

TUESDAY, 22 MARCH 2022

REPORT OF THE AUDIT MANAGER

ANNUAL REPORT OF THE AUDIT & GOVERNANCE COMMITTEE 2021/22

EXEMPT INFORMATION

None.

PURPOSE

This report presents the proposed Annual Report of the Audit & Governance Committee 2021/22 for Council.

RECOMMENDATIONS

- 1. That the proposed Annual Report of the Audit Committee 2021/22 be endorsed and presented to Council.**

EXECUTIVE SUMMARY

Audit Committee are an important source of assurance about an organisation's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.

CIPFA recommend that Audit Committee's produce an annual report to promote the role and purpose of the Committee, account for the Committee's performance, evaluate whether the Committee is continuing to meet its terms of reference and document how the Committee adds value. The Audit & Governance Committee's annual report fulfilling these requirements is set out at **Appendix 1**.

RESOURCE IMPLICATIONS

None.

LEGAL/RISK IMPLICATIONS BACKGROUND

The Council is not obliged by law to appoint an Audit & Governance Committee, however, this has been done in line with good governance and CIPFA guidance.

EQUALITIES IMPLICATION

None.

ENVIRONMENT AND SUSTAINABILITY IMPLICATIONS (INCLUDING CLIMATE CHANGE)

None.

BACKGROUND INFORMATION

None

REPORT AUTHOR

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Ext 234

LIST OF BACKGROUND PAPERS

Audit Committees in Local Authorities and Police (2018), CIPFA

Audit Committee agendas, minutes and reports for the Committee year 2021/22.

APPENDICES

Appendix 1 – Annual Report of the Audit & Governance Committee 2021/22

Annual Report of the Audit & Governance Committee 2021/22**1. Introduction from the Chair of the Audit Committee**

I am pleased to present the Annual Report of the Audit Committee for the 2021/22 Committee year.

2021/2022 has continued to be a challenging year for all. The Committee plays an even more vital role in being able to gain assurance that the Council's governance, risk and internal control environment remain fit for purpose and concurrent with the challenges faced.

From the challenges faced by the Committee in 2020/21 we have been able to gain assurance in respect of 'business as usual' and also Covid-19 risks. In addition we have obtained regular reports from management to ensure that the Council's overall governance framework remained robust and fit for purpose.

Towards the end of the year we incorporated a specific sub-committee to review the risks around the Future High Street Fund and this work will continue during 2022/23. The sub-committee will provide recommendations to Audit & Governance Committee which will be discussed and relayed to both management and Council as appropriate.

Both the Future High Street Fund and Recovery & Reset are themes that were being reviewed during 2021/22 and future risks will be kept on the risk horizon. Cyber Security risks were high on the agenda during the year with notable 'cyber attacks' being reported at other Councils. This will continue to be a theme that we addressed during the year and look to continue during 2022/23.

As the work continues to move in to a post pandemic recovery, any new or emerging threats or opportunities will be identified, notably the Council's response to Climate Change.

As reported last year I would welcome all to attend a meeting of the Committee and see our work in operation for yourselves!

Finally, I would like to take this opportunity to thank all those members and officers who have contributed to the work of the Audit & Governance Committee over the last 12 months.

**Councillor T Clements,
Chair of the Audit & Governance Committee 2021/22
22 March 2022**

2. Terms of Reference

The terms of reference, which the Committee operated to during 2021/22, is detailed at Part 2, Article 9 of the constitution which can be found at the following link: [CONSTITUTION CLICK HERE](#)

3. Member and Officer Attendance

The Audit & Governance Committee met 6 times during 2020/21.

Membership of the Audit & Governance Committee during 2021/22 and their attendance is detailed at below:

Audit & Governance Committee Member	Date of Committee					
	9/6/21	28/7/21	16/9/21	28/10/21	10/2/22	22/3/22
Councillor M Summers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Councillor R Ford	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor J Chesworth	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	
Councillor A Cooper	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor M Greatorex	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor S Peale	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor P Thurgood	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TBC
Councillor T Clements					<input checked="" type="checkbox"/>	TBC
Councillor M Cook						TBC

During the year Councillor M Summers left the Committee and Councillor T Clements joined and was elected Chair at the meeting of 10 February 2022. In addition Councillor Chesworth, retired and Councillor Cook joined the committee.

A number of Audit Committee Members also sat on various other Committees. There were no reports received during the year that necessitated members absencing themselves.

In reviewing the effectiveness of the Audit & Governance Committee, Members considered whether effectiveness could be further strengthened by appointing Independent Members to the Audit & Governance Committee. The Committee Terms of Reference currently enables up to 2 independents to be appointed. The Committee re-assessed the pros and cons of this during the year.

Senior officers from the Council also attend the Audit Committee as appropriate, including the Executive Director Finance (Chief Finance Officer), Assistant Directors and the Audit Manager. The External Auditor also attends.

4. Training & Effectiveness

Audit & Governance Committee receive appropriate and proportionate training. A general training session for all Councillors was held in September 2021 on the role of the Committee; the internal control environment, governance, risk management and counter fraud.

It has been identified that further training for the Members of the Committee is needed and a training plan will be developed to address the required training needs.

5. Sources of Assurance during 2021/22

In fulfilling its terms of reference, the business conducted by the Audit Committee during 2021/22 is detailed at **Appendix A** per the following themes:

- Internal Audit
- External Audit / Inspection
- Financial Management
- Risk Management
- Corporate Governance.

The Committee gained assurance in 2021/22 from these themes as follows:

Internal Audit

In respect of the 2021/22 financial year, a positive Internal Audit Opinion was given from the Audit Manager as follows:

‘On the basis of audit work completed, the Audit Manager’s opinion on the council’s framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management, to whom recommendations have been made. All of these have been, or are in the process of being addressed’.

‘Specific issues:

No specific issues have been highlighted through the work undertaken by Internal Audit during the year’.

Audit Committee received internal audit’s performance reporting during the year indicating that the service was performing reasonably against its performance measures.

The Council can be assured that no issues have been identified in the 2021/22 work completed which impacts materially on the overall system of internal control.

External Audit / Inspection

The main responsibility of the External Auditor is to report on the council's accounts and whether the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Grant Thornton reported on the 2020/21 accounts. In Grant Thornton’s Audit Findings Report, they concluded that:

‘In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and its income and expenditure for the year; and

- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the requirements of the Local Audit and Accountability Act 2014’.

Financial Management

The Committee scrutinised the 2020/21 statement of accounts and also received reports on accounting policies. The Committee also had oversight of a review of the Council’s financial guidance, undertook a review of the financial resilience index and received assurance on the treasury management strategy / statement. The Committee received regular Internal Audit progress reports, including a number giving assurance on financial management and controls during the period.

Risk Management

The Committee received quarterly updates on the Council’s risk management arrangements via review of the corporate risk register. This included oversight and constructive challenge on risks such as financial sustainability; modernisation and commercialisation; governance; community focus; economic growth and sustainability; information safeguarding and risks arising from the UK’s exit from the European Union.

Corporate Governance

The annual governance statement (AGS) and review of effectiveness for the 2020/21 financial year, concluded that the effectiveness of the system of internal control was fit for purpose overall.

The Committee also:

- undertook a review of its own effectiveness in line with CIPFA good practice;
- received updates on the Council’s use of the Regulation of Investigatory Powers Act 2000;
- received assurance via the Local Government and Social Care Ombudsman Annual Review; and
- received assurance on the Council’s Modern Slavery and Human Trafficking Statement.

Regular updates on the adequacy of the council’s counter fraud arrangements were also received and all policies were updated in line with required timescales.

6. Conclusion

The Committee has been able to confirm that there were no areas of significant duplication or omission in the systems of governance in the authority that had come to the Committee’s attention during 2021/22 that were not being adequately resolved.

Through members receiving this report, the role and purpose of the Committee has been promoted and it has demonstrated that the Committee has continued to perform, meet its terms of reference and added value. This work will continue in 2022/23 with the Committee’s refreshed work programme.

Appendix A

Summary of Audit & Governance Committee Work Plan by Assurance Theme 2020/21

Meeting Date	Report	Assurance Theme				
		Internal Audit	External Audit / Inspection	Financial Management	Risk Management	Corporate Governance
9/6/21	Risk Management Update				<input checked="" type="checkbox"/>	
	Regulation of Investigatory Powers Act					<input checked="" type="checkbox"/>
	Internal Audit Annual Report and Update	<input checked="" type="checkbox"/>				
	Public Sector Internal Audit Standards & Quality Improvement Programme	<input checked="" type="checkbox"/>				
	Annual Governance Statement and Code of Corporate Governance					<input checked="" type="checkbox"/>
	Role of Audit Committee		<input checked="" type="checkbox"/>			
28/7/21	Annual Statement of Accounts & Report			<input checked="" type="checkbox"/>		
	Risk Management - Quarterly Update				<input checked="" type="checkbox"/>	
	Internal Audit Quarterly Report	<input checked="" type="checkbox"/>				
16/9/21	Review of annual report on Treasury Management Service and Actual Prudential Indicators			<input checked="" type="checkbox"/>		
	Local Government & Social Care Ombudsman Annual review 2020/21		<input checked="" type="checkbox"/>			
	Modern Slavery & Human Trafficking Statement					<input checked="" type="checkbox"/>
	Management Representation Letter 2020/21		<input checked="" type="checkbox"/>			
	Fee Increase Letter		<input checked="" type="checkbox"/>			
	Audit Findings Report		<input checked="" type="checkbox"/>			
28/10/21	Appointment of External Auditor re Accounts Commencing 2023/24		<input checked="" type="checkbox"/>			
	Risk Management - Quarterly Update				<input checked="" type="checkbox"/>	
	Counter Fraud Update	<input checked="" type="checkbox"/>				
	Internal Audit Quarterly Report	<input checked="" type="checkbox"/>				
	Future High Street Fund – Risk Management				<input checked="" type="checkbox"/>	
10/2/22	Update of External Audit		<input checked="" type="checkbox"/>			
	Risk Management – Quarterly Update				<input checked="" type="checkbox"/>	
	Audit Plan		<input checked="" type="checkbox"/>			

Meeting Date	Report	Assurance Theme				
		Internal Audit	External Audit / Inspection	Financial Management	Risk Management	Corporate Governance
	Internal Audit Quarterly Report	<input checked="" type="checkbox"/>				
	Review of Audit Committee Effectiveness					<input checked="" type="checkbox"/>
22/3/22	Auditors Annual Report		<input checked="" type="checkbox"/>			
	Informing the Audit Risk Assessment		<input checked="" type="checkbox"/>			
	Final Accounts – Accounting Policies and External Audit Plan			<input checked="" type="checkbox"/>		
	Internal Audit Charter and Audit Plan 2022/23	<input checked="" type="checkbox"/>				
	Annual Report of Chair of A&G Committee					<input checked="" type="checkbox"/>
	Reset & Recovery - Risks				<input checked="" type="checkbox"/>	
	Appointment of Independent Member – next steps					<input checked="" type="checkbox"/>
	Future High Street Fund - Risks				<input checked="" type="checkbox"/>	