

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

Overview

I am pleased to provide this report to the Council on the work of the Audit Committee over the last municipal year.

During the uncertainty of the past year, the Audit Committee has continued to meet remotely and to ensure that senior officers and external partners have been adequately challenged and held accountable. This report summarises the work that has been undertaken by the Committee over the course of the 2020/2021 municipal year.

The enrolment of two new Independent Co-opted Committee members was secured following a rigorous recruitment process and both Gillian Brown and Stuart Green bring a wealth of relevant experience and knowledge to the Committee, which has been demonstrated in their engagement and levels of challenge to attendees of Committee meetings. The Independent members underwent a thorough induction programme on joining the Committee and the development of the Committee's training support programme, the Audit Academy, has placed greater emphasis on the progression of members' skills and knowledge in order to assist them to fulfil their vital roles and to become expertly focused on audit, assurance and reporting.

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. With the emergence of the Covid-19 pandemic, its impact was of course a key focus for the Committee, but a number of other important areas have also been reviewed.

The following strategic risks were considered:

- Impact of the pandemic
- Unsustainable local economy and increased deprivation
- Sustainability of the Council
- Lack of resilience

Annual Governance Statement

The Committee received the Annual Governance Statement 2019/2020 at its meeting in November 2020, 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 twelve months. The Annual Governance Statement would ordinarily have been considered by the Audit Committee earlier in the year in conjunction with the presentation of the Statement of Accounts, but its presentation had been delayed in line with the amended deadline for the approval of the Council's accounts. A mid-year review of the Annual Governance Statement for the 2020/2021 calendar cycle was considered at the March 2021 Committee meeting. At this meeting, progress against the actions to date was considered and answers sought from relevant officers where further clarification was required. The Committee also considered and approved the adoption by the Council of a Code of Governance, as identified within the Annual Governance Statement as good practice.

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 from operational level officers in order to respond to internal audit follow-ups on a number of areas, including advertising, the Ofsted inspection of Children's Services, Client Finances and Business Support. The information provided by the attending officers has allowed for more comprehensive questioning during meetings and the Committee expressed its thanks to those officers who were able to attend and for the information they provided.

Throughout the year, the Committee also considered the Council's Risk Management Framework, the Business Continuity Framework and the Fraud Prevention Charter, as well as seeking assurance with regards to the financial sustainability of the Council's wholly owned companies. 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 continued to develop its productive working relationship with the Council's external auditors, Deloitte. The Annual Year End Accounts for 2019/2020 were considered and approved in March 2021 following numerous unanticipated delays, in part influenced by the pandemic but also due to repeated requests for 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, a meeting was held with Deloitte to discuss the timeframe for the 2021/2022 accounts, with the aim of avoiding any unnecessary delays and fostering a cooperative and supportive working relationship going forward.

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 2019/2020
- Annual Audit Letter 2019/2020

The attendance of representatives from Deloitte at each meeting of the Audit Committee has provided members with the opportunity to seek assurance from the external auditors on the governance of the Council. In addition, the introduction of Deloitte's attendance at the Committee's pre-briefing meetings has proven to be a valuable asset, resulting in enhanced discussion of the key issues at the main meeting and the addition of a fresh perspective when considering areas of questioning.

Further Work Undertaken

- Annual Audit Opinion 2019/2020 - provided members with details of individual and collective audit reviews undertaken in the year ended 31 March 2020. 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 considered the feedback in order to develop the Audit Academy Training Programme and improve the quality of challenge made.
- The Committee approved the Quality Assurance and Improvement Plan for the internal audit service for 2020/2021.
- Internal Audit Plan 2020/2021 - the Committee received and approved the plan.
- Internal Audit Charter 2020/2021 – the Committee received and approved the charter.
- Strategic Risk Register 2020/2021 – the Committee received and approved the register.

The Audit Academy

Due to the addition of a number of new members to the Committee as well as the appointment of two Independent members, high quality training and development has continued to be a focus for the Committee, strengthened yet further by the creation of the Audit Academy. Informative training sessions have been held regularly, where full participation from Committee members has been encouraged. Due to the restrictions in place these were undertaken remotely, which resulted in increased attendance levels and the facility for any absent members to access the sessions at a later date via the library of training session recordings. The training covered areas highlighted within the CIPFA Guidance for Audit Committee Members as

well as any additional areas which members identified as requiring 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
- Managing Strategic Risks
- Fraud Prevention
- Understanding Value for Money

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.

As Chair I have identified the following priorities for the Committee to work towards achieving over this Municipal Year:

- Develop a stronger relationship with Scrutiny to improve communications ultimately leading to channel shift 2.0, tackling digital exclusion and the new social contract of residents being part of delivering services alongside the council.
- Support and help manage the high risk areas notably income generation and the Council's wholly owned companies.
- Ensure that the Audit Committee remains an active player in identifying emerging risks and general horizon scanning.
- Supporting the Council to tackle fraud.
- Continue to embed opportunities with new approaches in the Council's Strategic Risk Register.
- Continue to further strengthen communication with External Audit and resolve the ongoing scoping issues.
- Communicate high interest items in Audit Committee meetings with the public.

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