Committee be arranged for 5pm before the next meeting.