

Draft

**Audit & Corporate Governance
Committee Annual Report**

2021/22

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3. Chair's Introduction (1 of 2)



Cllr Waqas Sabah
Chair, Audit &
Corporate Governance
Committee, 2021/22

I am pleased to present the Annual Audit and Corporate Governance Report 2021/22 which highlights the work of the Committee.

As Chair of the Committee for the past three years, the level of scrutiny has been unprecedented, for which I make no apologies, given the seriousness of the issues facing the Council following the issuing of the Section 114 Notice in July 2021.

Despite deadlines not met, the stability and continuance this Committee provided to pursue answers and accountability, for the benefit of the residents of the town, is commended. It is deeply disappointing that the Committee was unable to sign off any accounts over a three year tenure.

However, a number of changes have been implemented during the past year, including enhanced member training for all members on financial and governance matters, introduction of DBS checks for all members, establishment of a Standards Committee and revised terms of reference for the Audit and Corporate Governance Committee. I am confident that these changes will provide greater clarity and accountability, whilst also maintaining the momentum for continuous improvement. The revised terms of reference also include the committee's ability to report back to full council as and when required and I hope this report will be the first of many.

Although the challenges facing the Council are unprecedented and significant, the changes put in place will provide a solid foundation to ensure the authority is on a path to financial stability, delivering the best possible services to the residents of the town.

4. Chair's Introduction (2 of 2)

When I joined the council in 2018 and became chair in 2019 I was told that this committee would be simple and straight forward as it looked retrospectively. I faced many challenges at simplest of tasks. The committee was considered neither meaningful nor important. I can say with absolute confidence and pride that is no longer case. We certainly sent ripples through the organisation and our hard work and determination paid off.

None of the above was ever possible without the support of the committee members that span the 3 year period. Their outstanding level of commitment and tireless scrutiny have led us to a better position. All of this was not possible without the valued assistance of independent members and special thanks to Mr Sunderland who stepped down last year after serving as a co-opted member on the committee for a number of years.

Our thanks to Councillor Akram and Julie Masci our external auditor, who advised and guided the committee through the turbulent and uncertain times and officers for their contributions during what has been an extremely challenging and transitional time.

As anything, we can always do better and I wish the new committee and chair our best wishes and support for the coming year.

5. Summary of Key Activities

- Monitored the delivery of a wide range of actions to improve corporate governance from the various reviews over the past year from Grant Thornton, Jim Taylor's Governance Review and CIPFA.
- Monitored and challenged progress on the completion and audit of the accounts for 2018/19 and up to 2021/22.
- Reviewed and appraised the development of an improved corporate risk register which is regularly updated to reflect the risks most relevant to council.
- Approved and recommended a Policy Statement on Corporate Governance to Council, adopted in November 2021.
- Considered future arrangements for the appointment of external auditors beyond 2023/24 and recommended to Council to opt in to the Public Sector Audit Appointments sector-led option.
- Considered the options to strengthen the Council's internal audit function. The Committee supported the option to establish an in-house internal audit team.
- Adopted a new Whistleblowing Code in September 2022 to take account of best practice and new guidance
- Implemented a rigorous process of action tracking, focussing on those of highest risk to the council, so the Committee can regularly monitor progress and receive greater assurance that actions are implemented and reported to Members

6. Governance, Risk & Control

Key highlights in 2021/22

- Approved a Policy Statement on Corporate Governance
- Adopted a new Whistleblowing Code in September 2022 to take account of best practice and new guidance.
- Reviewed and overseen the implementation of a revised corporate risk register including commenting on the development of the strategic risk register and supporting processes. This has encompassed tracking of risk scores over time, more detailed actions and milestones
- Overseen the introduction of a new approach to the collection and presentation of corporate risk data.
- Put in place a system of review to rectify the significant shortcomings highlighted in external audit, internal audit and other reports.
- Approved revised terms of reference for the Committee in January 2022 fully aligned to the CIPFA model terms of reference. Recommended the establishment of a separate Standards Committee which was agreed by Council in January 2022.
- Obtained assurances on the effectiveness of the system of internal control

7. Governance, Risk & Control

Key Matters relating to 2021/22 for completion in 2022/23

- To review the Council's Annual Governance Statement for 2021/22 against the good governance framework and local code of governance
- To consider the Council's arrangements for securing value for money and their effectiveness
- To receive an annual report on anti-fraud and corruption activity during 2021/22
- To review the governance and assurance arrangements for significant partnerships and collaborations
- Receipt of annual update to the Risk Management Strategy

8. Internal Audit

Key highlights in 2021/22

- Approved the risk based audit plan for 2022/23
- Monitored progress against the 2021/22 internal audit plan
- Regularly reviewed reports from Internal Audit regarding risk and control matters.
- Overseen the finalisation of all 2020/21 Internal Audit reports noting assigned actions owners and target dates assigned for all Internal Audit reports for that year.
- Reviewed 15 completed internal audit reports for 2021/22
- Overseen improvements to the tracking of all internal audit actions, including those from previous financial years. Received assurance that actions closed have been appropriately evidenced
- Approved changes to the Internal Audit Plan during the year
- Considered any impairments to independence or objectivity of members or officers arising from internal audit activity
- Considered the options to strengthen the Council's internal audit function. The Committee supported the option to establish an in-house internal audit team.

9. Internal Audit

Key Matters relating to 2021/22 for completion in 2022/23

- Receipt of the Annual Internal Audit Opinion and Report from the Head of Internal Audit
- Receipt of the Internal Audit Charter
- Receipt of the results of the Quality Assurance and Improvement Plan from the Internal Auditors

10. External Audit

Key highlights in 2021/22

- Reviewed the scope and depth of external audit work to ensure it offers value for money
- Met regularly with the External Audit lead partner and senior manager to receive updates on external audit plan and progress
- Approved the continuation of the contracting arrangements for external audit through Public Sector Audit and Appointments Limited
- On going review of the responses to the External Audit statutory recommendations
- Regular discussion with the Director of Finance and the External Auditors, Grant Thornton regarding the timetable for completing the 2018/19, 2019/20, 2020/21 and 2021/22 accounts and audit processes

11. External Audit

Key Matters relating to 2021/22 for completion in 2022/23

- Receipt of External Auditor ISA360 reports to those charged with governance for 2018/19, 2019/20, and 2020/21
- Receipt and approval of Letters of Representation for 2018/19, 2019/20 and 2020/21
- Approval of accounts for 2018/19, 2019/20 and 2020/21

12. Standards and councillor complaints

- Nine complaints received and investigated by the Monitoring Officer in conjunction with the Independent Person - one upheld for breach of Code of Conduct. Written apology provided by the Member to the Complainant.
- No matters referred to Standards Determination Sub-Committee for formal investigation.
- Local Government and Social Care Ombudsman. Finding of maladministration and injustice upheld in relation to a Planning Complaint. Lessons learnt review completed and changes implemented.

13. Summary of Committee agendas 2021/22

29th July 2021

- Action Progress Report
- Whistleblowing Code and Guidance
- Schedule of Activity: Councillors Code of Conduct
- Members Performance Report – May 2020 to February 2021
- Q1 Risk Management Update
- Internal Audit Progress Report
- Internal Audit Annual Report 2020/21
- Internal Audit Plan 2021/22

14th September 2021 (Extraordinary Meeting)

- Policy Statement on Corporate Governance
- Risk Management Update – Q1 2021/22
- Internal Audit Progress Report
- Internal Audit Annual Report 2020/21
- Internal Audit Plan 2021/22

14. Summary of Committee agendas 2021/22

30th September 2021

- Action Progress Report
- Members Performance Report 2020/21
- Q2 Risk Management Update
- Q2 Internal Audit Update
- Internal Audit Progress Report

9th December 2021 (Extraordinary Meeting)

- Action Progress Report
- Revised Terms of Reference
- Appointment of External Auditors for 2023/24 to 2027/28
- Local Government and Social Care Ombudsman – Complaints, Findings and Outcomes
- Member Training Programme
- Internal Audit Update Report Q3
- Risk Management Update Q3
- Internal Audit Progress Report Q3
- Structure of Internal Audit Options Appraisal

15. Summary of Committee agendas 2021/22

18th January 2022 (Extraordinary Meeting)

- Revised Terms of Reference for Audit & Corporate Governance Committee and for the proposed new Standards Committee
- Member Training Programme

1st March 2022

- Action Progress Report
- Risk Management Update Q4
- Internal Audit Update Q4
- Structure of Internal Audit Options Appraisal
- Update on Council's Subsidiary Companies
- Internal Audit Progress Report
- Internal Audit Plan 2022/23

21st April 2022 (Extraordinary Meeting)

- Risk Management Update End of Quarter 4 2021/22
- Internal Audit Update Report – End of Quarter 4 2021/22

16. 2021/22 Attendance and Training Summary

Members attendance record

Committee Attendance		
Councillor	Expected	Attended
Sabah	7	7
Wright	7	3
Ali	7	6
Brooker	7	7
J Davis	7	3
Grewal	7	5
Hussain	7	1
Mr Zafar (Co-opted Member)	7	4

Training Attendance			
Councillor	17/5/21	27/7/21	14/4/22
Sabah	-	✓	✓
Wright	-	✓	✗
Ali	-	✓	✓
Brooker	-	✓	✓
J Davis	✓	✓	✗
Grewal	✓	✓	✓
Hussain	✓	✓	✗
Mr Zafar (Co-opted Member)	-	✓	-

Training:

17/5/21
New Member training including section on Local Government Finance

27/7/21
Annual Training for members of the Audit & Corporate Governance Committee

14/4/22
Local Government Finance Training

17. 2021/22 Attendance and Training Summary

The following training has been provided to members of the Committee in 2021/22:

- **17th May 2021** – new councillors received **Introduction to Local Government Finance** training as part of a ‘Key Skills for the Modern Councillor’ induction. This was attended by all three members of the Committee who were new councillors (Cllrs Jemma Davis, Grewal and Hussain).
- **27th July 2021** – the **annual Audit & Corporate Governance Committee Training** session was delivered by Chris West, an experienced s151 Officer and LGA Finance and Improvement Sustainability Advisor and Cllr Ken Wyatt and LGA Member Peer. The input of the Local Government Association provided Members with a greater degree of external expertise. This session was for Committee members only and all councillors on the Committee attended.
- **14th April 2022** – in January 2022 the Committee agreed a further training programme to strengthen knowledge and skills. The first of a series of sessions was held on 14th April 2022 on Local Government Finance and was delivered by one of the Council’s in-house finance experts. It covered income and expenditure, managing the Council budget, capital, treasury management and Minimum Revenue Provision. All councillors were invited to attend and 24 Members were present.

All training sessions were recorded and made available to Members for future reference and for any councillors unable to attend.

18. Lessons for the Future 2022/23

- Ensure internal audit programmes are aligned to risk.
- Improving quality of reports and responses.
- Effective monitoring of contract management and procurement

19. Priorities for 2022/23

- Monitor the action plans for the resolution of the governance, internal control, risk and audit recommendations from the various statutory and external reports.
- Oversee the implementation of a revised process for completion and approval of the Council's Annual Governance Statement.
- Approve the extended AGS's for 2018/19, 2019/20 and 2020/21 as part of the accounts and audit processes.
- Approve the 2021/22 AGS as part of the accounts and audit process.
- Approval of the council's revised risk management strategy.
- To appoint new co-opted Members to bring in greater external expertise and challenge to the Committee. Advertisements for the 4 co-opted positions were placed in April 2022.
- Continue to implement the further sessions of the Finance Training Programme on audit and the statement of accounts including bespoke training for the chair and vice-chairs of committees.