

## **CHAIRMAN OF THE AUDIT COMMITTEE'S REPORT TO COUNCIL - COUNCILLOR PAUL GALLEY**

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### **Overview**

I am pleased to provide this report to the Council on the work of the Audit Committee, over the last Municipal Year.

The Committee has continued to provide an increasing level of challenge to Senior Officers and external partners of the Council. This report summarises the work that has been undertaken by the Committee over the course of the 2019/ 2020 Municipal Year to date. It also demonstrates how the Committee has developed through training as it aims to become more effective and focussed on audit, assurance and reporting, as well as highlighting some key aspects of the Committee's future development.

With the addition of new Committee Members following the Local Election in May 2019, training and support has been provided to ensure that the Committee has maintained its high quality of Member questioning and levels of engagement. This will of course continue into the new Municipal Year as we continue to develop and improve whilst aiming to raise the public profile of the Committee yet further. The Committee also welcomed Councillor Jane Hugo as its new Vice Chair, who has brought a fresh perspective and much-valued level of enthusiasm to the position.

At the last meeting of the committee, the committee's Independent person Yvonne Russell announced that she would be stepping down due to a change in her work commitments, which meant that she could not devote the time to the role. The committee thanked Yvonne for her contribution over the last two and a half years and wished her well for the future. The process will begin shortly to appoint her replacement.

### **Work Undertaken**

#### **Strategic Risk Register**

The Committee has continued to focus upon the Strategic Risk Register and has received regular attendance from risk owners in order to provide challenge on the work undertaken to mitigate risk.

To date the following strategic risks have been considered:

- Impact of Brexit
- Unsustainable Local Economy and Increased Deprivation
- Failure to keep people safe

The Committee welcomed the Council's recently appointed external auditors Deloitte and developed a productive working relationship with them via their attendance at each Committee meeting. The Annual Year End Accounts for 2018/ 2019 were considered and approved in November 2019 following a number of unanticipated delays and clarification of details by the external auditors. Members provided a robust overview of the process, challenging the delay and questioning the findings before being satisfied that the final accounts could be formally approved by the Committee. In addition the Committee will be forming a task and finish group to challenge the increased fee expected by Deloitte prior to this being approved for payment.

### **Annual Governance Statement**

The Committee received the Annual Governance Statement 2018/ 2019 at its meeting in June 2019, which provided adequate assurance that public money was safeguarded, properly accounted for and used economically, efficiently and effectively, whilst also providing a reflective review of the past 12 months. A mid-year review of the Annual Governance Statement for the 2019/ 2020 calendar cycle was considered at the 23 January 2020 committee meeting. At this meeting progress against the actions to date were considered and answers sought from relevant officers where further clarifications were required.

### **Risk Services**

Members of the Committee have reviewed reporting on Risk Services on a quarterly basis and have requested Chief Officer attendance, as appropriate, to provide assurance of adequate progress. The Committee has provided specific challenge on a number of matters including anti-fraud arrangements and Council-wide business continuity planning as well as maintaining an overview of insurance claims made against the Council. With regards to overseeing specific internal audit reports, the Committee has continued to request attendance of operational level officers in order to respond to internal audit follow-ups on a number of areas, including the Adolescent Hub, Adult Safeguarding Enquiries and Community Engagement. The information provided by attending officers has allowed for more comprehensive questioning during meetings and a resulting increase in confidence amongst Committee Members.

Throughout the year, the Committee also considered the Council's Covert Surveillance Policy, the Fraud Prevention Charter and has been involved in determining the method by which the external assessment of Public Sector Internal Audit Standards should be undertaken at the Council. Members provided strong challenge to address any issues identified and sought explanations from relevant officers of the measures in place to mitigate current and future risks.

## **External Auditors**

The Committee has received the following reports from the Council's external auditors Deloitte:

- External Auditor's Report to those charged with Governance
- Statement of Accounts 2018/ 2019
- Annual Audit Letter 2018/ 2019
- External Auditor Plan 2018/ 2019

The attendance of representatives from Deloitte at each meeting of the Audit Committee has provided Members with a valuable opportunity to seek assurance from the external auditors on the governance of the Council, as well as a wealth of knowledge and an overview of issues impacting a number of Local Authorities nationally.

## **Further Work Undertaken**

- Annual Audit Opinion 2018/ 2019 - provided Members with details of individual and collective audit reviews undertaken in the year ended 31 March 2019. The report also provided the Head of Audit and Risk's Annual Opinion on the Council's control environment.
- Audit Committee Self-Evaluation – the self-evaluation is undertaken annually and the Committee considers the feedback in order to develop the Audit Training Programme and improve the quality of challenge made.
- The Committee approved the Quality Assurance and Improvement Plan for the internal audit service for 2019/ 2020.
- Internal Audit Plan 2019/ 2020 - the Committee received and approved the plan.
- Internal Audit Charter 2019/2020 – the Committee received and approved the charter.
- Strategic Risk Register 2019/ 2020 – the Committee received and approved the register.

## **Training and Development**

Due to the addition of a number of new Members to the Committee, high quality training and development has been even more of a focus over the course of the year than usual. Informative training sessions have been held regularly, where full participation from Committee Members has been encouraged and welcomed. The sessions covered areas highlighted within the CIPFA Guidance for Audit Committee Members as well as any additional areas which Members identified as requiring an improvement in their skills or knowledge. As requested by the Committee, the following training sessions have been held over the past year:

- Role of the Audit Committee
- Statement of Accounts
- Role of External Audit
- Understanding the Risk Services Quarterly Report
- Annual Governance Statement

In addition, planned training for the remainder of the 2019/ 2020 calendar cycle will include 'The Strategic Risk Register' and 'Tackling Fraud'.

### **Future Work Programme**

The Committee will continue to receive and review key information including the Annual Governance Statement and the Risk Services Quarterly Reports and when appropriate, invite Chief Officers and operational officers to attend to provide explanations where inadequate assurance has been provided or where key controls have not been implemented.

The Strategic Risk Register will be reviewed and the information within it improved as necessary. Chief Officers will continue to be required to update the Committee with regards to the controls that are being implemented in order to manage the Council's risks especially when audit follow-up action is requested.

The Committee is planning future work looking at the Council's role within the Lancashire Enterprise Partnership, as well as additional follow-up audit activity to revisit.

Members, I am pleased to present this report to Council and will be happy to answer any questions.