

<b>Present:</b>	Councillor Calum Watt ( <i>in the Chair</i> )
<b>Councillors:</b>	Thomas Dyer, Gary Hewson, Callum Roper and Clare Smalley
<b>Independent Members:</b>	Jane Nellist and Dave Carter
<b>Apologies for Absence:</b>	Councillor Emily Wood and Councillor Annie Currier

**52. Confirmation of Minutes - 4 February 2025**

RESOLVED that the minutes of the meeting held on 4 February 2025 be confirmed and signed by the Chair as a correct record.

**53. Declarations of Interest**

No declarations of interest were received.

**54. Internal Audit Recommendations Follow-Up**

The Committee considered a report which provided a summary of the outstanding actions and progress made from the internal audit recommendations. There was currently one High action and 40 Medium actions remaining.

It was reported that the actions from the Homelessness Reduction Act and Risk Management had now been implemented.

Members queried whether the Committee could receive explanations on the overdue actions, perhaps by inviting the relevant officers to future meetings. Most of the actions related to IT, and it was suggested that the Business Development and IT Manager be invited to the next meeting for the Committee to understand why they were still outstanding and provide support if necessary.

The longest standing and high risk recommendation, related to performance management. The Business Manager, Corporate Policy and Improvement reported that this was imminent with revised documentation and framework due to be considered by CMT at its meeting on 1 April 2025.

RESOLVED that:

1. The update on internal audit recommendations be considered and noted.
2. The Business Development and IT Manager be invited to the next meeting of the Audit Committee.

**55. Internal Audit Strategy and Plan 2025/26**

The new Public Sector Internal Audit Standards (effective from April 2025) required that Audit Committee have a greater involvement in consultation and engagement.

The Committee considered the first documents to be presented under the new Standards: the Internal Audit Charter, Strategy and Plan for 2025/26.

The Committee discussed the draft plan, and the following points were noted:

- The introduction of the Standards would require that the Internal Audit team spend time away from auditing, however it was confirmed this had been built into the Plan. In addition, the team currently had a full complement of staff.
- The Internal Audit team had a contract with a specialist in IT audits, who conducted the audit, and the IT staff were then responsible for implementing any actions arising from it, not the IT contractor.
- From the 171 days of staff training for the Internal Audit team during 2025/26, the majority was for the career-graded post which involved splitting time between on the job training, study time and college.
- Members were assured that issues surrounding sickness levels within the Audit team for the previous year were now resolved.

RESOLVED that:

1. The Charter and Strategy met the Committee's expectations of the Internal Audit Service and the revised approach be agreed.
2. The draft Plan be reviewed and agreed.

#### **56. Statement of Accounting Policies 2024/25**

The Committee was presented with the Council's Statement of Accounting Policies which would be used to prepare the 2024/25 Statement of Accounts.

Under the Accounts and Audit (England) Regulations, the Council had to comply with proper practice which was defined by the Code of Practice on Local Authority Accounting. The Code was based on International Financial Reporting Standards (IFRS) and the Council produced its financial statements on this basis.

The Statement of Accounting Policies was reviewed each year in line with CIPFA guidelines. The Statement of Accounts would be subject to external audit review.

Questions from the Committee confirmed that in relation to the new IFRS16, this was something that all local authorities were implementing. There had been sufficient preparation time for the implementation of IFRS16 and council staff had undertaken training on the isuse and had engaged with external support and with the external auditor.

RESOLVED that the Committee considered and noted the Accounting Policies to be used for the 2024/25 Statement of Accounts.

**57. IAS19 - Assumptions Used to Calculate Pension Entries in the 2024/25 Statement of Accounts**

A report was presented which allowed the Committee to consider the assumptions proposed by the pension fund actuary to be used in preparing IAS19 figures for inclusion in the 2024/25 Statement of Accounts.

The actuary used by the Council (Barnett Waddingham) made broad assumptions about scheme members, such as death and illness, to allow the Council to calculate how much retirement benefit was being accrued. Officers had reviewed the proposed assumptions and were satisfied with them.

RESOLVED that the IAS19 assumptions the pension fund actuary proposed to use in preparing IAS19 figures for inclusion in the 2024/25 Statement of Accounts be approved.

**58. External Audit Enquiries 2024/25 Statement of Accounts**

Members considered a report which informed the Committee of the External Auditor's (KPMG) requirement for the provision of information regarding the Council's approach to dealing with fraud, litigation, laws and regulations. This was done as part of its audit of the Council's Statement of Accounts for 2024/25. In addition to providing this information, a number of enquiries were made by KPMG to Officers relating to the arrangements for identifying, responding to and managing risks around fraud from 'those charged with governance'.

It was noted that the enquiries were similar each year, as were most of the responses. The Committee considered the details of the enquiries and the proposed responses to each as drafted by Officers.

RESOLVED that the enquiries for those charged with governance for the 2024/25 Statement of Accounts be reviewed and noted.

**59. Change to Order of Business**

RESOLVED that the order of business be amended to allow item 8 – Partnership Governance to be considered as the last item of the agenda, as it would now be considered as a Part B Restricted Item following the Exclusion of Public and Press.

**60. CIPFA Financial Management Code**

Consideration was given to a report which set out the Council's assessment for 2024/25 against the standards contained within the CIPFA Financial Management Code and the associated actions arising from it in order to ensure compliance.

Compliance with the Code was not a legal requirement, however it was considered best practice to undertake the exercise on an annual basis and allow Audit Committee to review the results.

The assessment for 2024/25 showed 76% compliance which was an increase from the previous year at 66%. There was no expectation that the Council would reach full compliance as new standards were always being introduced.

Following a question, it was confirmed that the improvements from last year's assessment related to the Value for Money Statement, Contractual Procedure Rules and Financial Resilience Assessment.

RESOLVED that:

1. The progress of the actions arising from the 2023/24 self-assessment be considered and noted.
2. The 2024/25 self-assessment and the resulting required actions be considered and noted.

#### **61. Money Laundering Policy and Procedure**

The Committee considered a report which provided an update on the Money Laundering Policy Statement and Procedures. The Policy was reviewed every two years and had last been looked at in February 2023.

The alterations made in the 2025 review were shown as tracked changes in the report and were mostly minor relating to use of the correct tense in reference to events that had happened previously.

RESOLVED that the updated policy and procedures be approved.

#### **62. Local Audit Reform (Consultation)**

A report was considered which provided the Committee with a summary of the recent consultation undertaken by the Ministry of Housing Communities and Local Government (MHCLG) on *Local Audit Reform – a strategy for overhauling the local audit system in England*.

It was noted the local audit system in England had faced significant challenges culminating in a backlog of nearly 1,000 unaudited accounts dating back to 2015/16 however, most of these audits had now been completed.

Along with a range of proposals, the primary function of the Local Audit Reform Strategy was the establishment of local audit offices, which Officers felt would be beneficial.

There were some recommendations for best practice for local authorities with regards to audit committees, the majority of which were already in place at City of Lincoln Council, with the exception of an independent chair.

From 18 December 2024, the Local Audit Reform had been out to consultation which had now ended. It was confirmed that Council officers had responded to the consultation.

RESOLVED that the Local Audit Reform consultation be noted.

**63. Audit Committee Work Programme 2024/25**

RESOLVED that the Committee note and agree the updated work programme for 2024/25.

**64. Exclusion of Public and Press**

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

**65. Partnership Governance**

The Committee considered a report which provided an overview and update on partnership governance.

RESOLVED that the recommendation, as set out in the report, be noted.