

Present:	Councillor Geoff Ellis (<i>in the Chair</i>)
Councillors:	Laura McWilliams, Thomas Dyer, Gary Hewson, Jackie Kirk, Alan Briggs and Rebecca Longbottom
Independent Member:	Jane Nellist
Apologies for Absence:	Councillor Bill Mara, Berry and Heather Grover

55. Confirmation of Minutes - 23 July 2020

RESOLVED that the minutes of the meeting held on 27 August 2020 be confirmed.

56. Declarations of Interest

No declarations of interest were received.

57. Annual Governance Statement 2019/20

John Scott, Audit Manager:

- a. presented a report to inform Audit Committee that the Annual Governance Statement (AGS) for 2019/20 had been signed off by the Leader and Chief Executive as at 17 August 2020, detailed at Appendix A
- b. highlighted that following thorough investigation the Senior Officer Group had found evidence of three significant governance issues to report in the AGS, one carried forward from 2018/19 and two further issues identified as a result of the COVID-19 pandemic
- c. detailed the three significant governance issues identified as follows:
 - **The Disaster Recovery plan in place for IT arrangements is not sufficiently aligned with the Business Continuity plans that are currently in place for restoring key services in terms of IT needs.** This issue has been carried forward from 2018/19 and whilst now well on the way to completion, remains as a significant issue until fully completed. (C/F from 2018/19)
 - **Review of impact of Coronavirus on the council's service delivery and embedding new ways of working for staff and elected members.** Some changes to governance arrangements have been inevitable as an impact of the pandemic on the council and this review will ensure good governance moving forwards.
 - **Vision 2025 needs to be re-profiled and communicated to a wider audience in the light of COVID-19.** The strategy was adopted in February 2020 but there was no formal public launch due to COVID-19. The council's response to the pandemic was to proactively divert resources to tackle the emergency and all projects and programmes that could be paused/had not already commenced were stopped in a planned way. Tackling the emergency situation and resulting recovery

phase has been a long process due to the prevalence of COVID-9 nationally and there is now a need to review Vision 2025 in light of COVID-19, re-profile the commitments in the strategy and then communicate it widely. This process started in late August 2020.

- d. reported that Corporate Management Team (CMT) would continue to monitor as part of quarterly performance monitoring those issues of lesser concern, previously referred to as 'ones to watch' to ensure they retained high visibility, to be monitored at very senior level at a minimum once a quarter and included in the quarterly Dashboard Report to Leadership
- e. invited members' questions and comments.

Question: With regards to the development of activities to support the city and High Street, were there any examples of what had been done so far?

Response: Simon Walter's Directorate were undertaking some work as part of the Lincoln Town's fund for getting businesses back open again. Also, as part of Vision 2025 there were a range of projects in the pipeline such as knocking the TIC building down at the Cornhill.

Question: Did the Audit team work to the definition of sustainability?

Response: Officers were unable to give a detailed explanation on this however work on Climate Change had been outlined in Vision 2025.

Question: With regards to disaster recovery, what work was still yet to be done?

Response: A storage site was being set up at Hamilton House. The project was initially underway but storage space held it up. The IT recovery plan was being updated in a couple of weeks.

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 2020/21 be agreed.

58. External Audit Progress Report

Jaclyn Gibson, Chief Finance Officer:

- a. presented the External Audit progress report to provide Audit Committee with an update on progress in delivering responsibilities of the external auditors
- a. referred to the External Audit progress report attached at Appendix A covering the following areas:
 - Accounts Timetable
 - Covid-19 Financial Reporting Issues
 - Audit Progress
 - Mazars response to the pandemic and working with the Council
- b. requested that members note the contents of the report and the attached appendix
- c. invited member's questions and comments.

Question: How has it been this year with regards to the Audit accounts?

Response: It was too early to tell at the moment and the work was postponed until August due to Covid-19. The report alluded to two additional testing's at a required fee however the fee was yet to be confirmed and officers would know more as it progressed.

Mark Surrige, External Auditor, provided a brief update on the affects that Covid-19 had in respect of the Valuation of Land and Buildings and changes to the Pension Fund Asset and Liabilities. Due to this he confirmed that a further update would be provided in September and the completion of the accounts would not be until the revised date that was set in November.

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

59. Statement of Accounts 2019/20

Colleen Warren, Financial Services Manager:

- a. presented the Statement of Accounts for the financial year ended 31 March 2020, together with a short summary of the key issues reflected in the statutory financial statements for scrutiny as detailed at Appendix A to her report
- b. reported that the Statement of Accounts for 2019/20 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 normally statutorily required to publish its Statement of Accounts for 2019/20 with an audit opinion and certificate by no later than 31 July 2020, however, following the COVID-19 pandemic the statutory dates were relaxed with publication of the accounts required by 31 August and an audit opinion and certificate required by 30 November 2020
- d. highlighted the Statement of Accounts for 2019/20, at the time of writing this report were still subject to conclusion of the external audit by the Councils external auditors Mazars. and that Mazars would attend the Committee to provide an update on audit progress
- e. reported that any further changes required to the Statement of Accounts, arising from the conclusion of the external audit would be agreed by the Council's Chief Finance Officer and reported back to the Chair of Audit Committee, and would be included in the Statement of Accounts to be submitted to Executive and Council for final approval.
- f. reported that the Council must make the Statement of Accounts available for public inspection for 30 working days, following notification from the Council's external auditors, this ran from 1 September 2020 until 15 September 2020 and during this period the external auditor would be available to answer questions
- 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 2019/20 was substantial and was in line with the Council's Code of Corporate Governance

- h. noted, that in relation to IT Disaster Recovery there remained one action outstanding from 2018/19, and this would be regularly reported by management to Audit Committee.
- i. added that in respect of 2019/20 there were two additional significant issues identified, the Review of the Impact of Coronavirus on the Councils service delivery and embedding new ways of working and Vision 2025 that need to be re-profiled and communicated to a wider audience in the light of COVID-19, these also would be regularly reported by management to Audit Committee
- (g) presented the following aspects of the Statement of Accounts:
- Comprehensive Income and Expenditure Statement;
 - Balance Sheet;
 - General Balances;
 - Earmarked Reserves;
 - Liquidity;
 - Debtors;
 - Creditors;
 - Non-Current Assets;
 - Pensions;
 - Officer Remuneration;
 - Borrowing;
 - Investments.
- (h) invited members' questions and comments.

Members commented on paragraphs 2.5 and 7.1 of the report as well as the recommendation. This was agreed by officers to be amended accordingly.

RESOLVED that:

1. The dates at paragraph 2.5 of the report be amended to reflect the consultation period
2. The risk implications be amended by officers to reflect the effects of Covid-19/credit and market risk
3. The recommendation be amended to "the Audit Committee are invited to scrutinise the statement of accounts"
4. The report be brought back to Audit Committee in November
5. The Statement of Accounts be recommended to Council for approval on a date to be confirmed, with any further changes to the Statement of Accounts arising from the conclusion of the external audit being delegated to the Chief Finance Officer who would report any such changes to the Chair of Audit Committee.

60. Audit Committee Work Programme 2020/21

John Scott, Audit Manager:

- a) presented a report to inform members of Audit Committee on the work programme for 2020/21 as detailed at Appendix A
- b) advised that the frequency of meetings had been reviewed and revised to take into account impacts relating to the pandemic and was considered appropriate for 2020/21.

RESOLVED that the contents of the Audit Committee work programme 2020/21 be noted.