



Report to: Audit & Governance Committee Meeting 23  
November 2022

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director –  
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<b>Report Summary</b>	
<b>Report Title</b>	Audit and Governance Committee Annual Report
<b>Purpose of Report</b>	To inform Members of the activity undertaken by the Audit and Accounts/Audit and Governance Committee during the 2021/22 financial year.
<b>Recommendations</b>	That Members note the report
<b>Reason for Recommendation</b>	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

## **1.0 Background Information**

- 1.1 As part of the bi-annual review of the effectiveness of the Audit Committee which was undertaken during July 2019, an action plan was presented to the Audit and Accounts Committee at the meeting in November 2019. One of the actions identified within that plan was to produce an annual report of the activity of the Audit and Accounts Committee.
- 1.2 Part 2 of the constitution sets out the remit of the Committee which is:
- To approve the Authority's statement of accounts
  - To review the Council's corporate governance arrangements
  - To receive reports/presentations from the Council's internal audit manager
  - To receive and consider the external auditor's opinion and reports
  - To ensure that there are effective relationships between external and internal audit
  - Consider the effectiveness and adequacy of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements

- Be satisfied that the authority's assurance statements properly reflect the risk environment and any controls in place to manage it
- Ensure effective scrutiny of the Council's Treasury Management Strategy and Policies.

## **2.0 Activity undertaken during the year**

2.1 During the year, the Committee discharged its responsibilities as described within the Constitution by:

**28<sup>th</sup> July 2021**

2.2 Assurance Lincolnshire presented their Annual Audit report for the year 2020/21. The report detailed the four areas that the Head of Internal Audit offers an opinion on being:

Governance

Risk

Internal Control

Financial Control

2.4 All areas were referenced as having an improving direction of travel. The opinion on Financial Control and Risk had improved compared with the last financial year to now stand at Performing Well, whilst Governance and Internal Control were still assessed as Performing Adequately.

2.5 Within the year there had been a 37% increase in substantial assurance reports compared with the previous year and a 62.1% reduction in limited assurance reports. 92% of the revised plan had been delivered albeit a number of reports were in progress at the 31<sup>st</sup> March 2021, these were however duly completed.

2.6 The Treasury Management Outturn report was presented for 2020/21. As the Committee responsible for overseeing the Council's treasury activities, it reviewed the report and noted that no breaches to the approved prudential indicators were made during 2020/21. The report was therefore recommended to Council for approval.

2.7 The Business Manager – Financial Services presented a report relating to the Going Concern status of the Council. This report supports the production of the Statement of Accounts in that it assesses the financial position of the Council, based on the Balance Sheet at the 31<sup>st</sup> March 2021, together with the experience of the previous financial year and the forecast from the Medium Term Financial Plan going forward. Based on all of these influences it was felt that the Council was a Going Concern and as such Members were asked to note this assessment for the purposes of the production of the Statement of Accounts.

2.8 The Committee also received the draft Statement of Accounts and Annual Governance Statement for the year 2020/21. As in the previous year, the publication of the draft and audited set of accounts had been relaxed from the pre-pandemic requirements, and as such the approval of the audited set of accounts was not required at this meeting. Members were asked to note the draft Statement of Accounts and agree for them to be submitted to the external auditors for audit.

2.9 The Chartered Institute of Public Finance & Accountancy (CIPFA) introduced a new Financial Management Code of Practice which came into effect from 2021/22. The FM code is designed

to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability.

2.10 The FM code sets out 17 standards which should be met, for which the Council self-assessed themselves against. It found that 15 were at green status with 2 at Amber status. Actions were then outlined in order to improve the assessment of the 2 standards identified as Amber.

2.12 The Committee also received reports on:

- A training programme and arranging dates for the bi-annual review of the effectiveness of the Committee and the Internal Audit function;
- Underlying pension and Property, Plant and Equipment valuation assumptions to be used for the production of the Statement of Accounts;
- A progress report from Internal Audit
- The External Auditors audit strategy for the audit of the Statement of Accounts for 2020/21

### **29<sup>th</sup> September 2021**

2.13 The Committee began with a training session provided by Emma Bee (Internal Audit Manager) and Sue Bearman – Assistant Director Legal and Democratic Services. The session focussed on the governance framework and the role of the Audit Committee.

2.14 The Committee received the External Auditors Audit Completion report for 2020/21. Although the deadline for the publication deadline for the audited accounts was 30<sup>th</sup> September, the Committee were informed that the date to publish would now have to be 31<sup>st</sup> October. Mazars confirmed that this was not due to any management delay and that all Nottinghamshire Districts were affected with the delay by Grant Thornton with respect to the County Council audit of the Nottinghamshire pension fund.

2.15 Due to this, the Chair and the S151 Officer were given delegated authority to sign and date the letter of representation once the Statement of Accounts were finalised.

2.16 The next item reported was the Statement of Accounts which portrayed the updated version based on the amendments set out in the Audit Completion Report. Again the Chair and the S151 Officer were given delegated authority to sign the accounts at the appropriate time.

2.20 The Committee also received reports on:

- The annual report for the Committee itself;
- The Internal Audit Charter

### **1<sup>st</sup> December 2021**

2.21 The Committee received a report detailing the assessment of the effectiveness of the Committee and the Internal Audit function. The panel had felt that based on its review of both areas were working effectively. An action plan was also put into place in order to further improve effectiveness of the Committee.

2.22 The Committee reviewed the Council's Strategic Risk Register to update Members on the current status of the risk register. Members noted that there were 14 strategic risks identified, each that was owned by a Director. The risks were scored by the risk owners and Members had the ability to challenge the report author to ensure that risks were scored appropriately.

2.25 The Committee also received reports on:

- An update to the External Auditors Audit Completion Report for the 2020/21 financial year;
- An Internal audit progress report;
- Treasury Management mid-year report;
- Counter fraud activities for the half year to September 2021;
- Appointment of External Auditors from 2023/24

## **2<sup>nd</sup> February 2022**

2.26 The Committee received an audit report from Homes England regarding compliance against its grant programme as part of the Council 5-year HRA development programme. The Committee noted the Green score of its findings.

2.27 The External Auditor brought a supplementary letter to the Audit Completion Report which gave details of the unqualified opinion on the Council's financial statements for 2020/21. Together with the External Auditors Letter (which was also on this agenda) this brought the end to the Statement of Accounts for 2020/21.

2.28 The Committee considered three financial reports on:

- Treasury Management Strategy 2022/23
- Capital Strategy 2022/23
- Investment Strategy 2022/23

These reports were then recommended to Council for approval.

2.28 The Committee also received another report on:

- Review of significant issues identified in the Annual Governance Statement.

## **3.0 Conclusion**

3.1 As can be seen from the account of the year, the Committee has discharged its responsibilities as per the Constitution.

3.2 The Committee has added value to the organisation, by recommending to Council and appointing an Independent member to the committee. This will add skills to the Committee which will benefit the whole organisation as further scrutiny over the reports presented to the committee will be achieved.

## **Background Papers and Published Documents**

Nil.