



**Governance & Audit  
Committee**

**Tuesday 10<sup>th</sup> March 2020**

**Subject: Annual Report from the Governance & Audit Committee 2019/20**

Report by:

Chief Executive

Contact Officer:

Corporate Governance & Policy Manager &  
Deputy Monitoring Officer

Councillor John McNeill  
Chair of Governance & Audit Committee

Purpose / Summary:

To report on the work undertaken by the  
Committee during 2019/20

**RECOMMENDATION(S):**

- 1. Members endorse the contents of the report and identify any additional work of the Committee for inclusion**
- 2. Members support the presentation of the Annual Report from the Governance & Audit Committee to Council on 6<sup>th</sup> April 2020**

## IMPLICATIONS

**Legal: None**

**Financial: FIN/186/20/TJB**

**None from this report**

**Staffing: None**

**Equality and Diversity including Human Rights: None**

**Data Protection Implications: None**

**Climate Related Risks and Opportunities: None**

**Section 17 Crime and Disorder Considerations: None**

**Health Implications: None**

**Title and Location of any Background Papers used in the preparation of this report:**

None.

**Risk Assessment:**

## **1 Introduction**

- 1.1 Guidance provided by the Chartered Institute of Public Finance & Accountancy (CIPFA), advises that audit committees ought to present an annual report to Council, highlighting its work and demonstrating compliance with its terms of reference.
- 1.2 This report provides Council with an oversight of the Committee's activity during 2019/20.

## **2. Terms of Reference of the Governance & Audit Committee**

- 2.1 The terms of reference of the Committee set out its areas of responsibility as being:

**(a) Corporate Governance**

**(b) Accounts and Audit**

**(c) Regulatory Framework (Assurance Framework)**

**(d) Ethics and Standards**

- 2.2 More comprehensive and specific detail is provided in Appendix One.
- 2.3 A range of activity has been undertaken during the past year to fulfil the Committee's terms of reference and to seek assurance that governance arrangements at the Council are operating effectively. An outline of the main activities undertaken by the Committee in support of each of the four main areas of responsibility are set out in turn below.

## **3. Corporate Governance**

- Undertook a full review of the Council's Constitution; including financial and contract procedure rules
- Charged the Remuneration Panel with reviewing the Council's Member Allowance Scheme for 2020/21
- Approved the Annual Governance Statement and Action Plan for 2018/19
- Monitored progress and signed off as complete, the Annual Governance Statement Action Plan for 2017/18
- Reviewed and approved the Council's Risk Strategy (2019-2023)
- Completed bi-annual reviews and scrutiny of the Council's Strategic Risk Register
- Approved the Council's Combined Assurance Report for 2019/20 – completed one Committee meeting earlier than previously

## **4. Accounts and Audit**

- Approved the annual audit plan for 2019/20 and monitored delivery; with particular focus on any overdue audit actions. At the time of the most recent monitoring, no overdue actions were reported
- Received and approved the Head of Internal Audit's Annual Report for 2018/19

- Received and approved the External Audit's Annual Report for 2018/19
- Approved and signed off the Council's Statement of Accounts for 2018/19
- Received and scrutinised the Council's Draft Treasury Management Strategy; Minimum Revenue Provision and Investment Strategy
- Approved External Audit's Strategy Memorandum (Plan) for 2019/20
- Requested and received an update from the Housing and Enforcement Manager on progress against recommendations made in the 2017 audit into planning enforcement

## **5. Regulatory Framework (Assurance Framework)**

- Reviewed and approved the Council's annual fraud report and assessment of the controls in place
- Received the Council's annual 'Voice of the Customer' report and sought assurance that the processes and procedures used to gain insight into customer experience are robust and adequate
- Approved the Council's Risk Strategy (2019-2023) and undertook bi-annual reviews of the Council's strategic risk register
- Received a report regarding the complaint referrals to the Local Government Ombudsman (LGO) for 2018/19 and sought confirmation that learning from the report's findings is fed into how the Council works as an organisation
- Reviewed the costs incurred by the Council through the employment of consultant and agency employees

## **6. Ethics and Standards**

- Oversaw development of and approved the Member Induction Training Plan and the Member Development Programme and received the Member Development Annual Report
- Maintaining oversight of a trial of e-learning packages for Members
- Maintained oversight of the Council's Standards Board and reviewed the number, nature and outcome of complaints received during the civic years 2016/2017 – 2018/2019

## **7. Training**

- 7.1 To be as effective as possible, over the last year, Members of the Committee partook in the Member Induction Programme and have also received specific training on Risk Management, Treasury Management and the Statement of Accounts.
- 7.2 The on-going requirement of the training needs of the Committee is monitored.

## **8. Independent Members**

- 8.1 The Committee contains three Independent Members. These individuals bring experience in the areas of risk management, corporate

governance, commercial and financial matters. They make a valuable contribution to the workings of the Committee.

- 8.2 During the last year, the Committee re-appointed one Independent Member to the Committee following a recruitment exercise.

**9. Attendees at the Committee**

- 9.1 The Committee has a number of regular attendees including the Head of Internal Audit and senior auditors; the Director and Engagement Lead and the Senior Manager of the Council's External Auditors; service managers, the Monitoring Officer, the Deputy S151 Officer, other senior Council managers.
- 9.2 The Head of Internal Audit also meets with the Chair of the Committee at least annually to discuss the workings of the Committee and more generally, the effectiveness of the Council's governance arrangements.
- 9.3 Contact with such individuals provides the Committee with the opportunity to seek further assurances where required, obtain insight into developments in governance and audit related matters and for Committee members to develop their knowledge in this area.

## **Appendix One: Full Terms of Reference of Governance & Audit Committee**

### Corporate Governance

1. Monitoring the operation of the Council's Constitution and keeping its terms under review, including all procedure rules.
2. Considering and making recommendations on any proposal to make changes to the Constitution prior to its consideration by the Council.
3. To inform the work of the Remuneration Panel in advance of them making submissions to Council.
4. To keep under review the terms of reference of member level bodies and delegations of Council functions to committees and formally appointed bodies and officers.
5. Agreeing and updating regularly the Council's Local Code of Governance.
6. Monitoring its operation and compliance with it, and using it as a benchmark against performance for the Annual Governance Statement.
7. Following a decision of Council to undertake a community governance review to agree the terms of reference for and conduct such a review, making recommendations to Council who will determine the outcome of such reviews.
8. Exercising functions relating to elections and parishes set out in Part D of Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (or any replacement or amendment of it).
9. Reviewing the adequacy of the Council's corporate governance arrangements (including matters such as internal control and risk management) and approving the Annual Governance Statement.
10. To approve the financial and contract procedure rules between Annual Councils.

### Accounts and Audit

1. Considering the Council's arrangement relating to accounts including;
  - (i) the approval of the statement of accounts and any material amendments of the accounts recommended by the auditors;
  - (ii) to keep under review the Council's financial and management accounts and financial information as it sees fit.
2. Considering the Council's arrangements relating to the external audit requirements including the receipt of the external audit reports so as to;
  - (i) inform the operation of the Council's current or future audit arrangements;
  - (ii) provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts.

3. Considering the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
4. Considering the Council's arrangements relating to internal audit requirements including:
  - (i) considering the Annual Internal Audit report, reviewing and making recommendations on issues contained therein;
  - (ii) monitoring the management and performance of internal audit;
  - (iii) agreeing and reviewing the nature and scope of the Annual Audit Plan.
5. Considering summaries of specific internal audit reports of significance or as requested.
6. Considering reports from internal audit on agreed recommendations not implemented within a reasonable timescale.
7. Considering specific reports as agreed with the external auditor.
8. Recommending to the Council the appointment of the Council's external auditor.
9. Scrutinising the draft Treasury Management Strategy.

#### Regulatory Framework (Assurance Framework)

1. Reviewing any issues referred to it by the Head of Paid Service, an Executive Director, the Chief Finance Officer or any Council body.
2. Monitoring the effective development and operation of risk management and corporate governance in the Council.
3. Monitoring Council policies on confidential reporting code, anti-fraud and anti-corruption policy and Council's complaint process.
4. Approving payments or providing other benefits in cases of maladministration as required and making recommendations arising from any review of a report of the Local Government Ombudsman.

#### Ethics and Standards

1. Promote and maintain high standards of conduct by Councillors and co-opted members.

#### **Note:**

Any Member wishing to serve or substitute on this Committee must have undertaken such training as deemed appropriate by the Monitoring Officer, and as a minimum, within the previous two years of the date of the meeting, and in particular members must receive training prior to approval of the Annual Statement of Accounts.

Nominations be sought to form a pool of trained substitutes in order to ensure that decisions are made by fully trained members.

The Leader of the Council, Leader of the Opposition, the Chairman of the Overview and Scrutiny Committee and the Chairman of the Standards Sub-Committee may be required to attend this committee but may not be appointed to it.

The committee will include at least one independent member and the normal term of office shall be four years.