

## **Audit Committee**

**29 September 2023**

**Report of the Audit Committee for the  
Period September 2022 to August 2023**



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## **Report of Audit Committee**

**Councillor Alex Watson, Chair of the Audit Committee**

**Councillor Louise Fenwick, Vice Chair of the Audit Committee**

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

None

### **Purpose of the Report**

- 1 To provide the Audit Committee with the proposed report to be presented to County Council in October, which will inform Council of the work of the Audit Committee during the period September 2022 to August 2023 and sets out details of how the Audit Committee continues to oversee good governance across the Council.
- 2 The report also contains proposals to extend the term of office of the current two co-opted members to the Audit Committee until 30 April 2024, with a recruitment exercise to be undertaken to appoint two independent members to the committee for a three year period from April 2024, which would be confirmed via the Council Annual General Meeting in May 2024.

### **Executive summary**

- 3 The Audit Committee has made a significant and continuing contribution to the Council's governance, internal control and risk frameworks during the last twelve-month period by:
  - a) 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;

- b) Continuing to raise the profile of the Internal Audit, Corporate Fraud and Risk Management Service through regular reports being considered by the Audit Committee;
  - c) Independent questioning and contributing to the development and oversight of the internal audit plan;
  - d) Seeking assurance on the effectiveness of corporate risk management arrangements;
  - e) 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;
  - f) Continuing to provide regular challenge and demanding accountability on the effectiveness of the implementation and operation of key systems both financial and non-financial;
  - g) 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;
  - h) 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;
  - i) Championing the work of the Corporate Fraud Team;
  - j) Receiving and commenting on the work of the external auditor, Mazars; and
  - k) 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.
- 4 Appendix 2 to this report sets out details of the meetings held over the last twelve months and an oversight of the matters considered by the Audit Committee in discharging its duties in line with the Council's Constitution.
- 5 The Council's Audit Committee has two co-opted Members. In accordance with the authority granted by Full Council on 31 October 2018, appointment of the current co-opted Members was extended until 30 April 2023.
- 6 As part of the review of the constitution it was not picked up that the tenure of the two co-opted members had expired, with both continuing

to attend meetings of the Audit Committee and making positive contributions to the discussions held.

- 7 This report seeks approval from Council to extend the term of office of the current co-opted Audit Committee members until 30 April 2024, with a recruitment exercise to be undertaken prior to that date to secure co-opted members from 1 May 2024 onwards. The existing appointees would be free to re-apply for these roles in open competition with any other applicants.

### **Recommendation(s)**

- 8 The following recommendation will be made to County Council:
  - (a) Members are recommended to note the report and the work undertaken by the Audit Committee during the period September 2022 to August 2023.
  - (b) Members are recommended to extend the terms of office for the two co-opted Independent Persons to 30 April 2024, subject to a recruitment exercise being concluded in advance of that date to appoint co-opted members for a three year period from May 2024.

## Background

- 9 The role, membership and terms of reference of the Audit Committee are set out within the Constitution, which is reviewed on an annual basis and approved by Council.
- 10 Good corporate governance requires independent and effective assurance processes, underpinned by robust risk management arrangements, 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 oversee that these arrangements are in place and operating effectively.
- 11 The specific objectives of the Audit Committee, as 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.
- 12 The membership of the Committee is currently comprised of the following members:
- Chairman: Cllr Alex Watson
- Vice Chairman: Cllr Louise Fenwick
- Members: Cllr Philip Heaviside  
Cllr Andrew Jackson  
Cllr Bill Kellett  
Cllr Richard Ormerod  
Cllr Tracie Smith  
Cllr Angela Hanson  
Cllr Douglas Oliver

Co-opted Members: Mr Clive Robinson

Mr Ian Rudd

- 13 On 10 December 2007 the Audit Committee agreed to appoint two co-opted non-voting members to the Audit Committee for a three-year fixed period. These appointments were in line with CIPFA's "Audit Committees: practical guidance for local authorities".
- 14 Following an advert in the press inviting applications, prospective candidates were interviewed, and two co-opted Members were appointed. Their appointments were due to expire on 28 February 2011, however, the Council agreed extensions to their contracts until 30 April 2016.
- 15 In accordance with the authority granted by full council on 24 February 2016 two new co-opted members to the Audit Committee were subsequently appointed for a three-year term ending on 30 April 2019.
- 16 During this period one of the co-opted members resigned and following a further recruitment exercise a new co-opted member was appointed for the remainder of the term, whose appointment commenced in May 2018.
- 17 Subsequently, the Audit Committee met on 28 September 2018, and agreed to recommend that Council extend the fixed term contracts of the two co-opted members for a four-year period and in accordance with the authority granted by full Council on 31 October 2018, appointment of the current co-opted Members was extended until 30 April 2023.

### **Summary of Audit Committee Meetings Over the Last 12 Months**

- 18 A summary of Committee business considered at the meetings that have been held during the last twelve months is provided at Appendix 2.
- 19 The matters considered by the Audit Committee demonstrate that the Committee continues to make a significant and continuing contribution to the Council's governance, internal control and risk frameworks during the last twelve-month period, fulfilling the following objectives:
  - a) 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;

- b) Continuing to raise the profile of the Internal Audit, Corporate Fraud and Risk Management Service through regular reports being considered by the Audit Committee;
- c) Independent questioning and contributing to the development and oversight of the internal audit plan;
- d) Seeking assurance on the effectiveness of corporate risk management arrangements;
- e) 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;
- f) Continuing to provide regular challenge and demanding accountability on the effectiveness of the implementation and operation of key systems both financial and non-financial;
- g) 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;
- h) 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;
- i) Championing the work of the Corporate Fraud Team;
- j) Receiving and commenting on the work of the external auditor, Mazars; and
- k) 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.

### **Proposal – Co-opted Independent Members Appointments**

- 20 It is proposed for a further extension to the appointment of the current co-opted members to the Audit Committee to be made until 30 April 2024.
- 21 During early 2024 the council will seek new applications and it is suggested that an advert be made in the local press and on the council's website to seek candidates to fill the two positions, and for the appointments to be made by the Corporate Director, Resources in consultation with the Chair and Vice-Chair of the Audit Committee. The

existing appointees would be free to re-apply for these roles in open competition with any other applicants

22 The proposed recruitment timetable is outlined below:

<b>Recruitment Stage</b>	<b>Timescale</b>
Positions Advertised	Monday 15 January 2024
Deadline for applications	Friday 23 February 2024
Interviews to be held	w/c 18 March 2024
Member Induction	April 2024
Appointments Confirmed by Council	May 2024
Audit Committee	Monday 20 May 2024

23 In accordance with the constitution, Council approval is required to extend the term of office of the current co-opted Audit Committee members. The proposals in this report is to extend the term of office of the two existing co-opted independent members until 30 April 2024, with a recruitment exercise to be undertaken prior to that date to secure co-opted members on a three year tenure from 1 May 2024 onwards.

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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 corporate and financial governance of the Council and provides relevant and appropriate challenge and oversight where necessary. Consideration of this report allows Full Council to have oversight of the work of the Audit Committee and assurance that the Audit Committee continues to oversee good governance across the Council.

### **Finance**

There are no specific financial implications associated with this report. The Audit Committee has 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 (29/09/23) and the Corporate Director of Resources were consulted on the contents of this report.

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

None.

### **Climate Change**

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 2022**

The Committee considered:

- (i) A report of the Corporate Director of Regeneration, Economy and Growth which provided the annual report on health, safety and wellbeing (HSW) performance for 2021/22.
- (ii) A report of the Corporate Director of Regeneration, Economy and Growth which provided an update on health, safety and wellbeing performance during Quarter 1 of 2022/23.
- (iii) A report of the Corporate Director of Resources which highlighted the strategic risks facing the Council and gave an insight into the work carried out by the Corporate Risk Management Group during January 22 to May 2022. Members were informed of new risks, those that had been removed and the status of all current key strategic and other risks.
- (iv) A report of the Corporate Director of Resources which presented the final outturn for the General Fund and the Collection Fund 2021/22.
- (v) A report from the Corporate Director of Resources which provided the Treasury Management Outturn for 2021/22.
- (i) A report of the External Auditor, Mazars presenting the Audit progress report for the Council 2021/22 and updating the Committee on issues and developments that were worthy of attention and noting that the audit of the accounts had been substantially completed at that point and an unqualified opinion was expected.
- (vi) A report of the Corporate Director of Resources which presented the Counter Fraud and Corruption Strategy, setting out the Council's counter fraud response plan for review and approval.
- (vii) A report of the Audit Committee Chair to inform Council of the work of the Audit Committee during the period September 2021 to August 2022 and how the Committee continues to provide good governance across the Council (this report being subsequently considered by Council in October 2022).
- (viii) A report of the Corporate Director of Resources which informed members of work carried out by Internal Audit during April to June 2022 as part of the 2022/23 Internal Audit Plan.

- (ix) A report of the Corporate Director of Resources which set out details of the proposed Six Month Internal Audit Plan from 1 October 2022 to 31 March 2023 for Members comment and input and approve.

## **28 November 2022**

The Committee considered:

- (i) A report of the Corporate Director of Regeneration, Economy and Growth which provided an update on health, safety and wellbeing performance during Quarter 2 of 2022/23
- (ii) A report of the External Auditor, Mazars presenting the Audit completion report for the Council 2021/22 to the Committee which included the overall messages from the audit work that they had completed and provided an unqualified opinion on the accounts and the councils value for money arrangements.
- (iii) A report of the External Auditor, Mazars presenting the Audit completion report for the Pension Fund 2021/22 to the Committee which included the overall messages from the audit work that they had completed and provided an unqualified opinion on the accounts.
- (iv) A report of the Corporate Director of Resources that sought approval of the final Annual Governance Statement to be published as part of the Council's audited Statement of Accounts 2021/22.
- (v) A report of the Corporate Director of Resources which presented the Statement of Accounts for the year ended 31 March 2022 for approval.
- (vi) A report of the Corporate Director of Resources providing an update on the progress being made in relation to the actions arising from the Council's Annual Governance Statement for the year April 2021 to March 2022.
- (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 June 22 to September 2022. Members were informed of new risks, those that had been removed and the status of all current key strategic and other risks.
- (viii) A report of the Corporate Director of Resources informing the Committee of the updated Code of Corporate Governance to consider and agree prior to being presented to Council in January 2023.

- (ix) A report of the Corporate Director of Resources informing members of the revised Anti Money Laundering policy which set out details of the internal procedures that must be followed to prevent the use of council services for money laundering.
- (x) A report of the Corporate Director of Resources informing members of the updated Confidential Reporting Code which is promoted and exists to allow Council employees and members of the public to come forward and raise both disclosures and serious allegations of wrongdoing involving the actions of the Council's employees, its Councillors, contractors, or any aspect of the Council's activities.
- (xi) A report of the Corporate Director of Resources informing members of the updated Fraud Response Plan and Corporate Fraud Sanctions policy which defines how the Council will respond to allegations and confirmed cases of fraud and provides guidance for employees, Members, and members of the public on reporting a suspected fraud.
- (xii) A report of the Corporate Director of Resources detailing to members the Counter Fraud work completed during the period April to September 2022 in order to protect the public purse.
- (xiii) A report of the Corporate Director of Resources which informed members of the work carried out by Internal Audit during the period July to September 2022 and the assurance on the internal control environment.

### **28 February 2023**

The Committee considered:

- (i) A report of the Corporate Director of Regeneration, Economy and Growth which provided an update on health, safety and wellbeing performance during Quarter 3 of 2022/23
- (ii) A report of the Corporate Director of Resources which presented Changes to the Code of Practice for Local Authority Accounting in the UK (CIPFA Code) that needed to be reflected in the 2022/23 Statement of Accounts.
- (iii) A report of the Corporate Director of Resources which presented the Accounting Policies that the Council intended to have in place to prepare the 2022/23 financial statements.
- (iv) A report of the Corporate Director of Resources which detailed the timetable for the preparation of the Council's Final Accounts process for

2022/23, including the key milestones for the completion of the financial statements.

- (v) A report of the External Auditor, Mazars presenting the Audit progress report for the Council 2021/22 and updating the Committee on issues and developments that were worthy of attention, including an update on the Whole of Government Accounts and work in preparation for the 2022/23 External Audit.
- (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 arrangements which informs the Annual Governance Statement within the Statement of Accounts for the year ending 31 March 2023.
- (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 2022. Members were informed of new risks, those that had been removed and the status of all current key strategic and other risks.
- (viii) A report of the Corporate Director of Resources which contained a revised version of the Risk Management Policy and Strategy for consideration and approval.
- (ix) A report of the Corporate Director of Resources which informed members of the work carried out by Internal Audit during the period October to December 2022 and the assurance on the internal control environment provided.
- (x) A report of the Corporate Director of Resources presenting the emergent Internal Audit Plan for the year 2023/24 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 2023.

### **24 May 2023**

The Committee considered:

- (i) A report of the Corporate Director of Regeneration, Economy and Growth which provided an update on health, safety and wellbeing performance during Quarter 4 of 2022/23

- (ii) A report of the Corporate Director of Resources which informed members of the work carried out by Internal Audit during the period January to March 2023 and the assurance on the control environment provided.
- (iii) A report of the Corporate Director of Resources providing an update on the progress being made in relation to the actions arising from the Council's Annual Governance Statement for the year April 2021 to March 2022.
- (iv) A report of the External Auditor, Mazars summarising the work undertaken for the Council for the year ended 31 March 2022.
- (v) A report of the Corporate Director of Resources which informed members of the work carried out by Internal Audit during the period January to March 2023 and the assurance on the control environment provided.
- (vi) A report of the Chief Internal Auditor and Corporate Fraud Manager which set out the Internal Audit Strategy, Charter and Internal Audit plan for 2023/24. Progress on delivering the plan will be regularly monitored by the Committee.
- (vii) A Presentation delivered by the Head of Corporate Affairs to provide Members with an update on the Council's approach to Transformation and securing Value for Money.

### **30 June 2023**

The Committee considered:

- (i) 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 an external assessment carried out by CIPFA which concluded that the service was fully compliant with the standards.
- (ii) A report of the Chief Internal Auditor and Corporate Fraud Manager which presented the Annual Internal Audit Report that provided an overall 'moderate' opinion on the adequacy and effectiveness of the Council's control environment for 2022/23 and the reasons for coming to that conclusion.

- (iii) A report of the Chief Internal Auditor and Corporate Fraud Manager detailing to Members, the Counter Fraud work completed over the period April 2022 to March 2023 to protect the public purse.
- (iv) 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 draft un-audited Statement of Accounts 2022/23
- (v) A report of the Corporate Director of Resources which presented the draft un-audited Statement of Accounts for the year ended 31 March 2023, which were published on 31 May 2023 in line with the statutory deadlines.
- (vi) A report of the Corporate Director of Resource which provided information about the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code and the councils compliance with this. The Financial Management Code is designed to support good practice in financial management and assists local authorities in demonstrating their financial sustainability.
- (vii) A report of the Corporate Director of Resources assessing whether the Council could be considered to be a 'going concern' organisation and if the Council's accounts can be compiled on that basis. The assessment concluded that the 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 Council's continuing operation and that the accounts could be prepared on this basis.
- (viii) A report of the Audit Committee Chair that provided a response 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.