

Chair of Audit and Standards Committee Annual Report

Corporate Priority:	All
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	Not applicable
Exempt Information:	No

1 Summary

- 1.1 A self assessment has been undertaken by the Chair and this is indicating few weaknesses in the arrangements in place for performing its responsibilities as the Council's Audit Committee. The Committee has performed its core responsibilities throughout the year as set out in the report.

RECOMMENDATION(S)
<p>That Committee:</p> <ol style="list-style-type: none"> Approve the Audit and Standards Committee Annual Report for submission to Council for the year to 31st August 2022; and Approve the Audit Committee self-assessment at Appendix A.

2 Reason for Recommendations

- 2.1 That the committee review the self assessment undertaken by Chair and the summary of the activities of the Committee in fulfilling its responsibilities in order for this to be submitted to the Council for their information.

3 Background

- 3.1 It is best practice for the Audit Committee to report to the Council on its activities. This has previously not been undertaken by this council however the Chair has sought to address this weakness in this the first annual report of the Audit and Standards Committee.

4 Main Considerations

- 4.1 *“The purpose of the Audit Committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing internal and external audit it should make an important contribution to ensuring that effective assurance arrangements are in place”.* CIPFA publication, audit committees, practical guidance for Local Authorities, 2018 edition.

4.2 Scope

- 4.2.1 Monitor the effective development and operation of risk management and corporate governance,
- 4.2.2 Contribute to the development of and approval of the annual Internal Audit Workplans,
- 4.2.3 Approve the appointment or removal of the internal auditors. Review internal audit and counter fraud reports, recommendations and management responses,
- 4.2.4 Ensure actions agreed are followed up to ensure completed,
- 4.2.5 Approve the appointment of the external auditors. Consider the plans and reports of the external auditors and where appropriate other external review agencies,
- 4.2.6 Approve the Annual Governance Statement (AGS),
- 4.2.7 Approve the Annual Financial Statements,
- 4.2.8 The effectiveness of the Whistleblowing and Counter Fraud and Bribery Policies,
- 4.2.9 The Committee Chair to act as the Council Champion for Counter Fraud and Bribery,
- 4.2.10 Monitor effective compliance with regulations covering Councillor Code of Conduct and Standards.

4.3 Membership and training

- 4.3.1 A Committee of ten politically balanced. The two Chairs during the previous year both had relevant finance and or audit experience. Audit Committee members have had the following training available in the previous year;
- 4.3.2 Shortly after appointment all members are offered overview training on the role of the Audit Committee from the Head of Internal Audit Service,
- 4.3.3 A session aimed at equipping members with an understanding of the Annual Financial Statements,
- 4.3.4 Risk management principles and the role of the Audit Committee in risk management.

4.4 In attendance

- 4.4.1 In addition to members the following will also attend meetings;
- Director of Corporate Governance (also the Chief Finance Officer role as required by Section 151 of the Local Government Act 1972),
 - The Solicitor to the Council in the role of Monitoring Officer,

- The Head of Internal Audit (HIAS),
- The External Audit Manager,

Other Officers and Councillors may attend meetings as required.

4.5 Public Audit Committee meetings

- 4.5.1 In the period 1st September 2021 to 31st August 2022 formal Committee meetings have been held on the following dates. Agendas and minutes are available to the public on the Council website. Public meetings are broadcast live on Youtube and remain available on Youtube.

5th July 2022

22nd March 2022

18th January 2022

30th November 2021

28th September 2021

4.6 Management meetings

- 4.6.1 In addition to the formal public Committee Meetings the Chair and Vice Chair meet quarterly with the Director of Corporate Services, Monitoring Officer and the Head of Internal Audit. These meetings discuss lessons to be learned from previous meetings, potential future agenda items, performance against development aims, Internal Audit performance and other matters such as changes to the regulation framework for audit at councils, topical national fraud and other risk issues. Any actions are noted and follow up at the next meeting.
- 4.6.2 Occasionally as required the Chair and Vice Chair will be invited by the Director of Corporate Services to attend meetings with the External Audit Manager.
- 4.6.3 There are also specific periodic meetings as required on Councillor Standards with the Monitoring Officer in addition to regular general quarterly meetings.

4.7 Key points summary from the previous year

- The Director of Corporate Services reported compliance with the CIPFA Financial Management Code for 2020/21,
- 2021 and 2022 Annual Governance Statements have been reviewed,
- Reduced limited assurance reports and reduced number of recommendations awaiting implementation over three months,
- Reviewed the 2021 Annual Risk Management Report and subsequently received a 2022 update report,
- Received the External Audit report on the 2019/20 Accounts,
- Approved the recommendation from the Director of Corporate Services that the Council accept the invitation of the Public Sector Audit Appointments Ltd (PSAA) to opt into the scheme where the PSAA appoints the Council's external auditors for 5 years from 2023,
- Approved an updated Councillor Code of Conduct based on the Local Government Association model,
- Approved the recommendation to continue with the current internal auditors by delegated provision by North Northamptonshire Council,

- Approved a revised Whistleblowing Policy,
- Contributed to and approved the 2022/23 Internal Audit Workplan following engagement with Portfolio holders which was a request of this committee and an additional stage in the process to that normally undertaken,
- Approved the twice- yearly counter fraud progress reports. No losses to fraud and no significant issues,
- Approved the Internal Audit Annual Report and opinion.

4.8 Significant items to report

- 4.8.1 The external audit (EA) provider is behind with their work. In November 2021 EA presented their plan for the 2020/21 audit of accounts. This should normally be presented at least eight months earlier and the final audited accounts for 2020/21 and the audit opinion have yet to be considered by the committee. No plan has been submitted as yet for the 2021/22 audit of accounts. The reason is being reported as a shortage of staff applying nationally. In December 2021 the Department for Levelling up and Communities produced guidance and measures to improve local audit delays. The Director of Corporate Services is monitoring the situation and briefing the Chair and Vice Chair on a regular basis.
- 4.8.2 Committee members were most concerned with the extent of the outstanding sundry debtors and risk of non-collection reported within the Financial Systems Report. This is currently an item on the Scrutiny Committee workplan. Another area of concern is the high number of planning enforcement and condition compliance outstanding because inadequate staff resource had been provided. Both reports can be found within the internal audit papers for the 5th July 2022 meeting.
- 4.8.3 At the final Committee meeting of the report year on 5th July 2022 there were three high risk recommendations awaiting implementation over three months and eight medium risk recommendations awaiting implementation over three months. The Committee pay rigorous attention to the non-implementation of recommendations at every meeting.

4.9 Committee self-assessment and development objectives

- 4.9.1 During the period December 2021 to March 2022 the Chair agreed with officers some Committee performance development objectives. These can be seen at Appendix A together with the action points resulting from a recent Committee self-assessment completed by the Chair after consulting with the Director of Corporate Services and Head of Internal Audit. The self-assessment document excludes Councillor Code of Conduct and Standards.

4.10 Code of Conduct and Standards

In December 2021 the Chair agreed with the Monitoring Officer the provision of;

- An anonymised Annual Report to the Audit Committee on complaints against Borough or Parish Councillors, other Standards related regulation changes,
- A six month in year Standards update to the AC.

At this time the Chair also expressed a desire that there is access to quality investigation skills.

5 Consultation

5.1 Not applicable.

6 Next Steps – Implementation and Communication

6.1 Subject to approval by the audit and Standards Committee the report will be submitted to the Council for their information.

7 Financial Implications

7.1 There are no financial or other resource implications arising directly from this report.

Financial Implications reviewed by: Director for Corporate Services

8 Legal and Governance Implications

8.1 There are no legal or other resource implications arising directly from this report.

Legal Implications reviewed by: Monitoring Officer

9 Equality and Safeguarding Implications

9.1 There are no equalities or safeguarding implications arising directly from this report.

10 Community Safety Implications

10.1 There are no community safety implications arising directly from this report.

11 Environmental and Climate Change Implications

11.1 There are no environmental and climate change implications arising directly from this report.

12 Other Implications (where significant)

12.1 There are no other implications arising directly from this report.

13 Risk & Mitigation

14 Background Papers

14.1 Not applicable

15 Appendices

Appendix A: Self Assessment of the Audit Committee

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