

# **East Herts Council Report**

## **Audit & Governance Committee**

**Date of meeting: 9 November 2021**

**Report by: Head of Strategic Finance & Property**

**Report title: Audit and Governance Committee Work Programme**

**Ward(s) affected: All**

**Summary** – To present to Audit and Finance Committee the work programme for the year of finance and audit business with a brief summary of each report so that Members can see the business that will come before the Committee at each meeting.

## **RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE**

- a)** Approve the work programme as set out in the report; and
- b)** Specify any training requirements.

### **1.0 Proposal(s)**

- 1.1 Audit and Governance Committee's audit functions are:
  - 1.1.1 Approving the Council's statement of accounts.
  - 1.1.2 Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
  - 1.1.3 Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.

- 1.1.4 Be satisfied that the Council's assurance statements, including reviewing the Annual Governance Statement against the good governance framework, properly reflect the risk environment and any actions required to improve it.
  - 1.1.5 Approve internal audit's strategy, its plan and monitor its performance.
  - 1.1.6 Approve the shared anti-fraud service strategy, its plan and monitor its performance.
  - 1.1.7 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
  - 1.1.8 Receive the annual report of the head of internal audit.
  - 1.1.9 Receive and consider the reports of external audit (including the annual audit letter) and inspection agencies, and monitor management action in response to the issues raised.
  - 1.1.10 Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
  - 1.1.11 Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
  - 1.1.12 Oversight of the Council's commercial projects.
- 1.2 Audit and Governance Committee's finance functions are:
- 1.2.1 Receive budget monitoring reports and risk management reports.

- 1.2.2 Lead the cross Member scrutiny and consideration of the Council's draft annual budget and medium term financial plan.
  - 1.2.3 Scrutinise the Council's Annual Investment Strategy, Annual Capital Strategy, Mid-Year Treasury Management Report and Annual Treasury Management Report and through review gain assurance that systems of governance and control for Treasury Management are effective.
  - 1.2.4 Where appropriate, assisting the Council and the Executive in the development of its budget and policy framework by in-depth analysis of financial, procurement and governance related policy issues.
  - 1.2.5 Where relevant to the audit or finance functions of the Committee, overseeing and scrutinising all Internal, Corporate and Corporate Governance functions of the Council.
- 1.3 In order to fulfil these functions a series of reports will be brought to Members to provide:
- 1.3.1 Assurance that the council's financial affairs are being properly managed and that the council is making the best use of resources;
  - 1.3.2 An adequate and effective system of internal audit is operating and that it's approved plan is being delivered;
  - 1.3.3 The Council's governance arrangements are adequate;
  - 1.3.4 That key business risks have been identified, evaluated and are being managed;

- 1.3.5 That key systems and controls are operating effectively giving assurance that the Statement of Accounts is materially correct and can be approved;
- 1.3.6 Receive and consider the external auditor's Audit Plan, report and Annual Audit Letter; and
- 1.3.7 Receive copies of Executive budget monitoring reports, for information, so that the final accounts outturn position can be compared to forecasts during the year.

## **2.0 Training**

- 2.1 Training for Members of the Committee will in future be delivered for the first 30 minutes of the Committee meeting and will be related to the business before the Committee.
- 2.2 Members are recommended to review the proposed work programme and suggested training and identify any other training needs they require.

## **3.0 Work Programme**

- 3.1 The Committee will recall that the external audit of the council's accounts was due to start in October and conclude in December. EY have delayed the start to the audit until 3 January 2022. Therefore the Accounts Approval Sub-Committee will now not need to sit in December but may need to sit in March.
- 3.2 The work programme for the Committee is proposed to be as follows:

<b>Committee</b>	<b>Date</b>	<b>Report Title</b>	<b>Report Summary</b>
Audit & Governance	25 January 2022	Budget Scrutiny - Budget 2022/23 and Medium Term Financial Plan 2022-25	To present to Audit and Governance Committee the Executive's proposed General Fund Budget and Medium Term Financial Plan for scrutiny.
		Investment Strategy 2021/22 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Investment Strategy for scrutiny.
		Capital Strategy and Minimum Revenue Provision Policy 2021/22 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Capital Strategy and Minimum Revenue Provision Policy for scrutiny.
		Receipt of the External Auditor's Annual Audit Letter 2020/21	To present to Audit and Governance Committee the external auditor's Annual Audit Letter covering the Council's financial audit and Value For Money assessment. The Committee receives the report on behalf of the Council and may make observations to Executive who can decide to take action to improve performance based on the external auditor's assessment.
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.

Committee	Date	Report Title	Report Summary
		Shared Internal Audit Service Internal Audit Plan 2022/23	To present to Audit and Governance Committee the Shared Internal Audit Service Internal Audit Plan for the forthcoming year and seek its approval. Regulation 5 of the Account and Audit Regulations 2015 requires that the Council must undertake an adequate and effective internal audit of its accounting records and of its system of internal control.
		Financial Management 2021/22 – Quarter 2 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 2.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.

<b>Committee</b>	<b>Date</b>	<b>Report Title</b>	<b>Report Summary</b>
Statement of Accounts Approval Sub-Committee	February / March 2022	Receipt of the External Auditor's Annual Governance Report	In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Finance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.
		Annual Governance Statement	To present to Audit and Governance Committee for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement to accompany the statement of accounts.

<b>Committee</b>	<b>Date</b>	<b>Report Title</b>	<b>Report Summary</b>
		Approval of the Statement of Accounts	Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit.
Audit & Governance	29 March 2022	Training: Risk Management	Presentation on risk management and its importance for the council
		Strategic Risk Register Monitoring Q3 2021/22	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 3.
		Annual Review of Risk Management Strategy	To present to Audit & Governance Committee the annual review of the council's risk management strategy.
		External Audit Planning Report 2022/23	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council.
		Financial Management Quarter 3 Forecast to Year End	To provide Audit and Finance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 3.



<b>Committee</b>	<b>Date</b>	<b>Report Title</b>	<b>Report Summary</b>
		Review of Internal Audit	To present to Audit and Governance Committee the review of the effectiveness of Internal Audit. Regulation 6 of The Accounts and Audit Regulations 2015 require the Council, at least once a year, to conduct a review of the effectiveness of its internal audit.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance	31 May 2022	Annual Report on Internal Audit Activity	To present to Audit and Governance Committee the Annual Report on Internal Audit Activity for the preceding financial year.
		2021/22 Provisional Outturn	To provide Audit and Governance Committee with a copy, for information, of the Executive Report with the provisional outturn position on revenue spending and the capital programme as at the end of the financial year and Quarter 4.
		Strategic Risk Register Monitoring Q4 2021/22	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 4.

<b>Committee</b>	<b>Date</b>	<b>Report Title</b>	<b>Report Summary</b>
Audit & Governance	29 September 2022	Training: Statement of Accounts	Presentation to Members on the key elements Statement of Accounts and the inter-relationship of the core statements.
		Receipt of the External Auditor's Annual Governance Report	In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Finance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.

Committee	Date	Report Title	Report Summary
		Annual Governance Statement	To present to Audit and Governance Committee for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement to accompany the statement of accounts.
		Approval of the Statement of Accounts	Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit.
		2021/22 Provisional Outturn	To provide Audit and Governance Committee with a copy, for information, of the Executive Report with the provisional outturn position on revenue spending and the capital programme as at the end of the financial year.

<b>Committee</b>	<b>Date</b>	<b>Report Title</b>	<b>Report Summary</b>
		Financial Management 2022/23 – Quarter 1 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 1
		Shared Anti-fraud Service Anti-Fraud Plan progress report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan.
		Strategic Risk Register Monitoring Q1 2022/23	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 1.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance	November 2022	Training:	
		Budget 2023/24 and Medium Term Financial Plan 2023/24 – 2027/28	To provide Audit and Governance Committee with an update on the budget and MTFP including costs pressures, savings and efficiencies against the original proposals, forward budget and planning assumptions for scrutiny.

<b>Committee</b>	<b>Date</b>	<b>Report Title</b>	<b>Report Summary</b>
		Annual Treasury Report 2021/22	To provide Audit and Governance Committee with a copy of the Annual Treasury Report so that they can scrutinise the Report.
		Treasury Management 2022/23 Mid-Year Review	To provide Audit and Governance Committee with a copy of the Treasury Management Mid-Year Review Report so that they can scrutinise the Report
		Strategic Risk Register Monitoring Q2 2022/23	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 2.
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		Annual Infrastructure Funding Statement Report 2021/22	To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report 2020/21
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year



## **4.0 Reasons**

4.1 To ensure that Audit and Finance Committee is aware of the work programme and ensure that Members have the opportunity to request any training or briefing around upcoming items.

## **5.0 Risks**

5.1 Risk Management is reported to the Committee regularly.

## **6.0 Implications/Consultations**

### **Community Safety**

No

### **Data Protection**

Data Protection reports and policies will be brought before the Committee as appropriate.

### **Equalities**

No

### **Environmental Sustainability**

No

### **Financial**

The report details the Committee's responsibilities in relation to finance.

### **Health and Safety**

No

### **Human Resources**

No

### **Human Rights**

No

## **Legal**

Legal requirements are noted in the report summaries in the table in this report.

## **Specific Wards**

No

## **7.0 Background papers, appendices and other relevant material**

7.1 None

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