

# **AUDIT AND GOVERNANCE COMMITTEE**

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|------------------|---|
| <b>DATE</b>      | 23 <sup>rd</sup> July 2020                                  |
| <b>REPORT OF</b> | Independent Chair of the Audit Committee                    |
| <b>SUBJECT</b>   | Annual Report of the Audit and Governance Committee 2019/20 |
| <b>STATUS</b>    | Open  |

## **CONTRIBUTION TO OUR AIMS**

An effective Audit and Governance Committee contributes to the achievement of strategic objectives by seeking and receiving assurance on the systems of risk management, governance and internal control which underpin the delivery of these objectives.

## **EXECUTIVE SUMMARY**

The Annual Report of the Audit and Governance Committee is designed to inform the full Council of the Committee's activities during the Council year (May 2019 to May 2020), and how it has discharged its responsibilities. It was originally intended to be presented to the Committee on 23 April 2020, but due to its cancellation was circulated to the Committee via email in May 2020 for comment. The Audit and Governance Committee is now asked to formally approve this report prior to it being reported to Full Council.

## **RECOMMENDATIONS**

1. That the Audit and Governance Committee approves the annual report and requests that is presented to the Full Council
2. That the Audit Committee provides delegated authority to the Chair and the Deputy Chair to make any additions to the report resulting from the outcome of the Committee held on 23 July 2020.

## **REASONS FOR DECISION**

The production of an annual report by the audit committee is considered to be good practice by the Chartered Institute of Public Finance and Accountancy, and has been the Council's practice for some years. It is important that the wider membership of the Council is kept informed of the work to ensure sound control and governance. The report to Council is an essential part of this process.

## **1. BACKGROUND AND ISSUES**

The annual report of the Audit and Governance Committee is attached. It summarises the activities of the Committee, and demonstrates how it has discharged its duties. It also reports on the outcome of the Audit Committee's self- assessment against good practice.

The main conclusions of the report are:

- the Audit Committee has effectively discharged its duties as an Audit Committee, and has played an important role in promoting good governance across the council and monitoring the effectiveness of its governance arrangements; and
- the focus of the Audit Committee complies with good practice

## **2. RISKS AND OPPORTUNITIES**

Strong and effective control environment arrangements are an essential element of a robust corporate governance framework. The Audit Committee has a leading role to play in ensuring that the Council's governance arrangements are effective and contribute to the mitigation of risks. As the Council's operating model changes (including increased partnership working) the Committee needs to ensure that its work and the control systems it oversees, remain effective. The Committee Work Programme explicitly recognises this development need.

## **3. OTHER OPTIONS CONSIDERED**

No other options applicable as the production of an annual report is considered to be good practice.

## **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

There are no specific reputational issues related to this report. The production of an annual report for consideration by Full Council is a means by which the work of the Audit and Governance Committee can be widely communicated.

## **5. FINANCIAL CONSIDERATIONS**

There are no specific financial considerations related to this report.

## **6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

There are no climate change or environmental implications arising from this report.

## **7. FINANCIAL IMPLICATIONS**

There are no financial implications arising as a direct result of this report.

## **8. LEGAL IMPLICATIONS**

There are no direct legal implications arising from the report.

## **9. HUMAN RESOURCES IMPLICATIONS**

There are no direct human resources implications arising from this report.

## **10. WARD IMPLICATIONS**

Applicable to all wards.

## **11. BACKGROUND PAPERS**

Audit Committees: Practical Guidance for Local Authorities and Police (2018)  
(*Chartered Institute of Public Finance and Accountancy*)

## **12. CONTACT OFFICER(S)**

Peter Hanmer (Head of Audit and Assurance)  
Telephone: 01472 323799

**Tim Render**  
**Chair of the Audit and Governance Committee**

# **AUDIT AND GOVERNANCE COMMITTEE**

## **ANNUAL REPORT 2019/20**

## **FOREWORD BY TIM RENDER, CHAIRMAN OF THE COMMITTEE**

I am pleased to introduce the annual report of the Council's Audit and Governance Committee again this year which at its end saw unprecedented issues for the Council as the Covid-19 virus struck. When this report is presented to Council the situation will be different, but our formal report remains focussed on the municipal year ended in May 2020.

The role and importance of the committee was consolidated during the year, as the Council moves further towards a "commissioning" approach to service delivery. The Committee's responsibility for monitoring governance arrangements in relation to partnerships has become a regular feature of our work which now has the Union in place as a development of the CCG partnership that was in place for nearly a decade.

The key "conventional" activities of the Committee during the year remain:

- a. Assessing whether the council has an adequate system of internal control to make sure it can meet its various financial and governance responsibilities, as well as deliver on its priorities
- b. Whether those systems of control are working effectively.

As a result of this work, we are able to provide the Council, with assurance around the effectiveness of internal control, risk management and governance arrangements. We have again undertaken specific monitoring of the Council's arrangements for managing risk, including how the officer Assurance Board operates. We have progressed work on creating an "assurance map" – a means of capturing all the ways in which we can gain assurance for the Council (such as the results of external inspections, management reviews etc) and not just on the work of our auditors. This aspect of our work will become ever more significant in future, and the Committee is constantly reviewing how best its time can be spent in the changing environment of how the Council works. We again, followed a work programme agreed by the Committee in advance of the municipal year, and have also separated the scheduling of committee and working group meetings. This has allowed us to review in detail key issues at an earlier stage (without having to wait for the next programmed meeting date) and given us time to carry out in-depth consideration of key and emerging issues.

I would like to take this opportunity to thank the Members of the Committee for their interest in and commitment to the Committee's work. As ever, we rely on the work of others, and I would like to thank the Director of Resources and Governance, the Chief legal and Monitoring Officer, the Head of Audit and Assurance, Democratic Services and the representatives from our external auditors for their continuing support during the last year.

Finally, we will need to keep under review how we undertake our responsibilities during the period of lockdown and recovery when governance and decision-making arrangements are inevitably in “emergency” mode. The work plan to be agreed for 2020/21 will take this fully into account.

**Tim Render**  
**Independent Chairman of the Audit Committee**

## 1. INTRODUCTION

The Audit Committee was set up in 2005. Its role is defined in its terms of reference, as laid out in the Council's constitution, as shown on Appendix 1. The areas covered within them are consistent with those identified as good practice by the Charter Institute of Public Finance and Accountancy and Finance (CIPFA) in its document *"Audit Committees: Practical Guidance for Local Authorities and Police"* (2018). In May 2013, its role was expanded to include partnership governance and was renamed the "Audit and Governance Committee".

This report informs the full Council of the Committee's activities during the Council year (May 2019 to April 2020), and how it has discharged its responsibilities.

## 2. COMMITTEE INFORMATION

### **Audit Committee Membership**

During the year, the Committee had nine members, plus Tim Render (the independent chair). The membership was as follows:

Chairman – Mr. Tim Render  
Councillor S Harness (Conservative) (Deputy Chairman)  
Councillor B Parkinson (Conservative)  
Councillor T Furneaux (Conservative)  
Councillor P Silvester (Conservative)  
Councillor H Hudson (Conservative)  
Councillor M Patrick (Labour)  
Councillor K Wheatley (Labour)  
Councillor G Rogers (Labour)  
Councillor S Beasant (Lib Dem)

### **Audit Committee Meetings and Attendance**

The Committee has agreed to hold at least four meetings each year; and is also required to meet at certain times to achieve a number of deadlines i.e. in July to review and approve the Annual Statement of Accounts and the accompanying external audit opinion. The scheduled meeting to be held on 23 April,

however, was cancelled due to the impact of Covid-19 on the holding of meetings. The planned agenda items will be taken forward to the

Committee, but some of the items such as the Audit Plan 2020/21 and the draft Annual Audit Committee Report were shared with Members by email in early May

The schedule of Members attendances is shown below. This table excludes the Independent Chair who has attended every meeting since his appointment.

Including substitutes, Members achieved an attendance rate of 94% (34 out of a possible 36) in the four meetings held up to 16 January 2019.

**Table 1: Attendance at Audit Committee Meetings**

|   | 20June<br>2019 | 25 July<br>2019 | 24<br>October<br>2019 | 16<br>January<br>2020 |
|---|----------------|-----------------|-----------------------|-----------------------|
| Number<br>attended<br>including<br>subs | 9              | 8               | 9                     | 8                     |

In line with good practice (apart from one meeting where she was represented by the Deputy Section 151 Officer), the Section 151 officer has attended all Audit Committee meetings, whilst the Head of Audit and Assurance has attended all Audit Committee meetings with the exception of 16 January due to sickness. In addition, other senior officers have attended where appropriate, or where they have been invited by the Committee, including the Chief Executive. Furthermore, the Portfolio Holder for Finance and Resources has attended all meetings.

In addition, an audit working party was held on 3 March 2020. At the meeting Members were provided with a presentation on the controls designed to deliver the capital programme and the Council's response to CIPFA's Financial Management Code issued in October 2019.

## **Training**

The Council recognises the importance of providing Committee Members with the training to allow them to effectively carry out what can be a demanding and technical role. In 2019/20 training included:

- Induction training including governance and the role of internal audit (June 2019)
- Financial Statements (July 2019)
- Risk management and Counter Fraud (October 2019)
- Treasury Management (January 2020)

In addition, national guidance was regularly shared with Committee Members, including:

- Audit Committee Updates (CIPFA Better Governance Forum)
- External Audit Technical Updates

## **3. HOW THE AUDIT COMMITTEE HAS DISCHARGED ITS RESPONSIBILITIES, AND ITS ACHIEVEMENTS**



The Committee has discharged its responsibilities in 2018/19 is described below including its achievements in specific key areas:

### **Approve the Statement of accounts**

Approved the annual statements of accounts on behalf of the Council and considered the external auditor's Report. Where appropriate the Committee sought assurance from officers and the external auditors on the content of the accounts. (July 2019)

Reviewed the proposed accounting policies for the statements of accounts 2019/20 (January 2020)

### **Annual Governance Statement**

Reviewed the Annual Governance Statement and recommended it to be signed on the Council's behalf by the Leader and the Chief Executive. It requested that additional wording be added to the comments in the Annual Governance Statement to better explain the children's services and capital programme issues to readers of the statement. (June 2019)

Approved revisions the Council's updated Code of Governance and requested more narrative about the role of Officer Boards and Groups in supporting the "second line" of defence (January 2020)

Received an update on progress in implementing actions arising from the 2018/19 Annual Governance Statement. (January 2020)

### **Approve the Internal Audit Plan / Head of Internal Audit Annual Report and Opinion**

Considered the Head of Internal Audit Report and Opinion for 2018/19- this opinion and accompanying reports were an important source of assurance to the Committee in relation to its responsibilities for governance, risk management, internal control, and partnerships. Following the presentation of this report it requested for detail on those audits which were provided with "limited assurance" and requested that managers be reminded of the need to respond promptly to internal audit reports (July 2019)

Received an update on the delivery of the audit plan from the Head of Internal Audit (October 2019)

Received an interim report from the Head of Internal Audit on the delivery of the annual audit plan 2019/20, a summary of findings from audit reports, and revisions to the Audit Charter (January 2020)

The 2020/21 Internal Audit Plan was due to be considered at the meeting scheduled for 23 April 2020. Instead the audit plan was circulated to Members by email for information and then formally approved at its meeting on 23 July 2020. It was recognised, however, that this would be subject to amendment and reprioritisation due to the changing risk environment and the level of audit resources because of the impact of COVID-19. The audit plan will be subject to regular review by the Audit Committee.

In between formal meetings the Head of Internal Audit has periodic informal meetings were appropriate with both the Chair of the Committee to allow them to discuss emerging issues.

### **Promoting an anti-fraud culture**

Received an interim report on anti-fraud activities taking place within the Council (October 2019)

The 2020/21 Internal Audit Plan was due to be considered at the meeting scheduled for 23 April. Instead the audit plan was circulated to Members by email for information, although it was recognised that this would be subject to amendment and reprioritisation due to the changing risk environment and the level of audit resources due to the impact of COVID-19. The audit plan will be subject to regular review by the Audit Committee.

In April 2020 committee was due to receive the Annual Fraud Report 2019/20 which documents the Council's activities in relation to fraud issues and provides assurance in relation to the effectiveness of the Council's anti-fraud and corruption approach as required by its terms of reference. Due to the meeting's cancellation it was shared to Members by email with a view to formally considering it at a future meeting

### **External Audit and other agencies**

Received the Annual Audit Letter (2018/19) from the Council's External Auditor (October 2019)

Received an update report from external audit including its initial risk assessment (January 2020)

The April 2020 the Committee was due to review the External Audit Plan for the audit of the accounts. This will now be considered when the Committee next

formally meets. The deadline for the completion of the audit of the statement accounts has been moved to 30 November 2020.

There is an opportunity at the end of each meeting for the Committee to have a private discussion with External and Internal Audit.

### **Risk Management**

Received the full strategic risk register. Members provided challenge to officers on how risks were being managed, and where appropriate requested additional information. In particular it queried why some of the risk scores had gone down, but none had increased (October 2019)

Approved the updated Risk and Opportunities Policy and asked for more narrative about the Council's declared "open" risk appetite (January 2020)

### **Treasury Management**

Reviewed the Treasury Management Annual Report 2018/19 containing details of treasury management arrangements, activity, and performance (July 2019)

Reviewed the Treasury Mid-Year Review 2019/20 and asked for more detail on the potential impact of changes to the PWLB borrowing rate (October 2019)

Reviewed the Treasury Management Statement, the Treasury Management Practices, and the Treasury Management Arrangements recommending their approval by Full Council (January 2020).

### **Partnership Governance**

Received a report on the authority's partnership stock take and general overview of new work required in 2019/20. It also requested that the 'Focused Review Areas' on the authority's partnerships included reference to the achievement of value for money.

Approved the updated Partnership Protocol, subject to small amendments to the list of partners (January 2020)

Received updates on the governance arrangements for all the Council's main partnerships:

- Regeneration Partnership (October 2019)
- Lincs Inspire Limited (January 2020)
- Northern Lincolnshire Business Connect (January 2020)

### **Annual work programme**

As well as discharging its key formal responsibilities the Committee has developed an annual work programme to allow it to obtain a greater understanding of strategic interest. During 2019/20/ it received reports and sought assurance in the following areas:

- Received presentations from the Head of Internal Audit on assurance mapping and in particular the role of the various officer Boards and Groups in providing assurance on the Council's governance and internal control arrangements (July 2019/ October 2019)
- Received an update on the Redmond report, which has made proposals around External Audit in relation to Local Government, and Members were asked to provide feedback as part of the national consultation process (October 2019)

The Committee was also due to receive the annual Value for Money report and the annual Information Governance Report. These will be taken to the meeting were the Annual Governance Report will be considered.

### **Audit Committee Self-Assessment**

The Audit Committee annually carries out a self-assessment of its performance based on a checklist developed by CIPFA in its report "Audit Committees: Practical Guidance for Local Authorities and Police" (2018). The initial assessment has carried out by the Chair of the Audit Committee and has shared with the Committee by email in May 2020 for comment (Appendix 2).

The overall provisional conclusion is that the Committee continues to operate effectively and in line with the good practice identified, but there were some areas for further development which will built into the 2020/21 work programme

## **Appendix 1**

### **Audit and Governance Committee Terms of Reference and Powers**

1. To approve the Council's Annual Statement of Accounts, including the income and expenditure account, balance sheet and cash flow statement.
2. To consider and approve, on behalf of the council the external auditor's Annual Governance Report.
3. To approve the Internal Audit Charter, Internal Audit Plan and Performance Indicators
4. To review summary internal audit reports and any significant issues arising and recommend appropriate actions in response.
5. To consider the Head of Internal Audit's annual report and opinion and the level of assurance it can give over the Council's Corporate Governance Arrangements.
6. To consider reports dealing with the management and performance of internal audit.
7. To monitor and keep under review the Council's arrangements to secure value for money
8. To monitor and keep under review the Council's Risk Management arrangements.
9. To monitor and keep under review the effectiveness of the Council's anti-fraud and corruption arrangements (including the consideration of an annual report summarising the Council's actions in relation to good conduct and anti-fraud and corruption).
10. To monitor and keep under review treasury management arrangements to ensure that the treasury management strategy and policies follow the CIPFA code of practice and are scrutinised in detail before being accepted by the Council
11. To receive and approve treasury management practices and schedules
12. To monitor and review the Council's assurance statements, including the Council's Code of Governance and the Annual Governance Statement, to ensure that they properly reflect the risk environment and any actions required to improve it, and to monitor management action in response to the action plan arising from it
13. To consider the reports of external audit and inspection agencies insofar as they affect the Council's Corporate Governance Arrangements.
14. To monitor management action in response to issues raised by external audit.
15. To comment on the scope and depth of external audit work and to ensure it gives value for money.
16. To commission work from internal and external audit.
17. To review any issue referred to it by the Chief Executive or a Director and any Council body.
18. To consider the Council's compliance with its own and other published standards and controls.
19. To refer items to the Audit Working Group for detailed consideration.
20. To produce an annual report for full council summarising its work during the year.

21. To provide at each meeting the opportunity to have a private meeting with only the external and internal auditors present.
22. To monitor and keep under review the Council's arrangements for partnership governance

## Appendix 2: Evaluating the Effectiveness of the Audit Committee

### Assessment key

|   |  |
|---|--|
| 5 | Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable. |
| 4 | Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.   |
| 3 | The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.                    |
| 2 | There is some evidence that the committee has supported improvements, but the impact of this support is limited.   |
| 1 | No evidence can be found that the audit committee has supported improvements in this area.   |

| Areas where the audit committee can add value by supporting improvement               | Examples of how the audit committee can add value and provide evidence of effectiveness   | Self-evaluation, examples, areas of strength and weakness  | Overall assessment:<br>1-5<br>See key above |
|---|---|--|---|
| Promoting the principles of good governance and their application to decision making. | <p>Providing robust review of the AGS and the assurances underpinning it.</p> <p>Working with key members/governors to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews/audits of governance arrangements.</p> <p>Participating in self-assessments of governance arrangements.</p> <p>Working with partner audit committees to review governance arrangements in partnerships.</p> | <p>Areas of strength:</p> <p>The Audit Committee reviews the Code of Corporate Governance, the AGS and the assurances underpinning it</p> <p>The audit plan is explicitly linked to the code of governance includes a cyclical programme to review assurances required for the AGS</p> <p>The Audit Committee periodically reviews the AGS action plan</p> <p>Partnership governance is included in the Audit Committee's Terms of reference, and governance arrangements relating to key partnerships are included in the work programme</p> <p>Areas for development:</p> <p>Prepare a "popular" version of the annual report demonstrating the importance of good governance to the wider Council and to partners</p> | 4   |



| Areas where the audit committee can add value by supporting improvement | Examples of how the audit committee can add value and provide evidence of effectiveness  | Self-evaluation, examples, areas of strength and weakness   | Overall assessment:<br>1-5<br>See key above |
|---|--|---|---|
| Contributing to the development of an effective control environment.    | <p>Monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p> | <p>The Audit Committee monitors and challenges senior officers on recommendations in audit reports.</p> <p>It receives reports on recommendation implementation and requires officers to come and explain to committee where there is significant delay in implementing agreed recommendations</p> <p>It looks at audit reports of concern in detail and calls officers to explain their responses and actions to improve control where there are weaknesses.</p> | 5   |

| Areas where the audit committee can add value by supporting improvement   | Examples of how the audit committee can add value and provide evidence of effectiveness  | Self-evaluation, examples, areas of strength and weakness   | Overall assessment:<br>1-5<br>See key above |
|---|--|---|---|
| Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks. | <p>Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major/strategic risks.</p> | <p>Review updates to the risk framework</p> <p>The strategic risk register is reviewed by the committee at two meetings per year</p> <p>The committee holds managers to account for how they are identifying and dealing with their risks</p> <p>Challenge managers if risk scores have not changed over time, or actions not implemented.</p> <p>Areas for development:</p> <p>Use Annual Report of committee to prepare a “popular” version setting out our requirements for effective risk management, for wide distribution to managers within the Council.</p> | 4   |

| Areas where the audit committee can add value by supporting improvement | Examples of how the audit committee can add value and provide evidence of effectiveness | Self-evaluation, examples, areas of strength and weakness | Overall assessment:<br>1-5<br>See key above |
|---|---|---|---|
|---|---|---|---|

|  |   |   |
|--|---|---|
| <p><b>Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.</b></p> | <p><b>Specifying its assurance needs, identifying gaps or overlaps in assurance.</b></p> <p><b>Seeking to streamline assurance gathering and reporting.</b></p> <p><b>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit</b></p> <p>.</p> | <p>Review the effectiveness of Internal Audit via a regular progress report, and the Annual Head of Internal Audit Report <b>4</b></p> <p>Receive regular update reports from External Audit</p> <p>Receive an annual report on the effectiveness of risk management arrangements</p> <p>Code of corporate governance and the AGS is based on the three line of defence model of assurance, including the outcome of external inspections</p> <p>Areas for development:</p> <p>Receive a fully developed Assurance Map in relation to the Council's overall arrangements for internal control (work is being developed and updated)</p> |
|--|---|---|

| Areas where the audit committee can add value by supporting improvement  | Examples of how the audit committee can add value and provide evidence of effectiveness  | Self-evaluation, examples, areas of strength and weakness  | Overall assessment:<br>1-5<br>See key above |
|--|--|--|---|
| Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence. | <p>Reviewing the audit charter and functional reporting arrangements.</p> <p>Assessing the effectiveness of internal audit arrangements and supporting improvements.</p> | <p>Review the annual charter on annual basis</p> <p>Review the annual audit plan, where appropriate challenging the level of coverage and resource</p> <p>Reviewing the effectiveness of Internal audit and the outcome of its Quality Assurance Improvement Programme, including the outcome of the five yearly external review of internal audit (successful review carried out in March 2018)</p> | 5   |

| Areas where the audit committee can add value by supporting improvement  | Examples of how the audit committee can add value and provide evidence of effectiveness  | Self-evaluation, examples, areas of strength and weakness   | <b>Overall assessment:</b><br><b>5 – 1</b><br><b>See key above</b> |
|--|--|---|--|
| <p><b>Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, and control and assurance arrangements.</b></p> | <p><b>Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.</b></p> <p><b>Reviewing the effectiveness of performance management arrangements.</b></p> | <p>The Audit Committee receives briefings from officers to talk issues such as financial resilience, performance management arrangements and governance arrangements for major projects</p> <p>The Committee has updated its work programme to support the changing Council agenda including the Union Board an updated work programme was taken to and approved by the Committee in April 2019 and guided our work during the year</p> | <p><b>4</b></p>  |

| Areas where the audit committee can add value by supporting improvement         | Examples of how the audit committee can add value and provide evidence of effectiveness  | Self-evaluation, examples, areas of strength and weakness   | Overall assessment:<br>5 – 1<br>See key above |
|---|--|---|---|
| Supporting the development of robust arrangements for ensuring value for money. | <p>Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee.</p> <p>Considering how performance in value for money is evaluated as part of the AGS.</p> | <p>The Audit Committee carries receives updates relating to the value for money strategy were appropriate</p> <p>It receives an annual report on VFM arrangements</p> <p>It raises questions in relation to VFM when it receives reports from officers on a range of issues.</p> <p>VFM is an element of the AGS, which is considered by the Audit Committee.</p> <p>It specifically reviewed the effectiveness of the Council's arrangement for medium term financial planning which is fundamental to the sustainability of the Council especially in the light of the pressures arising from Covid-19.</p> | 4   |

| Areas where the audit committee can add value by supporting improvement   | Examples of how the audit committee can add value and provide evidence of effectiveness   | Self-evaluation, examples, areas of strength and weakness   | Overall assessment:<br>5 – 1<br>See key above |
|---|---|---|---|
| Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks. | <p>Reviewing arrangements against the standards set out in CIPFA's Managing the Risk of Fraud (Red Book 2).</p> <p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and governors.</p> | <p>The Audit Committee receives the Annual fraud report which demonstrates how the Council's arrangements comply with guidance as CIPFA's managing the risk of fraud</p> <p>The Audit Committee receives two updates a year in relation to anti-fraud activity and widely publicises anti-fraud activity when it approves the annual fraud report, as a measure to discourage fraud.</p> <p>The Annual Report of the Standards Committee is circulated to Audit Committee members.</p> <p>Areas for development:<br/>A report on the level of assurance given by the Council's registers of interest, gifts and hospitality will for part of the work programme for 2020/21</p> | 4   |



| Areas where the audit committee can add value by supporting improvement  | Examples of how the audit committee can add value and provide evidence of effectiveness  | Self-evaluation, examples, areas of strength and weakness   | Overall assessment:<br>5 – 1<br>See key above |
|--|--|---|---|
| <p>Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.</p> | <p>Improving how the authority discharges its responsibilities for public reporting, for example, better targeting at the audience, plain English.</p> <p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency</p> | <p>The committee has noted improvements in the readability of reports and a reduction in jargon. The Audit Committee does challenge all major partnership governance arrangements (LIL, Engie, CCG), and asks partners to come and talk about their governance, and answer the committee's questions.</p> <p>Seeks assurance from each major partnership that it meets the requirements of the partnership protocol</p> | <p>4</p>                                      |

| Areas where the audit committee can add value by supporting improvement  | Examples of how the audit committee can add value and provide evidence of effectiveness   | Self-evaluation, examples, areas of strength and weakness   | Overall assessment:<br>5 – 1<br>See key above |
|--|---|---|---|
| <p><b>Overall, the role of the Audit and Governance Committee is understood, and it is able to demonstrate how it adds value</b></p> | <p><b>The role and purpose of the audit committee understood and accepted across the authority</b></p> <p><b>Meetings effective with a good level of discussion and engagement from all the members</b></p> <p><b>The committee engage with a wide range of leaders and managers, including discussion of audit findings, risks, and action plans with the responsible officers?</b></p> <p><b>The committee make recommendations for the improvement of governance, risk and control and are these acted on</b></p> <p><b>There is an appropriate mix of knowledge and skills amongst the membership</b></p> | <p>The terms of reference of the Committee are regularly reviewed and agreed by the Full Council.</p> <p>The annual report of the committee is personally presented to full Council by the Chair, and periodic meetings take place with members of Scrutiny to ensure the respective roles of the committees are clear and complementary</p> <p>A wide range of officers are attending the Committee by invitation, from the Chief Executive to Service Managers. The Portfolio Holder for Finance has a standing invitation to the Committee to hear at first and audit considerations, and if appropriate to respond to them.</p> <p>The Committee membership includes those with relevant professional skills and qualifications, and members with extensive experience of governance within and outside local government.</p> | <p><b>4</b></p>                               |

**It has good working relations with key people and organisations, including external audit, internal audit, and the CFO**

Regular discussions are held, both at Committee and outside formal meetings, with the CFO, Head of Internal Audit, and the Partner leading External Audit

Areas for development (ongoing)

Liaising with Group Leaders to ensure Committee membership remains appropriately skilled and experienced following the annual meeting of the Council.

Identify further training opportunities for committee members to enable wider participation in discussion and questioning in more complex technical areas that fall within the committee's terms of reference. This is a continuing development action the precise nature of which depends on the membership from year to year.