

**PRESENT: COUNCILLOR**

Councillors M G Allan (Vice-Chairman), S Bunney, P E Coupland, J L King, P A Skinner and A N Stokes

Also in attendance: Mr I Haldenby (Independent Added Member) and Mr A Middleton (Independent Added Member)

Officers in attendance:-

Andrew Crookham (Deputy Chief Executive & Executive Director - Resources), Michelle Grady (Assistant Director - Finance), Sue Maycock (Strategic Finance Lead - Technical), Clair Goodenough (Head of Audit and Risk Management), Sara Jackson (Audit Manager), and Thomas Crofts (Democratic Services Officer)

Others in attendance:-

John Presley (Mazars) and Mark Surridge (Mazars)

28 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs S Rawlins (Chairman).

In the absence of the Chairman, Councillor M Allan (Vice Chairman) chaired the meeting.

29 DECLARATIONS OF INTEREST

No declarations of Members' interest were received at this point of the proceedings.

30 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 25 SEPTEMBER 2023

RESOLVED

That the minutes of the Audit Committee meeting held on 25 September 2023 be agreed and signed by the Chairman as a correct record.

31 COMPLETION OF THE AUDIT OF ACCOUNTS FOR LINCOLNSHIRE COUNTY COUNCIL AND LINCOLNSHIRE PENSION FUND 2021/22

Consideration was given to a report from Sue Maycock, Strategic Finance Lead – Technical, and Michelle Grady, Assistant Director – Finance, which summarised the events since the 2021/22 accounts were last presented to this Committee, and the current position including

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outstanding work relating to the audit of Whole of Government Accounts 2021/22. The following matters were addressed by Mark Surridge, External Auditor – Mazars:

- There was no new content added to the external auditor’s opinion since the last time it was reported to the Committee, and there were no new concerns to report in relation to the Council’s financial sustainability.
- The audit completion letter was scheduled to be signed off before the end of the day.
- One aspect within the accounts required further testing but was found not to have a material impact. This was in relation to a small number of invoices being recorded within the wrong financial year.

The Committee considered the report, and were assured that the Council had identified a weakness in its processes regarding the invoicing error, and was working to strengthen processes and had rolled out further training to staff to help avoid this happening in the future.

RESOLVED

That the position of the audit for the 2021/22 accounts be noted.

32 UPDATE ON THE AUDIT OF ACCOUNTS FOR LINCOLNSHIRE COUNTY COUNCIL AND LINCOLNSHIRE PENSION FUND 2022/23

Consideration was given to a report from Sue Maycock, Strategic Finance Lead – Technical, and Michelle Grady, Assistant Director – Finance, which presented external audit’s Audit Completion Reports for Lincolnshire County Council and the Lincolnshire Pension Fund, as well as the Draft Auditor’s Annual Report for 2022/23. The following matters were addressed by Mark Surridge, External Auditor – Mazars:

- The external audit had reached an unqualified opinion regarding the 2022/23 accounts and noted that for value for money arrangements had been demonstrated and that the Council was in a strong financial position.
- The accounts were scheduled to be signed off within a month following receipt of a confirmation letter in relation to pensions liability and verification via the Letters of Representation.
- No material changes had been made the report since it was last presented to the Committee. The only change that had been made to the report was that the expected completion date had been changed to the actual completion date.
- Delays to the sign off of the accounts were in part due to testing of the pensions net position and clarification sought regarding the cap on recognising a net pension asset.

In order to expediate the sign off of these accounts, it was suggested that the full and final statement of accounts for 2022/23 be circulated to the Committee and authority be given to the Chairman to sign them on off on the Committee’s behalf.

The Committee considered the report, and the following comments were raised:

- The Committee congratulated officers on delivering a clean and strong set of accounts and thanked the external auditor for presenting their findings in person.
- Overall, the Council had ensured adequate arrangements with no significant risks or necessary recommendations. Nonetheless, it was important that the Council was mindful about the trajectory of its financial sustainability as resources and demands were becoming tighter.
- The Committee noted that even small issues had the potential to snowball if left unchecked and that lessons needed to be learnt from issues facing other councils.
- The Committee were assured that the following contingencies were in place to safeguard the Council's financial position:
  - Annual financial planning was a full time preoccupation of the Finance team.
  - The Council held strong reserves to weather issues.
  - Service leads were experts within their field and proactively managed their service's finances, as had been recognised by the recent review conducted by the Care Quality Commission.
  - The Council was always looking for new ways to improve and transform its services.
  - A business performance improvement review was underway to look at ways to reduce administrative costs.

#### RESOLVED

1. That the report and comments made be noted.
2. That the Chairman of the Audit Committee be granted authority to sign off the Statement of Accounts for 2022/23 on behalf of the Audit Committee.

#### 33 DRAFT AUDIT COMMITTEE ANNUAL REPORT 2023

Consideration was given to a report which presented the proposed Annual Report of the Audit Committee for 2022/23 and sought comments in advance of the final version for approval prior to submission to Council.

The Committee considered the report and it was noted that the Council struggled to recruit senior auditors and it was therefore important that the Council looked to grow its own talent.

#### RESOLVED

1. That the content of the draft Audit Committee Annual Report be noted.
2. That the draft Audit Committee Annual Report 2022/23 be updated, as above, for the final version being presented for approval in 2024, prior to submission to the full Council.

34 HORIZON SCANNING: TRENDS, RISKS AND ISSUES

Consideration was given to a report from Claire Goodenough, Head of Audit and Risk Management, which presented emerging trends, risks and opportunities facing local authorities across the country.

The Committee considered the report, and the following comments were raised:

- The Committee agreed that the report was very timely given the challenges facing councils across the country.
- The Council's risk owners monitored their own risks to ensure appropriate controls. Also, Executive Directors were due to attend the Audit Committee's February meeting to present their risk areas and members could raise questions with them directly.
- The Committee agreed that the Council currently understood the demands it was facing and had been able to make changes to accommodate pressures.
- There was a need for special training ahead of the February meeting to support quality questioning from the Committee to risk owners.

RESOLVED

1. That the report and comments made be noted.
2. That a training session be held at 9am ahead of the Audit Committee meeting scheduled for 5 February 2024.

35 AUDIT COMMITTEE WORK PROGRAMME

The Committee considered its work programme and agreed that the Integration of Health and Social Care (including IMT) item, which was yet to be programmed, would be revisited once the new Executive Director of Adult Care and Community Wellbeing was in post.

RESOLVED

That the work programme be agreed.

The meeting closed at 10.55 am