

# REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE FOR THE PERIOD TO MARCH 2021

## PURPOSE OF THE REPORT

To provide Members of the council with details of the work of the Audit and Governance Committee covering the period to March 2021. The report also details how the Audit and Governance Committee has fulfilled its terms of reference. As a result of the COVID-19 national pandemic and the suspension of all meetings for a period of time during 2020, this report covers an extended period of time. Following the meeting on 11<sup>th</sup> March 2020, meetings of the Audit & Governance Committee recommenced via a remote meeting on 15<sup>th</sup> July 2020.

## BACKGROUND

The Audit and Governance Committee is responsible for overseeing the council's corporate governance, audit and risk management arrangements. The Committee is also responsible for approving the Statement of Accounts and the Annual Governance Statement. The functions of the Audit and Governance Committee are set out in Section 7, Part 3C of the Constitution. A copy of the list of the Committee's responsibilities is attached at **Appendix 2** for information.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to local authorities to help ensure that audit committees are operating effectively. The guidance recommends that audit committees should report annually on how they have discharged their responsibilities.

## TRAINING

The Committee has continued to receive training sessions during this period in order to assist the Committee in effectively fulfilling its responsibilities. These included:

- Induction training session for new Committee Members
- Statement of Accounts training session
- Treasury Management training session

The Committee also received presentations in September 2020 from the Chief Finance Officer and Monitoring Officer on challenges and the financial response to the coronavirus pandemic, and changes to guidance and practice in response to this.

## **WORK UNDERTAKEN**

The Audit and Governance Committee has met on thirteen occasions in the period from April 2019 to March 2021. During this period, the Committee has assessed the adequacy and effectiveness of the council's risk management arrangements, control environment and associated counter fraud arrangements through regular reports from officers, internal audit and the external auditors, Mazars. The Committee has sought assurance that action has been taken, or is otherwise planned, by management to address any risk related issues that have been identified by auditors or inspectors during this period. The Committee has also sought to ensure effective relationships exist between internal and external auditors, inspection agencies and other relevant bodies.

The Committee undertook a review of the constitution on 11<sup>th</sup> March 2020, and made recommendations to Full Council which were approved in October 2020.

The specific work undertaken by the Committee is set out below by subcategory.

### **Risk**

1. The Committee received a number of update reports on the key corporate risks for the Council during the year, along with the refreshed Key Corporate Risk Register. Each report considers risk as a whole and focuses on a specific KCR in each report to ensure a more thorough review of the various issues and mitigation for each risk. This ensures the Committee has sufficient oversight of the changing risk profile of the Council.
2. At Members request an additional report on the risk Management arrangements for the York Central Project was presented in November 2020.

## **Internal Audit and Counter Fraud**

3. The Committee received and considered the results of internal audit work completed during the period and monitored the progress made by management to address identified control weaknesses.
4. Members now receive electronic copies of Internal Audit reports by email throughout the year in order to improve oversight.
5. Members received, considered and approved the initial Internal Audit and Counter Fraud plans along with a number of update reports on the progress made throughout the year.
6. Members considered regular follow up reports setting out progress made by council departments in implementing actions agreed as part of internal audit work.
7. Considered a report which sought members' views on the priorities for internal audit for 2020/21, to inform the preparation of the Internal Audit plan.
8. Received and considered a report on the progress against the actions set out in the new Counter Fraud and Corruption Policy and Strategy which also added new actions for the next financial year. The Council's counter fraud risk assessment was also updated to reflect fraud risks currently facing the Council
9. Received the Annual Report of the Head of Internal Audit which summarised the outcome of audit and fraud work undertaken in 2019/20 and provided an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control. Members scrutinised the significant control issues highlighted in the report and noted that these were reflected within the Annual Governance Statement.

## **External Audit**

10. Received and considered Mazars Audit Strategy Memorandum which set out the audit plan in respect of the audit of the Councils Financial statements for 2019/20. The report summarised the audit approach, highlighted significant areas of key judgements and provided details of the audit team.

11. Received and considered the Annual Audit Letter which summarised the outcome of the 2018/19 audit carried out by Mazars on the annual accounts and work on its value for money conclusion. Members discussed and noted the findings of the audit contained in the report.
12. Received and considered the Annual Audit Letter which summarised the outcome of the 2019/20 audit carried out by Mazars on the annual accounts and work on its value for money conclusion. Members discussed and noted the findings of the audit contained in the report
13. Received regular update reports on the progress made by Mazars in meeting their responsibilities as the Council's external Auditor. The Committee were also kept updated on key emerging national issues and developments.
14. Received a report setting out the details of a two stage consultation process in relation to a new Code of Audit Practice, due to come into force on 1 April 2020.
15. Received a summary of the findings from Independent Review of Local Audit and the Transparency of Local Authority Financial Reporting by Sir Tony Redmond published in September 2020

## **Treasury**

16. The committee continued the role of scrutinising the council's treasury management strategy and policies and considered both strategy statements and update reports.
17. Received the Treasury Management Annual Report and Review of Prudential Indicators for 2018/19 which provided an update on Treasury activity during the year.
18. Received and scrutinised the Treasury Management Strategy Statement and Prudential indicators for 2020/21 to 2024/25.
19. Received a report setting out the draft Treasury Management Annual Report and Review of Prudential indicators for 2019/20, outlining treasury activity during the year for scrutiny of the Committee.

20. Received and scrutinised the Treasury Management Midyear review and Prudential Indicators for 2019/20 and 2020/21.
21. Received and scrutinised the Treasury Management Strategy Statement and Prudential indicators for 2020/21 to 2025/26.

## **Governance & Statement of Accounts**

22. The Committee received the Annual Report of the Monitoring officer since her appointment in December 2019, addressing the Council's governance and assurance frameworks and intended to support the Annual Governance Statement.
23. In September 2019 received an update report on the proposed review of the Council's Constitution and Governance Arrangements
24. Received a report setting out proposed amendments to the Council's constitution in March 2020.
25. The committee then received a number of further reports setting out amendments to the Constitution by the Monitoring Officer throughout the remainder of the year.
26. Considered the Annual report of the Audit & Governance Committee prior to its submission to Full Council.
27. Initially considered a draft pre audited version of the Statement of Accounts for 2018/19 in June 2019 before approving the Final audited Statement of Accounts July 2019
28. Initially considered a draft pre audited version of the Statement of Accounts for 2019/20 in July 2020, scrutinising a final audited version of the Accounts in November 2020 before approving the Final audited Statement of Accounts and updated Annual Governance Statement in March 2021. The meeting dates for the Accounts were amended in 2019/20 to reflect the extended deadlines for the Accounts and Audit issued by the government in response to the Coronavirus pandemic.

## Other

29. At each meeting the Committee has maintained a Work Plan setting out meetings a year in advance, to ensure that its responsibilities are discharged in full and appropriate reports are scheduled to be brought by officers on a timely basis.
30. In December 2019 Members received and discussed a report considering the options for a review of the effectiveness of the Audit & Governance Committee. Members considered all of the options and decided to defer the review until the new director of Governance was in post.
31. Members received a report on the process to be followed in respect of Settlement Agreements, as confirmed by Staffing Matters & Urgency Committee, following the recommendations of the Audit & Governance Committee in March 2019.
32. Members also considered a report which invited them to make their final comments on an updated Whistleblowing policy for the council.
33. A report on a review of the Social Media Policy and processes was also presented to the Committee describing the implementation and impact to date.
34. The Committee received a report on setting out the Results of Independent Review into Quality of Council Audits Published: Independent Review by Sir Tony Redmond of local audit and the transparency of local authority financial reporting.
35. Received a number of Information Governance update reports containing information on performance; ICO decision notices; publishing of the decision log; Ombudsman (LGSCO and HOS) Complaints; publishing of a disclosure log for Freedom of Information (FOI) requests.
36. The Committee also received an Annual Complaints report for April 2019 to March 2020.
37. A report on Corporate Complaints and Feedback Proposals was also presented to the Committee in November 2020. The report presented proposals for a revised and refreshed Corporate Complaints and Feedback policy and procedures (the 4Cs toolkit)

as part of the council's review of the governance of complaints and feedback handling and was unanimously approved by Committee.

## **Summary**

38. As can be evidenced from the above information, this has been a challenging year for the Audit & Governance Committee in terms of the volume of work placed before it and the resulting high number of meetings so as to ensure that it has fulfilled its statutory and constitutional responsibilities to the best of its abilities.

**Cllr M Pavlovic**  
**Chair of the Audit & Governance Committee**

Part 3 C of the Constitution (Council Committees and Other Bodies)

7.1 The functions of the Audit & Governance Committee are:

| No. | Delegated authority                                                                                                                                                                                                                                                                           | Conditions                                                                             |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
|     | <b>Audit</b>                                                                                                                                                                                                                                                                                  |                                                                                        |
| 1   | To consider the annual report and opinion of the Head of Internal Audit. The report should include a summary of internal audit activity in the relevant period and the level of assurance that can be given over the control environment and corporate governance arrangements at the Council |                                                                                        |
| 2   | To consider periodic reports from the Head of Internal Audit detailing the summary findings and the main issues arising from internal audit work.                                                                                                                                             |                                                                                        |
| 3   | To consider reports dealing with the management and performance of the Internal and External Audit functions.                                                                                                                                                                                 |                                                                                        |
| 4   | To consider whether internal audit work conforms to professional standards and to review the effectiveness of Internal Audit and the Committee itself on an annual basis.                                                                                                                     |                                                                                        |
| 5   | To consider reports of the Head of Internal Audit detailing the progress made by management to address control weaknesses identified by Internal or External Audit.                                                                                                                           |                                                                                        |
| 6   | To consider the action plan arising from the Annual Letter of the External Auditor.                                                                                                                                                                                                           | With respect to the Annual Letter being first considered and accepted by the Executive |



| No.                                | Delegated authority                                                                                                                                                                                                         | Conditions                      |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| 7                                  | To consider all other relevant reports received from the External Auditor as scheduled in the forward plan for the Committee or otherwise requested by Members.                                                             |                                 |
| 8                                  | To comment on the scope and depth of external audit work and ensure it provides value for money.                                                                                                                            |                                 |
| 9                                  | To liaise with the Audit Commission (or its successor body) over the appointment of the Councils External Auditor.                                                                                                          |                                 |
| 10                                 | To approve the Internal Audit Charter                                                                                                                                                                                       |                                 |
| 11                                 | To approve the Annual Plans of the Internal Audit Service and the External Auditor.                                                                                                                                         |                                 |
| 12.                                | To commission work from the Internal Audit Service and External Audit with regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee. | Subject to budgetary provision. |
| <b>Governance &amp; Regulatory</b> |                                                                                                                                                                                                                             |                                 |
| 13.                                | To keep under review the Councils contract procedure rules, financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Joint Standards Committee).                          |                                 |
| 14                                 | To review any relevant issue referred to it by the Chief Executive, S151 Officer, the Assistant Director (Financial Services)), the Monitoring Officer, the Head of internal Audit or any other Council body.               |                                 |
| 15                                 | To consider the effectiveness of the Councils arrangements for corporate                                                                                                                                                    |                                 |

| No. | Delegated authority                                                                                                                                              | Conditions                                                           |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
|     | governance (including information governance).                                                                                                                   |                                                                      |
| 16  | To monitor the effective development and operation of risk management arrangements across the Council.                                                           |                                                                      |
| 17  | To assess the effectiveness of the Councils counter fraud arrangements including the Whistle blowing policy and other relevant counter fraud policies and plans. |                                                                      |
| 18  | To consider the Councils compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.                |                                                                      |
| 19  | To bring to Full Council all proposals for amendment to this Constitution submitted by Members in accordance with this Constitution.                             | Subject to the advice of the Assistant Director Legal and Governance |
|     | <b>Annual Governance Statement and Accounts etc</b>                                                                                                              |                                                                      |
| 20  | To approve the Statement of Accounts and the Annual Governance Statement.                                                                                        |                                                                      |
| 21  | To consider the External Auditors report to those charged with governance on issues arising from the audit of the accounts.                                      |                                                                      |
| 22  | To scrutinise the Treasury Management Strategy and Monitoring Reports.                                                                                           |                                                                      |
|     | <b>General</b>                                                                                                                                                   |                                                                      |
| 23  | To meet informally with the External Auditor and the Head of Internal Audit on a periodic basis to discuss audit related matters.                                |                                                                      |

| <b>No.</b> | <b>Delegated authority</b>                                                                                               | <b>Conditions</b> |
|------------|--------------------------------------------------------------------------------------------------------------------------|-------------------|
|            |                                                                                                                          |                   |
| 24         | To report on the discharge of the Committees responsibilities under the Constitution to Full Council on an annual basis. |                   |
| 25         | To maintain and participate in a programme of training relevant to the activities and responsibilities of the Committee  |                   |