

## POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	24 <sup>th</sup> June 2024		
TITLE:	Audit Committee Effectiveness 2023-24 Report by Audit Committee Chair		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):			
REPORT AUTHOR:	Jamie Hay, Senior Internal Auditor		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	Yes

### **REPORT SUMMARY/COVER PAGE**

<b>PURPOSE OF REPORT/SUMMARY:</b>
It is good practice for the Audit Committee to present Cabinet with an annual report on the work carried out by the Committee in the preceding year. This report reviews the work of the Audit Committee during the year 2023-24 and considers if the Committee has effectively fulfilled its role.
<b>KEY ISSUES:</b>
The report indicates the training received by the Committee in order to be able to fulfil their governance role, the reports received, and a summary of the points discussed.
<b>OPTIONS CONSIDERED:</b>
<i>Not applicable</i>
<b>RECOMMENDATIONS:</b>
That the Audit Committee considers the content of the report and decides if it accurately reflects the work of the Committee in 2023-24.  That the Audit Committee confirms their agreement to the Chair taking the report to Cabinet as evidence that the Committee operated effectively.
<b>REASONS FOR RECOMMENDATIONS:</b>
To comply with best practice and to enhance the effectiveness of the Audit Committee.

## **REPORT DETAIL**

### **1. Introduction**

- a. The Audit Committee was set up in 2006, with Terms of Reference drawn up in line with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). These were reviewed and updated as part of the review of the scrutiny arrangements in June 2016. Further reviews have been undertaken in September 2017, December 2020, and September 2022.
- b. Under the Accounts and Audit Regulations 2015, a council is required to 'ensure that it has a sound system of internal control which:
  - i. facilitates the effective exercise of its functions and the achievement of its aims and objectives;
  - ii. ensures that the financial and operational management of the authority is effective; and
  - iii. includes effective arrangements for the management of risk.'
- c. Good corporate governance requires independent, effective assurance about the adequacy of financial and operational management and reporting. This assurance is best delivered by a committee that is independent from the executive and scrutiny functions. This was provided by the Audit Committee during 2023/24.
- d. In order to ensure that this monitoring of governance is carried out effectively, a regular review of the role and activities of the Audit Committee is necessary.

### **2. Responsibilities of the Audit Committee**

- a. The main areas of responsibilities of the Audit Committee are outlined within its Terms of Reference:
  - Monitor the Council's responsibilities under the Accounts and Audit Regulations 2015 and approve the Statement of Accounts.
  - Review the Council's assurance statements, including the Annual Governance Statement (AGS), to check that it properly reflects the risk environment and any actions required to improve it.
  - Monitor the Council's compliance with Financial Regulations and Contract Standing Orders and consider any proposals for changes to these.
  - Agree with the external auditor the basis of the annual audit, including the overall level and composition of the fee and the content of performance work.
  - Receive reports by the external auditor, including all performance reports and the Annual Management Letter.
  - Monitor delivery of the internal audit activity, fraud investigation work and Risk Management in the Council.
  - Monitor the response to audit reviews and investigations and the implementation of agreed recommendations.
  - Receive reports by any other inspectorates including all performance reports.
  - Report and/or bring matters to the attention of Council through the Cabinet on issues that require further review or action.
  - Instigate an investigation or review on matters that arise from internal and external audits, where further information is required.

- Receive assurance that there is sound system of internal control and risk management process in place for each of the Councils Local Authority Trading Companies.

### 3. Review Details

- a. The review was completed by the Audit Manager using a checklist compiled by CIPFA. The completed checklist is attached as **Appendix 1** of this report. The resulting report and action plan is being considered during the Audit Committee meeting of 24<sup>th</sup> June 2024. In addition, information has been compiled on the reports considered by the Committee and attached as **Appendix 2**.

### 4. Items considered during 2023/24

- a. Throughout the 2023/24 (municipal year) the Audit Committee held 6 meetings and received a total of 25 reports on a number of issues, including:

#### Internal Audit and Fraud

- Internal Audit Progress Report (2022/23)
- Internal Audit Follow Up Recommendations Report (August 2023)
- Year End Audit Opinion (2022/23)
- Annual Fraud Progress Update (2022/23)
- Internal Audit Half Year Progress Report (2023/24)
- Fraud and Error Half Year Progress Report (2023/24)
- Internal Audit Follow up Recommendations Half Year Report (2023/24)
- Verbal Update on Internal Audit Plan (2023/24)
- Strategic and Annual Internal Audit Plan 2024/25 to 2026/27

#### External Audit

- 2019/20 Audit Results Report – ISA 260
- Statement of Accounts for 2019/20
- External Audit Plan – 2023/24

#### Finance

- Update on Audit of Accounts Progress (September 2023)
- Annual Treasury Outturn Report (2022/23)
- Treasury Management Quarterly Monitoring Report Q1 (2023/24)
- Budget Monitoring Report (June 2023)
- Treasury Management Quarter 2 Report (2023/24)
- Budget Monitoring Report Quarter 2 (2023/24)
- Treasury Management Quarter 3 Report (2023/24)
- Budget Monitoring Quarter 3 Report (2023/24)

#### Corporate Governance and Risk

- Corporate Risk Register Update (May 2023)
- Annual Governance Statement 2019/20
- Corporate Risk Register Update (August 2023)

- Business Continuity – Annual Update
  - b. A summary of the content of each report and the subsequent discussion has been compiled by Democratic Services and is attached as Appendix 2.
  - c. A Member Induction and Training Programme was put into place for all elected members following the local government elections in May 2023. In addition to this induction programme the members of the Audit Committee received 5 training sessions during the year on:
    - 17<sup>th</sup> July 2023 – Audit Committee Member Training
    - 7<sup>th</sup> September 2023 – Treasury Management & Budget Monitoring Training
    - 17<sup>th</sup> November 2023 – Corporate Risk Register
    - 9<sup>th</sup> January 2024 – All Cllr & Board Member Training on Council Companies
    - 11<sup>th</sup> January 2024 – Members Training: Statement of Accounts 2019/20
  - d. Audit Committee members were also provided with the following guides to assist them during the year:
    - 21<sup>st</sup> July 2023 – Audit Committee Guide to Internal Audits
    - 21<sup>st</sup> July 2023 – Fraud Awareness for Audit Committee

## **5. Conclusion**

- a. During 2023/24 the Audit Committee received and commented on all relevant reports and actively monitored risk and internal controls. As a result, it is continuing to perform effectively, and the Council is meeting its requirements under the Accounts and Audit Regulations 2015.

## **6. Background Papers**

Accounts and Audit Regulations 2015.

CIPFA Audit Committees Practical Guidance for Local Authorities 2022 edition.

## APPENDIX 1 – Results of Self-Assessment Exercise

Good Practice Questions		Does not comply	Partially complies and extent of improvement needed*			Fully complies
			Major improvement	Significant improvement	Moderate improvement	
Weighting of answers		0	1	2	3	5
<b>Audit committee purpose and governance</b>						
1	Does the authority have a dedicated audit committee that is not combined with other functions (e.g., standards, ethics, scrutiny)?					5
2	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?				3 - Need to confirm reporting line	
3	Has the committee maintained its advisory role by not taking on any decision-making powers?				3 - Approve Financial Statements	
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?					5 – check covers what CIPFA says
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?				3	
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					5
7	Does the governing body hold the audit committee to account for its performance at least annually?				3 - through Annual	

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies
		Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
	Weighting of answers	0	1	2	3	5
					Report	
<b>8</b>	Does the committee publish an annual report in accordance with the 2022 guidance, including:					
	<ul style="list-style-type: none"> <li>Compliance with the CIPFA Position Statement 2022</li> </ul>				3 – need to check contents cover these points	
	<ul style="list-style-type: none"> <li>Results of the annual evaluation, development work undertaken and planned improvements</li> </ul>				3 – as above	
	<ul style="list-style-type: none"> <li>How it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>				3 – as above	
<b>9</b>	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
	Governance arrangements				3	
	Risk management arrangements				3	
	Internal control arrangements, including: <ul style="list-style-type: none"> <li>Financial management</li> <li>Value for money</li> <li>Ethics and standards</li> </ul>				3	

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies
			Major improvement	Significant improvement	Moderate improvement	
	<b>Weighting of answers</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>5</b>
	<ul style="list-style-type: none"> <li>Counter fraud and corruption</li> </ul>					
	Annual governance statement				3	
	Financial reporting				3	
	Assurance framework				3	
	Internal audit				3	
	External audit				3	
<b>10</b>	Over the last year, has adequate consideration been given to all core areas?				3 – not sure on VFM	
<b>11</b>	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?				3	
<b>12</b>	Has the committee met privately with the external auditors and head of internal audit in the last year?		1			
<b>Membership and support</b>						
<b>13</b>	Has the committee been established in accordance with the 2022 guidance as follows?					
	<ul style="list-style-type: none"> <li>Separation from executive</li> </ul>					5
	<ul style="list-style-type: none"> <li>A size that is not unwieldy and avoids use of substitutes</li> </ul>				3 – is over 8 and uses substitutes	

	<b>Good Practice Questions</b>	<b>Does not comply</b>	<b>Partially complies and extent of improvement needed*</b>			<b>Fully complies</b>
		<b>Major improvement</b>	<b>Significant improvement</b>	<b>Moderate improvement</b>	<b>Minor improvement</b>	<b>No further improvement</b>
	<b>Weighting of answers</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>5</b>
	<ul style="list-style-type: none"> <li>Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>			2 – has been agreed to do		
<b>14</b>	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?				3 – some members have relevant skills	
<b>15</b>	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?				3	
<b>16</b>	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					5
<b>17</b>	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?				3	
<b>18</b>	Is adequate secretariat and administrative support provided to the committee?					5
<b>19</b>	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5
<b>20</b>	Has the committee obtained positive feedback on its performance from those interacting with the committee or			2		



	<b>Good Practice Questions</b>	<b>Does not comply</b>	<b>Partially complies and extent of improvement needed*</b>			<b>Fully complies</b>
		<b>Major improvement</b>	<b>Significant improvement</b>	<b>Moderate improvement</b>	<b>Minor improvement</b>	<b>No further improvement</b>
	<b>Weighting of answers</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>5</b>
	relying on its work?					
<b>21</b>	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5
<b>22</b>	Are meetings effective with a good level of discussion and engagement from all the members?					5
<b>23</b>	Has the committee maintained a non-political approach to discussions throughout?					5
<b>24</b>	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?				3	
<b>25</b>	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5
<b>26</b>	Do audit committee recommendations have traction with those in leadership roles?					5
<b>27</b>	Has the committee evaluated whether and how it is adding value to the organisation?				3 – do 2 <sup>nd</sup> CIPFA SA next year	
<b>28</b>	Does the committee have an action plan to improve any areas of weakness?				3 – do as a result of this SA	
<b>29</b>	Has this assessment been undertaken collaboratively with				3 - some	

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies
			Major improvement	Significant improvement	Moderate improvement	
		0	1	2	3	5
	Weighting of answers					
	the audit committee members?				members missing	
	<b>Total score</b>					<b>142</b>
<b>Maximum possible score</b>						<b>200</b>

\* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

## APPENDIX 2 – Reports Considered by Audit Committee during 2023/24

Date of Meeting	Details	Outcome/Recommendation
7 <sup>th</sup> August 2023		

<p><b>A98:</b> Corporate Risk Register Update (May 2023)</p>	<p>The Corporate Performance Manager provided a brief overview of the Council's risk management framework and approach. In presenting the report it was explained that the Corporate Risk Register reflected the significant risks and the delivery of the Corporate Business Plan. The Committee was informed that the Corporate Risk Register was reviewed on a 4 monthly cycle. The latest version was reviewed in May 2023. The Corporate Performance Manager advised that during August 2023 a full review would be undertaken by the Senior Management Team. It was noted that the new Corporate Business Plan would be finalised in late Autumn 2023 and at the same time an in-depth review of the Corporate Risk Register would be undertaken. The Committee's attention was drawn to the appendices attached to the report which had been developed over a few years. The current Committee may wish to revise these to accommodate their requirements.</p>	<p><b>RESOLVED:</b> The Committee considered the Corporate Risk Register as at May 2023 and confirm agreement with Management Team's assessment of the risks to the corporate business plan.</p>
<p><b>A99:</b> Year End Internal Audit Opinion</p>	<p>The Committee's attention was drawn to Section 2.2 of the report and explained that the overall opinion in relation to the framework of governance, risk management and control at the Borough Council was reasonable which was a positive message. It was highlighted that one audit on Procurement and Contract Management had resulted in a Limited assurance grade. Five audits had received the high assurance grading of Substantial. The Internal Audit Manager provided an overview of the work undertaken by the Internal Audit Team as set out in section 3.3 and the Follow up management actions set out in section 3.4 and Issues for inclusion in the Annual Governance Statement set out at section 3.5 of the report.</p>	<p><b>RESOLVED:</b> The Audit Committee received and approved the Annual Internal Audit Opinion report 2022/23.</p>
<p><b>A100:</b> Internal Audit Progress Report</p>	<p>The report provided an Executive Summary which covered the period 11 November 2022 to 24 July 2023 and provided the opportunity to illustrate the work undertaken and to highlight the significant risks. A further reported would be presented to the Committee at the November 2023 meeting.</p>	<p><b>RESOLVED:</b> The Audit Committee received the Progress Report on Internal Audit Activity.</p>

<p><b>A101:</b> Internal Audit Follow Up Recommendations Report</p>	<p>The Internal Audit Manager explained that the report sought to provide an update on the status of all internal audit recommendations highlighting management responses where any were over the agreed deadline for completion and not yet implemented. The Internal Audit Manager explained that this was a new report for the Committee and explained that before a report was presented on high level audit recommendations not completed, but not to this degree and that the report represented an improvement and enhancement of the process. The Audit Committee now saw everything that was significant and open at the Council. It was explained that where Internal Audit had started to list the recommendations, there was a higher number and was now pleased to report that 83 had been closed since the process started which represented a good improvement but needed to keep the pressure on to reduce the number further.</p>	<p><b>RESOLVED:</b> The Audit Committee received the Internal Audit Follow Up of Outstanding Recommendations report.</p>
<p><b>A102:</b> Annual Fraud Progress Update 2022/2023</p>	<p>The Senior Internal Audit explained that the report was aimed to provide the following in respect of the period April 2022 to March 2023 for areas such as Council Tax, Council Tax Reduction Scheme, Business Rates, Housing Waiting List, Duplicate invoices, False payments, Debtor Tracing activities and Internal Fraud where it arose:</p> <ul style="list-style-type: none"> <li>• Progress towards the Anti-Fraud and Anti-Corruption Key Performance Indicators assigned to the Internal Audit Department.</li> <li>• Statistical information in respect of fraud and error detection for applications and claims received by the Council deemed to have been false, incorrect, or where a relevant change in circumstances has failed to be declared resulting in a financial gain or where an error has been identified and amended.</li> <li>• Statistical information in respect of traced debts where the Internal Audit Team have been contacted for assistance.</li> <li>• Statistical information in respect of fraud and error detection for grants retrospectively identified as having been paid to customers/businesses who were not eligible.</li> </ul>	<p><b>RESOLVED:</b> The Committee noted the update of the anti-fraud and anti-corruption work</p>

	<ul style="list-style-type: none"> <li>• Statistical information in respect of data matching activities undertaken through the National Fraud Initiative (NFI) and Norfolk Fraud Hub.</li> <li>• A look forward to 2023/24 anti-fraud and anti-corruption related activities.</li> </ul>	
<b>A108</b> Annual Certification Report- Housing Benefit Subsidy Claim for 2020/2021	The Revenues and Benefits Manager presented the report and responded to questions and comments from the Committee.	<b>RESOLVED:</b> The Audit Committee noted the contents of the report.

<b>18<sup>th</sup> September 2023</b>		
<b>A115</b> Update on Audit of Accounts Progress	<p>The Assistant Director, Resources presented the report which updated the Committee on the External Audit of the Borough Council's Statement of Account and provided an update on proposals under consideration by the Government for Levelling-up, Housing and Communities (DLUHC) to clear the audit backlog of work. The Committee was advised that the Council found itself in a position where the audit of its accounts had not been completed since 2019/2020. It was noted that a report by the National Audit Office published in January 2023, report that at 30 November 2022 there were 45 audits outstanding from 2019/2020.</p> <p>The Committee's attention was drawn to the following sections of the report:</p> <ul style="list-style-type: none"> <li>• 2 – The Accounts and Audit (Amendment) Regulations 2021.</li> <li>• 3 – Update from DLUHC – July 2023.</li> <li>• 4 – Statement of Accounts 2019/2020 and Subsequent Years Update.</li> <li>• 5 – Financial Implications</li> </ul>	<b>RESOLVED:</b> The Committee noted the contents of the report
<b>A116</b> Annual Treasury Outturn Report 2022/2023	The Financial Services Manager explained that the Annual Treasury Outturn Report looked backwards at 2022/2023 and covered:	<b>RESOLVED:</b> The Audit Committee noted the annual treasury outturn position for 2022/2023.

	<ul style="list-style-type: none"> <li>• The 2022/2023 Treasury Outturn.</li> <li>• Compliance with Treasury Limits.</li> <li>• Outturn Summary. The Financial Services Manager drew the Committee’s attention to the following sections of the report:</li> <li>• 2.1: Executive Summary</li> <li>• 4.2: Capital Expenditure</li> <li>• 5.6: Council’s Capital Spend – Revenue.</li> <li>• 5.7: Capital Finance Requirement.</li> <li>• 5.8: The Authorised Limit.</li> <li>• 6.4: Investments.</li> </ul> <p>The Committee was informed that the following additional supporting information was attached to the report:</p> <ul style="list-style-type: none"> <li>• Appendix 1 – Economic Outlook.</li> <li>• Appendix 2 – Investments as at 31 March 2023.</li> <li>• Appendix 3 – Borrowing as at 31 March 2023.</li> <li>• Appendix 4 – Prudential Indicators</li> </ul>	
<p><b>A117</b> Treasury Management Quarterly Monitory Report Q1 2023/2024</p>	<p>The Financial Services Manager explained that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised 2021) and remained fully compliant with its requirements. One of the primary requirements of the Code was receipt by Council of a quarterly Review Report.</p> <p>The Committee was informed that the Quarterly Review Report had been prepared in compliance with CIPFA’s Code of Practice, and covered the following:</p> <ul style="list-style-type: none"> <li>• A review of the Treasury Management Strategy.</li> <li>• The Council’s capital expenditure (prudential indicators).</li> <li>• An economic update for the first three months of 2023/2024.</li> </ul> <p>The following additional supporting information was attached to the report as set out below:</p> <ul style="list-style-type: none"> <li>• Appendix 1 – Economic Update.</li> </ul>	<p><b>RESOLVED:</b> The Audit Committee is asked to note the report and the treasury activity</p>

	<ul style="list-style-type: none"> <li>• Appendix 2 – Interest Rate forecasts. 346</li> <li>• Appendix 3 – Prudential and Treasury Indicators for 2023/2024.</li> <li>• Appendix 4 – Investment Portfolio.</li> <li>• Appendix 5 – Approved countries for investment.</li> </ul>	
<b>A118</b> Budget Monitory Report June 2023	<p>The Financial Services Manager presented the Budget Monitoring Report – 30 June 2023 and drew attention to the following sections:</p> <ul style="list-style-type: none"> <li>• Summary.</li> <li>• Revenue Budget 2023/2024.</li> <li>• Capital.</li> <li>• Reserves.</li> <li>• Age Debt Analysis. <ul style="list-style-type: none"> <li>• Council Tax and Business Rates.</li> </ul> </li> <li>• Treasury Management 2023/2024.</li> <li>• Conclusion. <ul style="list-style-type: none"> <li>• Appendix A – Budget Monitoring Variances June 2023.</li> <li>• Appendix B – Capital Programme 2022/2027.</li> <li>• Appendix C – Age Debt Analysis, 30 June 2023.</li> </ul> </li> </ul>	<b>RESOLVED:</b> The Audit Committee noted the contents of the Budget Monitoring Report June 2023.

<b>27<sup>th</sup> November 2023</b>		
<b>A128</b> Internal Audit Half Year Progress Report	<p>The Senior Internal Auditor presented the report and reminded the Committee that it received updates on progress made against the Annual Internal Audit Plan. The report formed part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.</p> <p>The Committee's attention was drawn to the following section of the report:</p> <ul style="list-style-type: none"> <li>• Key Issues. <ul style="list-style-type: none"> <li>• Significant changes to the approved Internal Audit Plan.</li> <li>• Progress made in delivering the agreed audit work.</li> <li>• The outcome arising from Internal Audit's work.</li> </ul> </li> </ul>	<b>RESOLVED:</b> The Committee received the Progress Report on Internal Audit Activity.

	<ul style="list-style-type: none"> <li>• Appendix 1 – Progress in completing the Agreed Audit Work.</li> <li>• Appendix 2 – Executive Summaries 2023/2024.</li> </ul>	
<b>A129</b> 2023/2024 Fraud and Error Half Year Progress Report	<p>The Senior Internal Auditor explained that the report was aimed to provide the following in respect of the period April 2023 to September 2023 for areas such as Council Tax, Council Tax Reduction Scheme, Business Rates, Housing Waiting List, Duplicate invoices, False payments, Debtor Tracing activities and Internal Fraud where it arises:</p> <ul style="list-style-type: none"> <li>• Progress towards the Anti-Fraud and Anti-Corruption Key Performance Indicators assigned to the Internal Audit Department.</li> <li>• Statistical information in respect of fraud and error detection for applications and claims received by the Council deemed to have been false, incorrect, or where a relevant change in circumstances has failed to be declared resulting in a financial gain or where an error has been identified and amended.</li> <li>• Statistical information in respect of traced debts where the Internal Audit Team have been contacted for assistance.</li> <li>• Statistical information in respect of fraud and error detection for grants retrospectively identified as having been paid to customers/businesses who were not eligible.</li> <li>• Statistical information in respect of data matching activities undertaken through the National Fraud Initiative (NFI) and Norfolk Fraud Hub.</li> <li>• A look forward for the remainder of the financial year’s anti-fraud and anti-corruption related activities.</li> </ul>	<b>RESOLVED:</b> The Committee noted the update of the ant-fraud and anti-corruption work.
<b>A130</b> Treasury Management Quarter 2 Report 2023/2024	<p>The Financial Services Manager presented the report and reminded the Committee that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised 2021) that remained fully compliant with its requirements. One of the primary requirements of the Code was receipt by Council of a quarterly Review Report.</p>	<b>RESOLVED:</b> The Committee noted the report and the treasury activity.



<p><b>A131</b> Budget Monitoring Report 2023/2024- September 2023 Quarter 2</p>	<p>The Financial Services Manager presented the Budget Monitoring Report for Quarter 2 and drew the Committee’s attention to the following sections of the report:</p> <ul style="list-style-type: none"> <li>• Summary.</li> <li>• Revenue Budget 2023/2024.</li> <li>• Turnover Savings.</li> <li>• Opportunities/Risks.</li> <li>• Grants.</li> <li>• Capital Budget and Spend 2023/2024. <ul style="list-style-type: none"> <li>• Reserves.</li> </ul> </li> <li>• Age Debt Analysis. <ul style="list-style-type: none"> <li>• Council Tax and Business Rates.</li> <li>• Treasury Management 2023/2024.</li> </ul> </li> <li>• Prudential Indicators.</li> <li>• Loans.</li> <li>• Investments as of 30 September 2023.</li> <li>• Conclusion.</li> </ul> <p>The Financial Services Manager highlighted the following sections of the report as set out below:</p> <ul style="list-style-type: none"> <li>• Table at page 71 which set out the contribution from General Fund Reserves – the original budget was £2,641,520 and the forecast at 30 September 2023 was £3,145, 260 and a variance of £503,749 was reported. The Financial Services outlined the reasons why a variance was being reported.</li> <li>• Capital Programme original budget £67m, the spend as at 30 September 2023 £12.7m and a revised capital programme of £36m.</li> <li>• Sect 2.4 Risk and Opportunities. <ul style="list-style-type: none"> <li>• Appendix A – Budget Monitoring Variances 30 September 2023.</li> <li>• Appendix B – Capital Programme.</li> <li>• Appendix C – Age Debt Analysis 30 September 2023</li> </ul> </li> </ul>	<p><b>RESOLVED:</b> The Committee noted the contents of the Budget Monitoring Report of 30 September 2023.</p>
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<b>16<sup>th</sup> January 2024</b>		
<p><b>A141</b> 2019/2020 Audit Results Report- ISA 260</p>	<p>Audit Manager, Ernst and Young presented the report and drew attention to the key findings and outlined the reasons for the delay in the 2019/2020 audit, the number of hours required to undertake the audit and fee implications. A summary of the key findings are set out below:</p> <ul style="list-style-type: none"> <li>• Page 5: Materiality – Council as a single entity £1.845m final and Council Group £1.923 m final.</li> <li>• Page 6: Closing procedures and signing off of 2019/2020 Statement of Accounts scheduled for 22 January 2024 and issue a certificate.</li> <li>• Pages 7 to 9: Unadjusted differences, Adjusted differences, Disclosure differences.</li> <li>• Page 12: Control observations, recommendations set out on pages 44 and 45.</li> </ul>	<p><b>RESOLVED:</b> The Committee noted the 2019/3030 Audit Results Report – ISA 260.</p>
<p><b>A142</b> Statement of Accounts for 2019/2020</p>	<p>The Committee’s attention was drawn to the Core Financial Statement as set out below:</p> <ul style="list-style-type: none"> <li>• Income and Expenditure Account – deficit of £5.7m after pension payment and Internal Drainage Board levies.</li> <li>• Movement – usable and unusable reserves.</li> <li>• Council’s net worth.</li> <li>• Administrative process to sign off the 2019/202 Statement of Accounts.</li> <li>• Auditor’s final validation process – it was anticipated that no further significant changes would be required.</li> </ul>	<p><b>RESOLVED:</b> That Members of the Audit Committee:</p> <ol style="list-style-type: none"> <li>1) Approved the attached 2019/2020 Statement of Accounts.</li> <li>2) Delegate authority to the Council’s Section 151 officer and the Council’s Chair of Audit Committee to sign-off the final and complete Statement of Accounts.</li> <li>3) Noted the “Letter of Representation.”</li> </ol>
<p><b>A143</b> Annual Governance Statement 2019/2020</p>	<p>The Corporate Performance Manager presented the report which brought the Council’s final version of the Annual Governance Statement (AGS) 2020 to the Committee for approval. The draft AGS had previously been considered at the Committee’s meeting on 17 December 2020 and 26 July 2021.</p> <p>The Committee was reminded that the preparation and publication of the AGS was a statutory requirement. The document was a public statement that described and evaluated the Council’s</p>	<p><b>RESOLVED:</b> The Committee:</p> <ol style="list-style-type: none"> <li>1) Confirmed that the Annual Governance Statement 2020 (as attached) properly reflected the risk environment and the actions required to improve it are in hand. 2) Approve the Annual Governance Statement 2020 (as</li> </ol>

	overall governance arrangements, how it had complied with its Code of Corporate Governance during a particular financial year.	attached) and confirm that the Chair of the Audit Committee should sign accordingly.
<b>A144</b> Corporate Risk Register Update (August 2023)	<p>The Corporate Performance Manager presented the report which presented an updated version of the register as at August 2023. It gave details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects. The Committee's attention was drawn to the key issues set out in the report.</p> <p>The Corporate Performance Manager explained that there were many external factors which influenced risk and which still remained.</p> <p>The Corporate Performance Manager advised there were no proposals to revise the score for any of the risks, add or remove risks</p>	<b>RESOLVED:</b> The Committee considered the Corporate Risk Register as at August 2023 and confirmed agreement with Management Team's assessment
<b>A145</b> Business Continuity-Annual Update	<p>The Senior Corporate Governance and Risk Officer/Climate Change Manager presented the report which outlined the current position of the Council's business continuity arrangements, summarised progress made since the last update on 26 September 2022 and described work that was planned to be undertaken over the coming months.</p> <p>The Committee's attention was drawn to the following sections of the report:</p> <ul style="list-style-type: none"> <li>• Current position.</li> <li>• Progress since last report in September 2022.</li> <li>• Forward Work Plan</li> </ul>	<b>RESOLVED:</b> The Audit Committee reviewed progress made and endorsed the approach being taken to the Council's business continuity arrangements.
<b>A146</b> Internal Audit Follow up recommendation's half year report	<p>The Senior Internal Auditor presented the report which sought to provide an update on the status of all internal audit recommendations, highlighting management responses where any are over the agreed deadline for completion.</p> <p>Members were advised that unfortunately, there had been slow</p>	<b>RESOLVED:</b> The Audit Committee received the Internal Audit Follow Up of Outstanding Recommendations report.

	<p>progress demonstrated with a total of 26 recommendations being closed since the last report. It was noted that the report contained an error where it stated, “there were some recommendations for which updated had not been received”, following follow up activities concluding a response was received for all outstanding recommendations. The report now contained a total of 59 outstanding Internal Audit recommendations (4 high, 26 medium and 29 low). A further 52 recommendations were not yet due for implementation. This had increased since the last report in May 2023 where 52 recommendations were outstanding and 36 were not yet due.</p>	
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11th March 2024		
<p><b>A156</b> Treasury Management Quarter 3 Report 2023/2024</p>	<p>The Financial Services Manager explained that the report was for quarter 3 as at the 31 December 2023. The Committee was advised that the Quarterly Review Report had been prepared in compliance with CIPFA's Code of Practice, and drew attention to the following sections of the report:</p> <ul style="list-style-type: none"> <li>• 1: The Treasury Management Quarterly Review 2023/2024.</li> <li>• 2: Economic Update.</li> <li>• 3: Annual Investment Strategy - 3.4: Creditworthiness, 3.5: Investment Counterparty Criteria, 3.8: Approved limits.</li> <li>• 4: Borrowing – 4.2: The Public Works Loan Board (PWLB) lending facility,</li> <li>• 6: Compliance with Treasury and Prudential Limits.</li> </ul> <p>The Financial Services Manager outlined the supporting information as set out below:  Appendix 1 – Economic Update  Appendix 2 – Interest Rate forecasts.  Appendix 3 – Prudential and Treasury Indications for 2023/24.  Appendix 4 – Investment Portfolio.  Appendix 5 – Approved countries for investment.  Appendix 6 – Glossary.</p>	<p><b>RESOLVED:</b> The Audit Committee noted the report and the treasury activity.</p>

<p><b>A157</b> Budget Monitoring Report- Quarter 3- 2023/2024</p>	<p>It was explained that the quarterly report had been prepared in compliance with CIPFAs Code of Practice on Treasury Management, and covered the following:</p> <ul style="list-style-type: none"> <li>• An economic update for the first nine months of the 2023/24 financial year.</li> <li>• A review of the Treasury Management Strategy Statement and Annual Investment Strategy.</li> <li>• A review of the Council’s Investment portfolio for 2023/24.</li> <li>• A review of the Council’s borrowing strategy for 2023/24.</li> <li>• A review of any debt rescheduling undertaken during 2023/24,</li> <li>• A review of compliance with Treasury and Prudential Limits for 2023/24</li> </ul>	<p><b>RESOLVED:</b> The Audit Committee noted the Budget Monitoring Report, Quarter 3, 2023/2024.</p>
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<p><b>22<sup>nd</sup> April 2024</b></p>		
<p><b>A167</b> External Audit plan- 2023/2024</p>	<p>The report outlined the external auditors risk assessment, audit approach and scope of the audit for 2023/24. The report specified reporting criteria as part of the audit plan as, financial sustainability, governance and improving economy, efficiency, and effectiveness</p>	<p><b>RESOLVED:</b> The Committee noted the update.</p>
<p><b>A168</b> Update on Internal Audit Plan</p>	<p>The Committee received an update from the Senior Internal Auditor as follows;</p> <ul style="list-style-type: none"> <li>• Over the past year provide assurance to senior management and elected members</li> <li>• 17 Successful Audit completed. These audits covered a range of areas, including financial controls, compliance with regulations, and operational efficiency.</li> <li>• 2 Outstanding Audits- Local Council Tax Support/ Housing Benefit and Council Tax/Non-Domestic Rates</li> <li>• Overall assurance opinion provided- 2 substantial assurance, 9 reasonable assurance and 3 limited assurances and 3 Position Statements.</li> </ul>	<p><b>RESOLVED:</b> The Committee noted the update</p>

	<ul style="list-style-type: none"> <li>• One significant achievement has been assurance regarding the mitigation of risks to the council and local authority trading companies objectives.</li> <li>• Identified 102 actionable recommendations to mitigate these risks - 10 high, 31 medium and 61 low and a further 13 Suggested Actions within Position Statements</li> <li>• All 7 audits carried forward from 2022/23 annual plan were concluded by 24/07/23.</li> <li>• 7,312 investigations were completed exceeding the KPI target of 5,000 (an achievement of 146%) for fraud and corruption.</li> <li>• Due to an increase in the number of matches received in year 3,836 cases were carried forward into the 2024/25 financial year.</li> <li>• Identified Fraud &amp; Error Totalled = £323,145.77</li> <li>• Traced Debtors/Absconders Totalled = £145,413.94.</li> <li>• Overall = £468,559.71</li> <li>• Looking ahead we are committed to concluding the remaining audits of the 2023/24 plan prior to the full progress report presented in June. Work has also commenced on all Quarter 1 audits of the 2024/25 Annual Internal Audit Plan which is being presented shortly.</li> <li>• The Senior Internal Auditor thanked responsible officers, senior leadership and the Audit Committee for their ongoing support and guidance.</li> </ul>	
<p><b>A169</b> Strategic and Annual Internal Audit Plan</p>	<p>The report included the Internal Audit Charter which defined the authority's purpose, roles, and responsibilities The Head of Internal Audit highlighted to the committee of the relevant changes which were title changes only. The Internal Audit Strategy detailed the resources and approach of the audit. It also included the three-year strategic internal audit plan and annual plan as well as an assurance map for the top 5 risks as at 2023/24 which had not been updated this year. Further work was required to produce</p>	<p><b>RESOLVED:</b> The Committee approves recommendations as set out below:</p> <ul style="list-style-type: none"> <li>a) Internal Audit Charter 2024/25</li> <li>b) The Internal Audit Strategy 2024/25</li> <li>c) The Strategic Plan 2024/25 to</li> </ul>

	more detailed maps on corporate risks. It signified there was a total of 307 Audit days, 23 audits and time for follow up included in the plan.	2026/27 d) The Annual Internal Audit Plan for 2024/25.
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