

**AUDIT & CORPORATE GOVERNANCE COMMITTEE  
ANNUAL REPORT  
2023/24**

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## **FOREWORD**

As Chair of the Audit and Corporate Governance Committee, I am pleased to present this Annual Report which sets out the role of the Committee and summarises the work and achievements we have undertaken as a committee during the financial year 2023/24. Following the Council elections in May 2023, the Committee membership was reviewed. As we embark on the next phase for the Committee, we recognise that we are in a phase of continuous learning and development. We are eager to learn and explore the intricacies of financial reporting, internal controls, risk management and external audit functions.

It is my duty to commend the 2023/24 Audit Committee Annual Report.

The Committee is made up of several new members, following the elections in May 2023, and I am grateful to officers for providing appropriate training during the last 12 months.

A working group of Committee members has been established and is an important element of the Committee as we aim to grow and enhance our effectiveness continually.

Effective audit committees build strong relationships, so we intend to collaborate with management, external auditors, and other stakeholders. There have been delays to the publication of our Statement of Accounts which is a national problem, and the issues are well already known and widely in the public domain.

Cllr Mark Jackson

Chair, Audit and Corporate Governance Committee

April 2024

## 1. INTRODUCTION

While there is no statutory obligation to have such an arrangement, Audit Committees are widely recognised as a core component of effective governance and therefore reflect good practice. The CIPFA (Chartered Institute of Public Finance and Accountancy) Position Statement also states that *“Audit Committees are a key component of an authority’s governance framework. Their function is to provide an independent and high-level resource to support good governance strong public financial management.”*

The Blaby District Council (BDC) Audit and Corporate Governance (ACG) Committee is properly constituted and as such is given sufficient authority and resources by the Council. In effect, the Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice the Committee can report its observations and concerns directly to the Council.

A local authority has a duty to ensure that it is fulfilling its responsibilities for adequate and effective internal control, risk management and governance, as well as the economy, efficiency, and effectiveness of its activities. The Committee has a key role in overseeing and assessing the internal control, risk management and corporate governance arrangements and advising the Council on the adequacy and effectiveness of those arrangements.

This role is reflected in the Committee’s Functions, as detailed in the Council’s Constitution. During May 2022 CIPFA published its update Position Statement on Audit Committees in Local Authorities and Police, this was supported by guidance, published in October 2022, ‘Audit Committees – Practical guidance for Local Authorities and Police’, an update from 2018.

## 2. HIGHLIGHTS OF THE YEAR

There have been many benefits from the work of the Committee. The main outcomes and improvements include:

- a) Focused on the CIPFA Position Statement to enhance the work of the Committee.
- b) Received risk register updates at each of its meetings.
- c) Training received for Committee Members.
- d) Received and approved the Internal Audit Plan for 2023/24.
- e) Received and approved the External Audit Plan from new auditors Azets for 2023/24.

### **3. SUMMARY OF WORK UNDERTAKEN**

#### **3.1 EXTERNAL AUDIT**

- a) Received two updates in respect of local audit delays and the expected outcomes arising from the Redmond Review. These reports set out the latest position regarding the backlog of outstanding audits for 2020/21 through to 2022/23, and the proposed introduction of *backstop* dates for their completion and publication.
- b) Received and approved the unaudited Statement of Accounts for 2022/23, which had been completed and published by the statutory date of 31 May 2023.
- c) Received and approved the External Audit Plan for 2023/24, which was presented by the Council's new auditors, Azets. The plan set the scope of work to be undertaken by Azets, risks of misstatement, value for money arrangements, fee levels, and materiality.

#### **3.2 INTERNAL AUDIT**

- a) Continued to oversee the internal audit arrangements for the Council. This included approving the review of the Internal Audit Charter which outlines the terms of reference of the department and is aligned to the Public Sector Internal Audit Standards.
- b) Received and approved the Internal Audit Annual Report for 2022/23. This included the Annual Audit Opinion on the adequacy and effectiveness of the framework of control, risk management and governance within the Council.
- c) Received and approved the Internal Audit Plan for 2023/24. The plan ensures that internal audit resources are prioritised towards those systems and areas which, are considered to be of high risk, or which contribute most to the achievement of the Council's corporate objectives. It is designed to enable the Internal Audit Manager to give her opinion at the end of the year but is flexible to ensure it remains relevant throughout the year.
- d) Monitored the delivery of the Internal Audit Plan for 2023/24 through regular update reports presented by the Audit Manager.
- e) Received and considered the results of internal audit work performed in respect of each Directorate.
- f) Monitored the progress made by management during the period to address identified control weaknesses (recommendations).

- g) Monitored the performance of the Internal Audit team through the regular update reports.

### **3.3 RISK MANAGEMENT**

- a) Continued to oversee the Council's risk management arrangements and approved an updated Risk Management Strategy for recommendation to Cabinet Executive.
- b) Received corporate risk updates.
- c) Reviewed the progress made by the Council to identify and address corporate risks. This included consideration of the Corporate Risk Register three times during the year.

### **3.4 CORPORATE GOVERNANCE**

- a) Considered the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 and received regular updates.
- b) Introduced a work plan for the year ahead, ensuring that all relevant areas are covered during the year.

### **3.5 FINANCE**

- a) Reviewed and approved the proposed Accounting Policies to be used in the preparation of the 2022/23 Statement of Accounts.

### **3.6 OTHER**

- a) Approved the appointment of an independent person to the Audit & Corporate Governance Committee.

## **4. TRAINING & DEVELOPMENT**

- a) There were several new Committee Members following the elections in May.
- b) Members have completed a self-assessment against CIPFA Guidance for Local Authority Audit Committees. This will be used to inform an ongoing training programme for Members.
- c) Members have received training in respect of Internal Audit, Risk, Statement of Accounts, Annual Audit Plan and the completion of the Audit and Corporate Governance Committee Annual Report.

- d) A programme of training for Committee members has been produced for all Audit and Governance Committee Members.

## **5. LOOKING FORWARD**

- a) The Committee has approved the work programme for the 2024/25 financial year setting out the receipt of regular update reports and annual assurance reports.
- b) The Committee will continue to closely monitor the delays to publishing the Council's Statement of Accounts and the Government's proposals for addressing the backlogs across the sector. Consultation has recently been concluded and the outcome, including any potential backstop dates for publication of the outstanding years' accounts, is awaited.
- c) Continued training and development of Members in line with the CIPFA Position Statement.
- d) Continue to review the functions of the Committee in line with the CIPFA Position Statement.

## **6. FUNCTIONS OF THE AUDIT & CORPORATE GOVERNANCE COMMITTEE**

### **1. Governance, Risk and Control**

- To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- To consider the Council's Annual Governance Statement and to recommend its adoption to Cabinet Executive.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To maintain an overview of the Whistleblowing Policy and Procedure (Raising Concerns).
- To maintain an overview of the Council's Constitution in respect of contract regulations and financial regulations.
- To monitor the effective development and operation of risk management in the Council.
- To monitor progress in addressing risk-related issues reported to the Committee.
- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the Anti-fraud & Corruption Policy, and the counter-fraud strategy, actions, and resources.

### **2. Internal Audit**

- To approve the Internal Audit Charter.
- To consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements and to consider quarterly and other reports in relation to the same. These will include:
  - a. Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
  - b. Regular reports on the results of the Quality Assurance and Improvement Programme
  - c. Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement
- To consider summaries of specific Internal Audit reports as appropriate.
- To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale.



- To receive 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 authority or there are concerns about progress with the implementation of agreed actions.
- To receive an independent report from the Head of Internal Audit on matters of a serious nature which cannot be dealt with via normal procedures.
- To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 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.

### **3. External Audit**

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To commission work from internal and external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To consider the external auditor's Annual Audit and Inspection letter, any other external audit and investigation reports, subsequent action plans and monitoring arrangements, relevant reports, and any reports relating to issues of governance falling within the remit of this Committee to ensure that the Council has responded appropriately, and that the Committee are satisfied with the internal control framework.

### **4. Financial Reporting**

- To review & 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.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **5. Accountability Arrangements**

- To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- To report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

- That Members of the Audit Committee complete annually CIPFA's Self-Assessment of Good Practice and the Knowledge and Skills Framework, to inform future development of the Committee.