



Report to: Audit & Governance Committee Meeting
27 September 2023

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director –
Resources and Section 151 Officer

Lead Officer: Nick Wilson, Business Manager Financial Services on
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Report Summary	
Report Title	Audit and Governance Committee Annual Report
Purpose of Report	To inform Members of the activity undertaken by the Audit and Governance Committee during the 2022/23 financial year.
Recommendations	That Members note the report
Reason for Recommendation	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 and Accounts 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 Section 7.2 of Part C of the constitution sets out the terms of reference for the Committee. This report details how the Committee has discharged those responsibilities throughout the year.

2.0 Activity undertaken during the year

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

27 April 2022

- 2.2 Assurance Lincolnshire provided an update on the progress of the review work having been asked by statutory officers to undertake a review of lessons learnt around the sale of the municipal building and extension of the London Road car park.
- 2.3 The Safety & Risk Manager provided an update on the status of the Council's 2022/23 Strategic Risk Register as well as the Risk Management Policy.
- 2.4 Assurance Lincolnshire provided an internal audit progress report (Annex A) of a summary of Internal Audit work undertaken during 2021/22 against the agreed audit plan.
- 2.5 Assurance Lincolnshire provided the Combined Assurance Report for 2021/22, it is produced by Internal Audit working with Business Managers and SLT. The report demonstrates the level of assurance the Council has in its activities at a set point in time, identifying any gaps. The information is then used to inform the annual Internal Audit Plan for the next financial year.
- 2.6 The Committee considered the Internal Audit Plan (Appendix A) from Assurance Lincolnshire this set out the proposed work of Internal audit for 2022/23.

The report reminded Members that the Internal Audit plan is developed to demonstrate how assurance can be given on:

- Financial Governance
 - Governance and Risk
 - Critical Activities
 - Project Assurance
 - ICT
 - Key Controls
 - Combined Assurance
 - Consultancy Assurance
- 2.7 The Assistant Business Manager for Financial Services provided Members with updates made to the Council's accounting policies in relation to the closedown of the 2021/2022 financial year.
 - 2.8 The Committee also received reports on:
 - Underlying Pension Assumptions for 2021/22 Statement of Accounts
 - Underlying Valuation Assumptions for 2021/22 Statement of Accounts
 - Counter-Fraud Activities
 - Appointment of Non-Voting Independent Member on Audit & Governance Committee

27 July 2022

- 2.9 The Chief Executive appended the findings and suggested improvements from Assurance Lincolnshire following their audit of decision-making surrounding the sale of Municipal Buildings and proposed extension to London Road car park.

The Chief Executive highlighted how the circumstances had brought the Council into conflict with some members of the community, which was distressing for the community, and also some Members and staff. The Council would not want a repeat of these circumstances. By undertaking an independent review, the Council would be able to learn from this going forward.

- 2.10 The Head of Internal Audit for Assurance Lincolnshire provided a summary of Internal Audit work undertaken during 2021/22 and to support the Annual Governance Statement by providing an opinion on the organisation's governance, risk, financial and internal control environment.

The report highlighted that the opinion remained unchanged since the 2020/21 financial year and that the direction of travel was positive in all four areas.

- 2.11 The Assistant Business Manager for Financial Services gave Members the opportunity to review the Annual Treasury Outturn report, which was presented to Council in October 2022.

- 2.12 The Business Manager for Financial Services set out the Council's assessment provided by the Council's Section 151 officer of the Council's Going Concern status.

- 2.13 The Business Manager for Financial Services provided the Council's draft Statutory Accounts for the financial year ended 31 March 2022 for the Committee to review.

The Committee Members attended an End of Year Statement of Accounts training session prior to this Committee meeting in order to gain an understanding of the financial statements and notes to the accounts, in order to be able to objectively challenge the information in the accounts.

- 2.14 The Committee also received reports on:

- Annual External Audit Strategy Memorandum 2021/22
- Fraud Risk Assessment
- Internal Audit Progress Report 2022/23
- Annual Standards Report for the period 1 April 2021 – 31 March 2022
- Committee Member Training

23 November 2022

- 2.15 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 13 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.

- 2.16 The Committee considered the report from the Head of Internal Audit for Assurance Lincolnshire providing a summary of Internal Audit work undertaken during 2022/23 against the agreed audit plan.

The Audit Plan for 2022/23 was agreed at the Audit and Accounts Committee in April 2022. Throughout the year reports on the progress made and changes to the plan were then brought to this Committee.

The report contained details of all reports issued in the first half of the financial year 2022/23.

- 2.17 The Committee also received reports on:

- Local Government and Social Care Ombudsman and Housing Ombudsman Annual Update
- Treasury Management mid-year report 2022/23
- Approval of the Statement of Accounts
- Review of the New Governance Arrangements
- Counter fraud activities from 1 April 2022 to 30 September 2022

1 February 2023

- 2.27 The Committee considered the External Auditor's Progress Report for Newark and Sherwood District Council for the 2021/22 audit based on work completed to date.

The representative from Mazars, presented at the meeting providing progress to the Committee of the Auditor's External Audit Progress Report for 2021/22 at Appendix A summarising the work undertaken by the auditors for year ended 31 March 2022.

- 2.28 Approval was given by the Committee for the Treasury Management Strategy, which incorporated the Borrowing Strategy, Investment Strategy, and Treasury Prudential Indicators, updated in accordance with latest guidance.

- 2.29 Approval was given by the Committee, to then be taking to Full Council in March for the Capital Strategy 2023/24, this incorporated the Minimum Revenue Provision Policy and Capital Prudential Indicators, updated in accordance with latest guidance.

- 2.30 The Assistant Business Manager for Financial Services explained to the Committee that the Investment Strategy is for 2023/24, was meeting the requirements of statutory guidance issued by Department of Levelling Up, Housing and Communities DLUHC (previously MHCLG) Investment Guidance in January 2018.

The Investment Strategy 2023/24 report provided a table summarising proposed limits for the non-treasury investments with more detail found in the appendix, the report was taken to Full Council in March.

- 2.31 The Business Manager for Financial Services updated Members of the Audit & Governance Committee on the significant governance issues identified in the Annual Governance Statement.

Members had approved the Annual Governance Statement for the financial year ended 31 March 2022 at its meeting on 23 November 2022 and this report updated the Committee of the status of the governance issues identified.

- 2.32 The Assistant Director for Legal & Democratic Services and Monitoring Officer provided a report with findings from the Governance Review Working Party's six-month review of the new executive governance arrangements.

A working group of Members were convened, to have oversight of the Member induction process following the May 2023 District Council elections and liaised with each of the political group leaders for nominations. The working group met in February/March. The Committee agreed that the Conservative group leader would nominate four, Labour group leader two and Liberal Democrat leader provide one nomination.

- 2.33 The Assistant Director Legal & Democratic Services and Monitoring Officer provided the following information to the Committee:

- i. Activity by the Council under RIPA from 2021 to date
- ii. Relevant minor amendments to the RIPA policy
- iii. An update on mandatory training for officers.

The report provided the use of authorised RIPA surveillance remains low, which is in line with the majority of other authorities. The annual statistical return to IPCO for 2022 was submitted by the Council at the end of January with a Nil return since 2016.

- 2.34 An updated version of the Council's Whistleblowing Policy and proposals to raise awareness of the Policy was provided. A review of the Policy had also been identified as an audit requirement for the financial year.

- 2.35 A review of the Council's policies for Members and Officers (employees) provided for consistency and to ensure they are fit for purpose. Members are required to register gifts and hospitality over a certain value even if declined. The Code of Conduct stated that all gifts and hospitality with an estimated value of £50 be registered however the Protocol gave a figure of £100. The Protocol had not been updated and after the Committee Members discussed this it was agreed to reduce the figure to £25 and made a correction which as an amendment to be reported through Full Council.

6 April 2023

- 2.36 The contents of the previous Strategic Risk Register for 2022/23 had been reviewed by Members in November 2022, this report provided an update on the status of the Council's 2023/24 Strategic Risk Register.

- 2.37 Feedback was provided from the Member Working Group established to have oversight of the Councillor induction process following the May 2023 District Council election.

The report gave suggestions that some of the Induction Programme could be delivered from sites other than Castle House with the example of the Civil War Centre or the

Business Innovation Centre. As an alternative to this proposal, Officers arranged two Bus Tours of the District to take place. Candidate packs had also been arranged and that they would be issued in good time before the election to get dates in diaries.

- 2.38 The Committee considered the appointment of Paul Cox and Sarah Britton as Independent Persons to the Council for a further 4-year term. The Monitoring Officer had consulted with them and both were happy to stand again for a further four years.

The Committee considered the annual rate for the Independent Persons noting it had remained the same for the last four years and to leave as it was with the option to review on an annual basis. The Committee also suggested more context for future reports, providing numbers of complaints the Independent Persons would attend if a hearing was to take place, this could all be considered when the new Council was in place.

The recommendation to appoint the Independent Persons for a further 4-year term was recommended to the next Full Council.

- 2.39 The Appendix to the the External Audit Planning Update for 2022/23 highlighted the Audit approach and timelines, including the Council's Value for Money. It also included what is expected to complete in April to inform the Annual Audit Strategy Memorandum to present at the next Audit & Governance Committee.

- 2.40 The Committee also received reports on:

- Combined Assurance
- Annual Internal Audit Plan
- External Auditors' Annual Report
- Statement of Accounting policies 2022/2023
- Underlying Pension assumptions for 2022/2023 Statement of Accounts
- Underlying Valuation Assumptions for 2022/2023 Statement of Accounts

14 June 2023

- 2.41 The Assistant Business Manager for Financial Services gave Members the opportunity to review the Annual Treasury Outturn report, to be presented to Council on 18 July 2023.

The report explained to the Committee that the Treasury Management Strategy Statement for 2022/23 had been approved by Full Council on 8 March 2022, and the Outturn report was the last report for the financial year, as required by the Code. It had been prepared based on the draft final accounts, which appeared elsewhere on the agenda. Members understood if it is found that there are significant changes resulting from the audit of the accounts, they will be reported at the next meeting of this Committee.

- 2.42 The Assistant Director Legal and Democratic Services provided a report considering the Code of Conduct Annual Report for the Period 1 April 2022 – 31 March 2023.

It was explained to Members what the Committee has responsibility for promoting and maintaining high standards of conduct by Members and co-opted Members of the Council. The Members also being responsible for maintaining an overview of the Members Code of Conduct as well as arrangements for dealing with complaints.

It was agreed to review the process for dealing with Code of Conduct Complaints and be added to the Committee's work programme, to include a review of the role of the Independent Persons.

2.43 The Committee also received reports on:

- Unaudited Statement of Accounts 2022/23
- Fraud Risk Assessment
- Counter-Fraud Activities from 1 October 2022 to 31 March 2023
- Committee Member Training
- Annual Report detailing Exempt Reports considered by the Audit & Governance Committee

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 having appointed an Independent member to the Committee. Adding skills to the Committee which benefit the whole organisation as further scrutiny over the reports presented to the Committee is achieved.

Background Papers and Published Documents

Nil.