

AUDIT AND GOVERNANCE COMMITTEE
ANNUAL REPORT 2022/23

Introduction from the Chair of Audit & Governance Committee

I am pleased to introduce this, the fifth annual report of the Council's Audit and Governance Committee. I first became a member of the Committee for the 2016/17 Municipal Year and have sat on the Committee every year since except for 2017/18. I was Vice-Chair of the Committee from 2019/20, becoming the Chair of Committee in 2021.

This Annual Report helps to demonstrate to the City's residents and the Council's other stakeholders the vital role that is carried out by the Audit and Governance Committee and the contribution that it makes to the Council's overall governance. It also demonstrates that the Council's Audit and Governance Committee meets the requirements of the Chartered Institute of Public Finance and Accountancy's "Position Statement on Audit Committees".

The key activities of the Committee during the year are set out in the report. In summary we concentrated our work on:

- Assessing whether the Council has an adequate system of internal control to make sure it can meet its various financial and governance responsibilities, as well as deliver on its priorities
- Whether those systems of control are working effectively to mitigate risk.
- Seeking ongoing assurance from the Council's s151 Officer, the Head of Internal Audit, Ernst Young (our current External Auditor) and those Council officers requested to attend the Committee to discuss specific issues on which we require further understanding.

As a result of this work, we can provide the Council with assurance around the effectiveness of the Council's governance, risk and internal control arrangements.

The Committee has continued to adapt the way it works and where it focusses its time, particularly around governance and risk. Strong and effective control environment arrangements are an essential element of a robust corporate governance framework. The Audit and Governance Committee has a leading role to play in ensuring that the Council's governance arrangements are effective and contribute to the mitigation of risks. As the Council's operating model changes, we need to ensure that our work and the control systems it oversees remain effective.

I would like to take this opportunity to thank all the Councillors who served as a member of the Committee in 2022/23, along with the Strategic Director – Corporate Resources, the Head of Internal Audit, and the Democratic Services team for their continuing support during the last year and also the representatives from our external auditors.

I would also like to thank Philip Sunderland, one of the co-opted members of the Committee for his time and input into the Committee meetings and other Committee activities.

I have thoroughly enjoyed chairing, and being a member of, the Audit and Governance Committee.

Councillor Joanna West
Chair of the Audit and Governance Committee
April 2023

1. Introduction

The original Audit and Accounts Committee was set up in September 2005. Its role is defined in its terms of reference as laid out in the Council's constitution, as shown in Appendix 1. The areas covered within them are consistent with those identified as good practice by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its document "Audit Committees: Practical Guidance for Local Authorities and Police" (2018). The Terms of Reference have recently been reviewed and updated by the Committee for the 2023/24 Municipal Year and approval will be sought for them at the AGM in May 2023.

This report informs Full Council of the Committee's activities during the Municipal Year 2022/23 and how it has discharged its responsibilities. The 2021/22 Municipal Year ran from 25th May 2022 to 24th May 2023.

2. Information about the Committee

Audit and Governance Committee Membership

In the 2022/23 Municipal year the Committee had eight members, plus two co-opted members:

Councillor Joanna West - Chair (Labour and Co-operative)
Councillor Harvey Jennings – Vice Chair (Conservative)
Councillor Mike Carr (Liberal Democrats)
Councillor Lucy Care (Liberal Democrats)
Councillor Hardyal Dhindsa (Labour and Co-operative)
Councillor Paul Hezelgrave (Labour and Co-operative)
Councillor Alison Holmes (Conservative)
Councillor Nicola Roulstone (Conservative)

Co-opted Members: Stuart Green, Philip Sunderland

Audit and Governance Committee Meetings and Attendance

The Committee held six meetings in 2022/23:

15th June 2022
27th July 2022
5th October 2022
30th November 2022
25th January 2023
22nd March 2023

Table 1 below shows the level of attendance at each of the scheduled meetings in 2022/23. Committee Members achieved an overall attendance rate of 71.6% (43 out of a possible 60) in the 6 meetings held in 2022/23. This is lower than the overall attendance rate in 2021/22 of 74.2%. Three Councillors achieved a 100%

attendance rate during 2022/23, as did one of the independent/co-opted members. Disappointingly one Councillor only attended one meeting, and one of the co-opted members failed to attend any meetings.

Table 1: Attendance at Audit and Governance Committee Meetings

	15/6/22	27/7/22	5/10/22	30/11/22	25/1/23	22/3/23
Councillors	6	7	6	5	7	6
Co-opted	1	1	1	1	1	1

In line with good practice the Council's s151 Officer (or in his absence, the Deputy s151 Officer) and the Head of Internal Audit have attended all Audit and Governance Committee meetings. In addition, other senior officers have attended where appropriate, or where they have been invited by the Committee. The attendance of the External Auditor at Committee meetings was deemed by the Committee to be too infrequent, and not of benefit or reassurance.

Committee Training

There was no formal Committee training in 2022/23. Members of the Committee had access to an Audit and Governance Committee Handbook as a reference point for all the key areas covered within the Committee's Terms of Reference. This handbook was produced by the Head of Internal Audit and updated where necessary.

3. How have we discharged our responsibilities?

The way we have discharged our responsibilities in 2022/23 is described below:

Approving the Statement of Accounts

- At the meeting on 27th July 2022, the Group Accountant provided the Committee with a verbal update on the Final Statement of Accounts 2020/21. The main issue was infrastructure assets and that this was a national issue and that the Council were waiting on CIPFA guidance before progress could be made on this issue. We agreed to write to the Local Government Association, CIPFA and Highways England encouraging them to resolve issues relating to highways infrastructure assets. The Committee was also informed that the 2021-22 accounts were now complete and would go live on the Council's website on 1st August.
- At the time of writing this annual report, I have not been able to sign off the 2020/21 accounts or the 2021/22 accounts. This frustration is shared by the Committee.
- The Committee still has on-going concerns around the external audit process and this will be covered later in this report in the section on External Audit.

- We reviewed the proposed accounting policies for the 2022/23 Accounts at our meeting on 22nd March 2023.

Reviewing/Approving the Annual Governance Statement

- We reviewed and approved the Annual Governance Statement (AGS) 2021/22 at our meeting on 5th October 2022. We sought assurance that the Statement properly reflected all significant governance issues and clarification in relation to the areas identified in the statement. Given that the AGS has to be published alongside the audited annual accounts and remains a “live document” until that point, we delegated to the Strategic Director of Corporate Resources the ability to make any required changes to it until the point that the External Audit had been completed and the Annual Accounts signed off.
- As Chair of the Committee, I have continued to raise my concern that the format/presentation of the Annual Governance Statement needed to be reviewed. This was promised following the 2020/21 AGS, but disappointingly the format remained the same for the 2021/22 AGS. The Committee’s desire to see a less text based and more reader-friendly version was again put to the key Council officers involved in its production.

Approving the Internal Audit Plan / Head of Internal Audit Annual Report and Opinion

- We considered the Internal Audit Annual Report for 2021/22 at our June 2022 meeting, which included the Head of Internal Audit’s Annual Opinion. This opinion is an important source of assurance to the Committee in relation to its responsibilities for governance, risk management and internal control.
- The Committee has continued to support the new quarterly approach to audit planning introduced by the Head of Internal Audit. Quarterly audit planning provides more flexibility to the audit planning process and we have a process which is more responsive to changing risks faced by the Council during the year without the need for the Head of Internal Audit to seek Committee approval on amendments to the audit plan. We received and reviewed the plans for quarters 2,3 and 4 for 2022/23 and the plan for quarter 1 2023/24 at our meetings.
- We received regular update reports from the Head of Internal Audit on the delivery of the 2022/23 annual internal audit plans. This also included a summary of findings from audit reports, performance measures and progress made by management on the implementation of audit recommendations. As a committee we have sought regular updates on the implementation of significant risk rated recommendations that have been made by Internal Audit. This has helped us to gain a more thorough understanding of the issues involved and the work being done to address identified weaknesses in control of risks. Specifically, we have had responsible officers update the Committee on the progress with implementation of recommendations relating to the

CCTV, the Bus Station, the Crematorium and Neighbourhood Boards. Where we have been concerned at the lack of progress being made on the implementation of a recommendation, we have called in the responsible officer to seek assurances from them that the recommendation will be implemented as soon as is practical. My thanks to all officers who have attended.

- Over the last couple of years the role of Internal Audit has been refocused at Derby so that it is able to be more agile to the changing role of Local Government, new ways of working and the challenges the Council faces. This includes a greater focus on embedded assurance work and more consultancy advice. A key part of this change is to be timely in the undertaking of the audits, management responses and implementation of recommendations.
- To this end, the Strategic Director of Corporate Resources and I wrote to all Directors and Heads of Service in June 2022 to request that they engage proactively with Internal Audit at all stages in the process to ensure that we can all obtain relevant and timely assurances. This needs to happen whilst the Audit is undertaken, management responses within 14 days of issue of the draft audit report and in providing updates or closing down outstanding recommendations. A key indicator that the Committee reviews is the number of outstanding recommendations and the time they have been outstanding. The message made it clear that as Chair of the Audit and Governance Committee, I would request Officers to attend the Committee to explain why recommendations have not been implemented where either myself, the s151 Officer or the Head of Internal Audit have concerns.
- The Committee has continued to raise its concerns throughout this municipal year on the time it is taking management to implement agreed audit recommendations. We requested that the Chief Executive attend the March 2023 meeting to assure the Committee that the implementation of Internal Audit recommendations was taken extremely seriously by the Council's strategic leadership team. We were informed by the Chief Executive that he had informed senior officers that it was unacceptable to delay implementing Internal Audit recommendations. My thanks to the Chief Executive for his support.
- We had sight of both the Internal Audit Charter for the Central Midlands Audit Partnership and its Quality and Assurance Improvement Programme (QAIP). The Chair of the Audit and Governance Committee (or a representative from the Committee if the Chair is unable to attend) attends the CMAP Partnership Board meeting where the CMAP budget is approved.
- On an annual basis the s151 Officer provides Committee with his view on the effectiveness of internal audit. His report for 2021/22 was presented to us at the meeting on 15th June 2022. His overall conclusion was that CMAP delivers an effective internal audit service to the Council, but there were a couple of areas where he had identified further improvements to the overall internal audit service which he felt would add value.

- The Committee received a report on the Central Midlands Audit Partnership's External Quality Assessment at its meeting on 30th November 2022. These assessments have to take place every 5 years. It was pleasing to note that the overall assessment was that CMAP "Generally Conforms with the Public Sector Internal Audit Standards", which is the top criteria within the assessment. The report also stated that CMAP compare favourably with peer groups in both local government and the private sector and came out as "best in class" in terms of all the reviews that the external assessor had done within local government.
- The Chair and Vice-Chair received regular updates on internal audit work during the year from the Head of Internal Audit and the s151 Officer.

Promoting a counter fraud culture

- At the Committee meeting on 27th July 2022, we received the Annual Counter Fraud report for 2021/22, which outlined the work carried out during the past financial year to minimise the risk of fraud, bribery and corruption occurring in Derby City Council and to Derby residents and other stakeholders. This supports the requirements of the Accounts and Audit Regulations 2015, which state that the Council must have measures in place "to enable the prevention and detection of inaccuracies and fraud."
- We received update reports on counter fraud activities taking place within the Council. This included an update on the work of the Counter Fraud Team. We also received assurance on the work done to prevent fraud across the Council.
- At our meeting on 23rd January 2023 as part of the Committee's remit on counter fraud policies and frameworks, we considered and approved the updated Whistleblowing Policy, with some suggested amendments to make contact details clearer.

Receiving External Audit reports

- The external audit process continues to be a frustration for the Committee. The delays in completing the audit of the Council's annual accounts have impacted on the receipt of the External Auditor's reports to Committee. In fact, during the 2022/23 municipal year we have not received a single report from the Council's External Auditor, Ernst Young. However, EY did submit the "Derby City Council Audit Planning Report for the year ended 31 March 2022" for inclusion on the agenda for our meeting on 22nd March 2023, but the Committee asked for the report to be deferred to the next meeting of the Committee as there was no one from EY available to present the report and take questions.

- The External Auditor's attendance at Committee meetings has also been poor. At the meeting on 27th July 2022, following non-attendance, the Committee agreed to write to EY with the dates for future meetings and to express the Committee's disappointment at their non-attendance and delays. We also agreed to request that EY provide a written update on the statement of accounts. The only meeting that the External Auditor has attended during the 2022/23 municipal year was the Committee meeting on 5th October 2022. This was co-incidentally the first meeting following the Committee writing to them. The External Auditor did provide a verbal update on the external audit process at that meeting. The Committee were disappointed that the audit of the 2021/22 statement of accounts was not scheduled to start until January 2023.
- In the absence of the External Auditor, the Strategic Director of Corporate Resources, Director of Financial Services and the Group Accountant have had to provide the Committee with updates regarding the delays in the external auditor concluding the audit of the 2020/21 and 2021/22 accounts on a regular basis.

Reviewing the Risk Management Framework

- In 2020/21 we re-focused the Committee's work on risk management to concentrate on the operation of the overall risk management framework rather than individual risks. We now receive reports that provide us with assurances that the risk management process is working properly. We are also keen to gain assurance on whether or not risk mitigations are being progressed and to use risk surgeries to look at situations where risks are not being managed properly.
- At our meeting on 27th July 2022, we received the 2021/22 year-end risk assurance report. The purpose of this report was to update the Committee on activity that has taken place over the last 6 months of 2021/22 and to set out proposals for risk reviews in 2022/23. At the meeting on 25th January 2023 we received the 2022/23 risk management assurance update. This report provided the Audit and Governance Committee with an overview of the on-going implementation of our risk management framework, to develop Derby's risk culture, alongside a mid-year review of assurance activities relating to our strategic risks.
- At the Committee meeting on 22nd March 2023, we approved the updated Risk Management Strategy and Risk Management Handbook which are key to the Council's risk management framework and assurance processes.

New Core Work Areas for 2022/23

- When we revised the Committee Terms of Reference in October 2021, we added new areas or expanded existing terms that we wanted adding to our core tasks for 2022/23 onwards. During the year the Committee received reports/presentations on

- The adequacy and Level of Derby City Council's Insurance Arrangements
- An update on the current position on partnership working in the city
- Ofsted report on the "Inspection of Derby local authority children's services"
- An update on external inspections and assessments that have been undertaken of local authority services between April 2022 and March 2023.

Our Annual Work Programme

- We have an annual work programme (see Appendix 2) which allows us to obtain a greater understanding of issues of strategic interest, and areas that could impact on the governance of the Council. This document is reviewed by the Chair and Vice-Chair in conjunction with the Head of Internal Audit at least every 2 months and amended where appropriate to reflect any new developments. During 2022/23, as well as our core work areas, we received reports and sought assurance in the following areas:
 - Contract Waivers
 - Annual Report and Review of Performance 2021/22
 - Information Governance and Security
 - Compliance with the CIPFA Financial Management Code
 - Treasury Management Mid-Year Report 2022/23
 - Programme Management Office (PMO) Update
 - Risk Based Verification Policy
- During the year we asked that the Combined East Midlands Authority be added to the "Other Activities not scheduled as yet section" of the Work Programme.

Items requested by Audit and Governance Committee

Forest For the Future

- At our Committee meeting on 15 June 2022, a member of the Committee raised concerns about the decision-making process to spend part of the dedicated Climate Change capital budget on a temporary arrangement of trees and bushes in the Market Place. A resolution was passed to ask relevant officers and decision-makers to attend the next meeting of the Committee to allow us an opportunity to review the decision-making process behind the project.
- At the meeting on 5th October we received a verbal update on the decision-making process behind the Forest for the Future project. We were told that
 - It was reported that at an Urgent Leader of the Council meeting on 30 May 2022 the following resolutions were passed:

- To approve the installation of an urban forest within the marketplace for a duration of 6 weeks.
 - To approve the purchase of trees, shrubs and accompanying items along with services to construct, maintain and disassemble the forest at a cost of £163,000.
 - To delegate authority to Director of Public Protection and Streetpride to manage the operational decision making of the project.
 - To approve the use of the reserve to fund approx. £50,000 to additional costs to support the project.
- The Forest for the Future opened on 2 July 2022 and was made up of 150 trees and was designed to create a dialogue about climate change.
- Committee raised the following issues:
 - Whether the Climate Change Capital Budget was an appropriate source of funds for this project. The Strategic Director of Corporate Resources confirmed that they had considered the eligibility of Capital Funds for this project. The Strategic Director of Corporate Resources informed the Committee that they were satisfied that that this was a suitable source of funds for this project.
 - Whether this project should have been considered as a key decision. The Director of Legal, Procurement and Democratic Services confirmed that this project did not meet the monetary threshold required to be considered as a key decision. It was also noted that the Monitoring Officer believed that this project did not have a significant impact upon two or more wards in the city.
 - Why this decision was taken at an Urgent Leader of the Council Meeting. The Director of Legal, Procurement and Democratic Services believed that the public interest in taking this decision at an Urgent Leader of the Council Meeting outweighed the public interest in complying with the access to information regulations.
 - Why a waiver was required for this project. We were told that the financial cost of this project was above the Council's internal threshold. It was reported that lessons had been learned from this project which would help to avoid waivers of this nature in the future.
 - Where the trees from this project were now and what the climate and economic benefits to the city were from this project.
 - What the lifespan of these trees would be and whether any had been lost.
 - What the storage and transport costs were for these trees.

The Strategic Director of Corporate Resources agreed to ask officers to provide the Committee with the information to the final three queries.

Items referred to Audit and Governance Committee

Referral from CYP Scrutiny Review Board

- In last year's annual report, I outlined the referral from the Children and Young People Scrutiny Review Board on Scrutiny Special Needs Provision – in

relation to the “publication in online media of an article relating to school placements for children with special educational needs and disabilities”.

- The Committee had asked Internal Audit to include the issues raised by the CYP Scrutiny Review Board in an audit it had planned for Quarter 4 on SEND.
- The full internal audit report was presented to Committee at its meeting on 5th October 2022. The audit provided an overall assurance rating of “Limited”. The key findings in the report were:
 - Low risk weaknesses in governance arrangements around SEND decision making processes (framework in place)
 - No overall alignment of EHCP and school transport arrangements
 - Weaknesses in monitoring and management of SEND contract arrangements – Commissioning and SEND team liaison
- Despite the limited assurance rating, we were informed that the direction of travel was improving. There was a lot of work being done around linkages between Education Health Care Plans (EHCP) and Home to School Transport, particularly around the sharing of a centralised record. The audit also highlighted the benefits being generated by the input into the function by the SEND Manager.

Referral from Full Council

- At the Council Meeting on 18th January 2023, a motion was moved by Councillor Shanker and seconded by Councillor Barker that under Council Procedure Rule CP42(d) the matter of the Sale of Allestree Hall should be referred to the Audit and Governance Committee and for the Committee to consider whether the sale of Allestree Hall should be added to the committee’s work programme and to determine any further investigation that the Committee considered necessary.
- The Committee received the Minute Extract from Council on Allestree Hall and Golf Course at its meeting on 22nd March 2023. This was presented by Councillor Shanker. The Head of Strategic Asset Management and Estates provided the Committee with a timeline of the disposal process relating to Allestree Hall and Golf Course. Members of the Committee discussed the disposal process and whether good governance had been followed. Committee agreed that an investigation by the Central Midlands Audit Partnership should be commissioned to review the issues raised by Councillor Shankar in his presentation.
- Committee passed the following resolution: “Committee resolved that Councillor West, Councillor Shanker and the Head of Internal Audit would be invited to a meeting to agree the scope for an Internal Audit investigation and for a report to be brought to a future Committee meeting.” The scoping meeting took place on 12th April 2023, though sadly Councillor Shanker did not attend.

Committee Briefings

- The Head of Internal Audit has provided the Committee with specific briefings on key pieces of internal audit work during the year, in particular around investigations they have undertaken. My sincere thanks to the Head of Internal Audit for his professionalism, availability and support throughout the year.

Terms of Reference

- The Terms of Reference that governed the Committee during 2022/23 are attached at Appendix 1.
- The Committee seeks to review its Terms of Reference (ToR) on an annual basis. To achieve this, we have a small “sub-group” of Committee members who review the ToR with the Head of Internal Audit as the advisor. The sub-group met in March 2023 to review the new CIPFA guidance and any changes these would necessitate to the Committee’s Terms of Reference. The revised ToR was then taken to the 22nd March 2023 meeting for the Committee to review and approve the changes made.

Independent Members - Review

- At its meeting on 15th June 2022, the Committee considered a report which sought the agreement of the Committee to ask Council to approve the appointment of two independent members to the Audit and Governance Committee for a four-year term. We discussed the possibility of broadening the pool of independent members by advertising for people who may be interested and staggering the terms of office to ensure continuity. It was resolved to delegate authority to me as Chair to investigate the potential for advertising for independent members to ensure that they are represented on the Committee and to bring a report back to a future meeting of the Committee.
- I had an initial meeting with the Head of Democracy and the Head of Internal Audit on 14th July 2022 to discuss the options open to the Council for the future provision of independent members for this Committee. It was agreed that any decisions would take account of the latest guidance to be provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its publication on Audit Committees due to be published in October 2022. I also wanted to assess whether the level of remuneration currently paid by the Council to the co-opted members was in-line with what other local authorities were paying.
- I held a further meeting in November to review CIPFA’s new Position Statement on Audit committees in local authorities. It included the following statements:
 - The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

- Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.
- The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.
- At that meeting we also reviewed the remuneration package in place for co-opted members to see if it was in-line with what other local authorities were paying. We concluded that the remuneration was on the low side in comparison and agreed to seek the support for the recommendation to increase the remuneration from the Chair of the Independent Remuneration Panel. This support was forthcoming.
- Committee considered my report at the meeting on 30th November 2022. We discussed whether the two appointments could be staggered to ensure consistency. We agreed that this would be added as a recommendation. We also discussed whether an expectation of attendance clause could be included in the contract of Independent Members. The Head of Democracy agreed to include this in the application process.
- We resolved
 - to seek applications for two Independent Members of the Audit and Governance Committee to four-year terms of office.
 - to recommend to Council an increase in the allowance payable to Independent Members of the Audit and Governance and Standards Committees to 10 per cent of the Basic Allowance payable to councillors.
 - to recommend that the two Independent Members' appointments are staggered.

Audit and Governance Committee – Outstanding Resolutions

- Throughout the year we have monitored the progress being made on resolutions that the Committee has made.

Meetings with the Head of Internal Audit and the S151 Officer

- In between the formal Committee meetings, the Chair and the Vice-Chair of the Committee have regular informal meetings with the Head of Internal Audit the Council's s151 Officer (Strategic Director – Corporate Resources) to discuss emerging issues, potential areas for Committee training etc.
- Where necessary, ad hoc meetings are also held between the Chair, Vice-Chair, s151 Officer and Head of Internal Audit.

4. Audit & Governance Committee Self-Assessment

- In line with good practice, the Audit and Governance Committee should evaluate how well it is executing its responsibilities. One way of supporting this evaluation is by each member of the Committee completing a self-assessment questionnaire. CIPFA has produced an interactive questionnaire in the 2022 edition of the guidance which provides a high-level review that incorporates the key principles set out in both its Position Statement on Audit Committees and its guidance documents.
- Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the Committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.
- The annual self-assessment questionnaire on the effectiveness of the Committee was completed by Members of the Committee in February 2023.
- A total of 6 responses were received (60%). The Members that responded felt that the Committee demonstrates a high level of effectiveness in how it carries out its core business. The interactive self-assessment provided a score for each response out of 200. The average score for the Committee was 160. Of the 29 areas identified the Committee felt that there were possibly 6 areas where improvements could be made.

5. Audit & Governance Committee – Chair’s Opinion on

I believe that this report demonstrates that the Audit and Governance Committee has achieved its responsibility for providing assurance to the Council on the effectiveness of its governance arrangements, its risk management framework and the internal control environment in the 2022/23 Municipal Year.

I also believe that the work of the Committee has also met the requirement of the CIPFA Position Statement on Audit Committees in Local Government.

Audit and Governance Committee

Terms of Reference

Statement of purpose

The Audit and Governance Committee is a key component of the Council's corporate governance. It provides a high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Governance Committee is to provide independent assurance to the Council on the adequacy of the risk management framework and the internal control environment. It provides independent review of the council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Meetings

The Committee will meet at least four times a year. The Chair of the committee may convene additional meetings as he/she deems necessary. The Head of the Paid Service, Section 151 Officer or the Head of Internal Audit may ask the Committee to convene further meetings to discuss particular issues.

The Audit and Governance Committee, the Head of Internal Audit and External Audit have the opportunity for informal briefing sessions.

The Audit and Governance Committee is authorised to discharge the following functions:

Governance, Risk, Control

1. To review the council's arrangements for corporate governance against the good governance framework and consider quarterly governance reports and assurances.
2. To review and approve the authority's Annual Governance Statement (AGS).
3. To maintain an overview of the council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
4. To review any issue referred to it by the chief executive or a strategic director, or any council body.

5. To consider, approve and monitor the Council's risk management framework and to seek assurances on its effectiveness.
6. To consider the Council's arrangements for the mitigation of risk including receiving assurance on the adequacy of the Council's Insurance portfolio.
7. To review, approve and monitor the Council's Counter Fraud policies and Whistleblowing Policy, and to seek assurance on the assessment of fraud risks and the potential harm to the Council from fraud, bribery and corruption.
8. To monitor progress in addressing risk-related issues reported to the Committee.
9. To consider the council's compliance with its own and other published standards and controls.
10. Review the governance and assurance arrangements for any Council owned companies, significant partnerships or other collaborations.
11. To consider reports from external regulators (e.g. Ofsted, Care Quality Commission, Local Government Ombudsman) that impact on the Committee's areas of responsibility and to receive an annual report providing an overview of all external regulator activity at the Council during the year.
12. To consider the exercise of officers' statutory responsibilities and of functions delegated to officers.

Internal Audit

13. To consider and approve the annual internal audit plan, including internal audit's resource requirements.
14. To approve the internal audit charter
15. To approve significant interim changes to the annual audit plan and resource requirements.
16. To consider (periodic) reports from the Head of Internal Audit on internal audit's performance during the year. These will include
 - updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work,

- regular reports on the results of the Quality Assurance and Improvement Programme (QAIP),
- reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough to be included in the AGS.

17. To consider the Head of Internal Audit's annual report, including

- the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement
- the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion.

18. To consider summaries of specific internal audit reports as requested.

19. To consider reports dealing with the management and performance of the providers of internal audit services.

20. To consider reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.

21. In conjunction with the Council's s151 Officer, to commission work from internal audit.

22. To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

23. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

24. To provide free and unfettered access to the Chair of Committee for the Head of Internal Audit, including the opportunity for informal briefings with the Committee.

External Audit

25. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by the Public Sector
26. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance and such specific reports as are agreed with external audit.
27. To comment on the scope and depth of external audit work and to ensure it gives value for money.
28. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies
29. In conjunction with the Council's s151 Officer, to commission work from external audit.
30. To provide free and unfettered access to the Chair of the Committee for the External Auditor, including the opportunity for informal briefings with the Committee.

Financial reporting

31. To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
32. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts

Treasury Management

33. To consider the robustness of the Council's treasury management strategy, policies and procedures before their submission to Cabinet, to ensure that controls are satisfactory.
34. To review the treasury risk profile and adequacy of the treasury management procedures.

Accountability Arrangements

35. To present an annual report on the work of the Committee to the Council, providing an opinion on the adequacy and effectiveness of the Council's governance, risk and control frameworks.

Review period of terms of reference

It is good practice to review the Committee's terms of reference on an annual basis.

Date of Last Review

October 2021

Appendix 2

AUDIT AND GOVERNANCE COMMITTEE

DRAFT PROGRAMME OF WORK TO MARCH 2023 (Produced May 2022)

Committee	Primary Activities	Other Activities
Wednesday 15 th June 2022	<ul style="list-style-type: none"> • Audit and Governance Committee – Outstanding Resolutions • Committee Work Programme 2022/23 • Internal Audit Annual Report 2021/22 including the Head of Internal Audit's Annual Opinion • Internal Audit Plan Qtr 2 2022/23 • Draft Annual Report of the Audit & Governance Committee 2021/22 • Review of the Effectiveness of Internal Audit 	
Wednesday 27 th July 2022	<ul style="list-style-type: none"> • Audit and Governance Committee – Outstanding Resolutions • Final Statement of Accounts 2020/21 • EY - ISA 260 - Report to those charged with governance • Internal Audit Progress Report • Counter Fraud Annual Report 2021/22 • Risk Assurance Annual Report 2021/22 	<ul style="list-style-type: none"> • Information Security Annual report • Annual Report 2021/22 • Waivers Q1

Committee	Primary Activities	Other Activities
	<ul style="list-style-type: none"> Whistleblowing Policy 	
Wednesday 5 th October 2022	<ul style="list-style-type: none"> Audit and Governance Committee – Outstanding Resolutions EY - Annual Audit Letter 2020/21 External Audit Plan y/e 31st March 2022 Draft Annual Governance Statement 2021/22 Internal Audit Plan Qtr 3 2022/23 	<ul style="list-style-type: none"> Contract Procedure Rules - Revised
Wednesday 30 th November 2022	<ul style="list-style-type: none"> Audit and Governance Committee – Outstanding Resolutions Final Statement of Accounts 2021/22 EY - ISA 260 - Report to those charged with governance Annual Governance Statement 2021/22 – Final version Internal Audit Progress Report Internal Audit Plan Qtr 4 2021/22 Counter Fraud Update 	<ul style="list-style-type: none"> Waivers Q2 Treasury Management mid-year progress
Wednesday 25 th January 2023	<ul style="list-style-type: none"> Audit and Governance Committee – Outstanding Resolutions EY - Annual Audit Letter 2021/22 Internal Audit Progress Report Risk Assurance Update PMO Update Audit & Governance Committee self-assessment 	<ul style="list-style-type: none"> Information Governance Update Waivers Q3

Committee	Primary Activities	Other Activities
Wednesday 22 nd March 2023	<ul style="list-style-type: none"> • Audit and Governance Committee – Outstanding Resolutions • Internal Audit Progress Report • Internal Audit Annual Plan Qtr 1- 2023/24 • External Audit Plan y/e 31st March 2022 • Accounting Policies 2022/23 • Risk Management Strategy and Handbook • Local Code of Governance 	<ul style="list-style-type: none"> • Risk Based Verification Policy

Other Activities not scheduled as yet:

- A report on the level and adequacy of insurance arrangements – also to highlight number of claims etc
- An annual report outlining all activity involving the Council by external regulators (SW)
- An annual report on assurance around partnership governance (HG)
- Counter Fraud Policy – Review
- Audit & Governance Committee Terms of Reference – Review
- Outcome of PSAA appointment of new External Auditors from 1st April 2023