

**County Council**

**20 January 2021**

**Report of the Audit Committee for the  
Period September 2019 to August 2020**



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## **Report of Audit Committee**

**Councillor Edward Bell, Chairman of the Audit Committee**

**Councillor James Rowlandson, Vice Chairman of the Audit Committee**

### **Electoral division(s) affected:**

None

### **Purpose of the Report**

- 1 To inform Council of the work of the Audit Committee during the period September 2019 to August 2020 and how the Committee continues to provide good governance across the Council.

### **Executive summary**

- 2 The Audit Committee has made a significant difference to the Council's governance, control and risk framework during the period by:
  - Striving to help support the Council deliver its objectives and priorities by being both a proactive and reactive body encouraging the early reporting of risk and control issues to ensure that appropriate and timely action is taken to address them;
  - Continuing to raise the profile of the Internal Audit, Corporate Fraud and Risk Management Service through the Service's reports to the Audit Committee;
  - Independent questioning and contributing to the development and control of the internal audit plan;
  - Seeking assurance of the effectiveness of corporate risk management arrangements;

- Improving the accountability of service managers to respond to outstanding internal audit reports and the implementation of agreed internal audit recommendations thereby helping to drive improvements in controls to manage risk effectively;
- Continuing to provide regular challenge and demanding accountability on the effectiveness of the implementation and operation of key systems both financial and non-financial;
- Challenging the level of internal audit resource and their work to ensure that the service is effective and delivers a reliable assurance opinion on the Council's control framework;
- Challenging how the Council responds to the risk of fraud and receiving information on the levels of detected fraud and the Council's continuing response;
- Championing the work of the Corporate Fraud Team;
- Receiving and commenting on the work of the external auditor, Mazars;
- Challenging how the Annual Governance Statement has been prepared, reviewing the assurance framework that is in place and that the Council's governance arrangements are effective.

### **Recommendation(s)**

The Audit Committee is recommended to note the report and the work undertaken by the Audit Committee during the period September 2019 to August 2020.

## Background

- 3 The role, membership and terms of reference of the Audit Committee are set out within the Constitution and approved by Council.
- 4 Good corporate governance requires independent and effective assurance processes to be in place to ensure effective financial management and reporting in order to achieve the Council's corporate and service objectives. It is the responsibility of the Audit Committee to undertake these aspects of governance on behalf of the Council.
- 5 The specific objectives of the Audit Committee set out in the Council's Constitution are to provide independent assurance to Cabinet and Full Council over the:
  - Adequacy and effectiveness of the Council's governance arrangements, including the effectiveness of the risk management framework and the associated control environment.
  - Financial Reporting of the Council's Statement of Accounts ensuring that any issues arising from the process of finalising, auditing and certifying the Council accounts are dealt with properly.

- 6 The membership of the Committee is currently comprised of the following members:

Chairman:	Cllr Edward Bell
Vice Chairman:	Cllr James Rowlandson
Members:	Cllr Colin Carr
	Cllr June Clark
	Cllr Bill Kellett
	Cllr Joan Nicholson
	Cllr John Robinson
	Cllr John Shuttleworth
	Cllr Owen Temple
Co-opted Members:	Mr Clive Robinson
	Mr Ian Rudd

## Summary of Meetings

- 7 A summary of Committee business considered at the meetings that have been held during the period is provided at Appendix 2.

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## **Appendix 1: Implications**

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### **Legal Implications**

There are no specific legal implications associated with this report. The Audit Committee contributes to the effective governance of the Council and provides relevant and appropriate challenge and oversight where necessary.

### **Finance**

There are no specific financial implications associated with this report. The Audit Committee has a clear terms of reference and directly effects and assists in improving value for money obtained, the probity and propriety of financial administration, and / or the management of operational and strategic risks.

### **Consultation**

Audit Committee and the Corporate Director of Resources.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

### **Risk**

The Audit Committee provides an independent review of the Council's risk management framework and comments on its effectiveness.

### **Procurement**

None.

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## **Appendix 2: Summary of Meetings of the Audit Committee**

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### **30 September 2019**

The Committee considered:

- (i) A report from the Occupational Health and Safety Manager which provided the annual report on health, safety and wellbeing (HSW) performance for 2018/19.
- (ii) A report from the Occupational Health and Safety Manager which provided an update on health, safety and wellbeing performance during Quarter 1 of 2019/20.
- (iii) The Committee heard a presentation from the Corporate Director of Children and Young People's Services which provided an update on the challenges faced by the service and pressures on the Children's Care, Special Educational Needs and Disability and Home to School Transport budgets together with work that had been carried out over the last 12 months in managing those budgets.
- (iv) The Council's external auditor, Mazars, presented the Annual Audit letter for 2018/19 to the Committee which included the overall messages from the audit work that they had completed, the challenges and areas of focus for the future and illustrated the fees for the work they had completed.
- (v) The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which informed members of the work carried out by Internal Audit during the period April to June 2019 as part of the 2019/20 Internal Audit Plan.

### **28 November 2019**

- (i) The Committee heard a presentation from the Head of Corporate Property and Land which gave details of work being undertaken to bring all property related matters together within this new service area and with the aim of ensuring that all buildings were fit for purpose and in moving forward to look at what capital investments to make to improve the assets base.

- (ii) A presentation was given by the Head of Transformation which gave the Committee an overview of the Council's Transformation programme which include a renewed focus on Organisational Development, investment in digital systems, a programme of business processes and the modernisation of HQ and premises for a more efficient and effective Council.
- (iii) A report from the Occupational Health and Safety Manager which provided an update on health, safety and wellbeing performance during Quarter 2 of 2019/20
- (iv) A report of the External Auditor, Mazars, giving the Committee an update on their progress with regards to planning for the 2019/20 audit and updating the Committee on national issues and developments that were worthy of attention.
- (v) A report of the Corporate Director, Resources regarding changes to the Local Code of Corporate Governance.
- (vi) A report of the Corporate Director, Resources which highlighted the strategic risks facing the Council and that gave an insight into the work carried out by the Corporate Risk Management Group during June to September 2019. Members were informed of new risks, those that had been removed and the status of all current key risks.
- (vii) A report of the Chief Internal Auditor and Corporate Fraud Manager detailing to members the Counter Fraud work completed over the period April to September 2019 in order to protect the public purse.
- (viii) A report of the Chief Internal Auditor and Corporate Fraud Manager which informed members of the work carried out by Internal Audit during the period July to September 2019 and the assurance on the control environment provided.

## **27 February 2020**

The Committee considered:

- (i) A report from the Occupational Health and Safety Manager which provided an update on health, safety and wellbeing performance for the period September to December 2019.
- (ii) A report of the Corporate Director of Resources which presented the Accounting Policies that the Council intends to have in place to prepare the 2019/20 financial statements.

- (iii) A report of the Corporate Director of Resources which detailed the timetable for the preparation of the Council's Final Accounts process for 2019/20 including the key milestones for the completion of the financial statements with the statutory deadline of 31 July 2020 having to be achieved.
- (iv) A report of the External Auditor, Mazars, presenting the Committee with the Audit Strategy Memorandum for the Council's Accounts for the year ending 31 March 2020. This detailed the auditor's scope, approach, timings and the proposed work to be completed.
- (v) A report of the External Auditor, Mazars, giving the Committee an update on their progress with regards to planning for the 2019/20 audit and updating the Committee on national issues and developments that were worthy of attention.
- (vi) A report of the Corporate Director of Resources informing the Committee of the key dates for the review of the Council's corporate governance which informs the Annual Governance Statement within the Statement of Accounts for the year ending 31 March 2020.
- (vii) A report of the Corporate Director of Resources which highlighted the strategic risks facing the Council and that gave an insight into the work carried out by the Corporate Risk Management Group during October to December 2019. Members were informed of new risks, those that had been removed and the status of all current key risks.
- (viii) A report of the Corporate Director of Resources which contained a revised version of the Risk Management Policy and Strategy.
- (ix) A report of the Corporate Director of Resources informing the Committee of the updated statement produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the role of the head of internal audit in public sector organisations.
- (x) A report of the Chief Internal Auditor and Corporate Fraud Manager presenting the emergent Internal Audit Plan for the year 2020/2021 for members comments and input. The report detailed the proposed direction and process for the development of the emergent Internal Audit Plan which would be discussed with Senior Management and brought back for the Committee's formal approval in May 2020.
- (xi) A report of the Chief Internal Auditor and Corporate Fraud Manager which informed members of the work carried out by Internal Audit during the period October to December 2019 and the assurance on the control environment provided.



## **29 May 2020**

This meeting of the Committee was cancelled further to the onset in March 2020 of the Covid-19 pandemic and whilst a virtual meeting solution which had been made available through Government temporarily removing the legal requirement for local authorities to hold public meetings in person during the coronavirus pandemic was developed. Reports that usually would have been considered at this time were deferred until the Committee's next scheduled meeting on 29 June 2020.

## **29 June 2020**

The Committee held its first virtual meeting where it considered:

- (i) A report of the Corporate Director of Resources that provided the Committee with an update on the management of risk by the Council in response to the Covid-19 pandemic.
- (ii) A report from the Occupational Health and Safety Manager which provided an update on health, safety and wellbeing performance for the period January to March 2020.
- (iii) A report of the Chief Internal Auditor and Corporate Fraud Manager which informed members of the work carried out by Internal Audit during the period January to March 2020 and the assurance on the control environment provided.
- (iv) A report of the Corporate Director of Resources assessing whether the Council can be considered a 'going concern' organisation and if the Council's accounts can be compiled on that basis. The assessment concluded that the County Council has a history of stable finance and ready access to financial resources in the future. It was also felt there are no significant financial, operating or other risks that would jeopardise the County Council's continuing operation and that the accounts could be prepared on this basis.
- (v) A report of the Chief Internal Auditor and Corporate Fraud Manager which presented the Committee with a review of the effectiveness of Internal Audit and assurance that it complies with Public Sector Internal Audit Standards (PSIAS). The review was carried out by way of a self-assessment. The review concluded that the service was compliant with the standards.
- (vi) A report of the Chief Internal Auditor and Corporate Fraud Manager detailing to members, the Counter Fraud work completed over the period April 2019 to March 2020 to protect the public purse.

- (vii) A report of the Chief Internal Auditor and Corporate Fraud Manager which presented the Annual Internal Audit Report for 2019/2020 that provided a 'moderate' opinion on the adequacy and effectiveness of the Council's control environment for 2019/2020.
- (viii) A report of the Chair that provided a response, sent on behalf of the Audit Committee, to a letter from the external auditors, relating to compliance with International Auditing Standards. This was a requirement of the final accounts process.
- (ix) A report of the Corporate Director of Resources that sought approval of the draft Annual Governance Statement to be published as part of the Council's audited Statement of Accounts 2019/2020.
- (x) A report of the Corporate Director of Resources which presented the draft un-audited Statement of Accounts for the year ended 31 March 2020. The Corporate Director, Resources confirmed that the draft accounts had been certified and provided to external audit within the statutory deadline which due to the impact of Covid-19 on local authorities had been extended from 31 May to 31 August 2020. The report identified that the deadline for publication of its final (audited) accounts had also moved from 31 July to 30 November 2020.
- (xi) A report of the Chief Internal Auditor and Corporate Fraud Manager relating to the Internal Audit Plan 2020/2021 which further to the onset of the Covid-19 pandemic had been reassessed as the control environment and risk profile of the Council had changed and continued to change alongside government guidance. As a result the report set out a proposed Six-Month Internal Audit Plan up to 30 September 2020. The report also included the Internal Audit Strategy and Charter for the coming year. Progress on delivering the plan will be regularly monitored by the Committee.

### **31 July 2020**

This meeting of the Committee was cancelled further to the ongoing impact of the Covid-19 pandemic and extension to the deadline for publication of the Council's final (audited) accounts from 31 July 2020 to 30 November 2020. Reports that usually would have been considered at this time were deferred until the Committee's next scheduled meeting on 25 September 2020.