

<b>Agenda Item No:</b>	<b>11</b>	
<b>Committee:</b>	<b>Council</b>	
<b>Date:</b>	<b>30 September 2024</b>	
<b>Report Title:</b>	<b>Audit and Risk Management Committee Annual Report</b>	

## **1 Purpose / Summary**

- 1.1 To report to Full Council the commitment and effectiveness of the Audit and Risk Management Committee's work from 1 April 2023 to 31 March 2024.

## **2 Key Issues**

- 2.1 A good Corporate Governance framework helps the Council to deliver its Corporate Priorities.
- 2.2 The role of the Audit and Risk Management Committee includes:
- Providing independent assurance of the adequacy of the governance, risk management framework and the control environment (GRC), plus
  - independently scrutinising the Authority's financial and non-financial performance and overseeing the financial reporting process.
- 2.3 The Committee has taken action to ensure that its members are adequately informed on key themes of the Governance Framework via regular reports including:
- Governance
  - Internal Control
  - Risk Management
  - Anti-Fraud & Corruption and Anti-Money Laundering policies
  - Accounts and policies; and
  - Treasury Management.
- 2.4 The External Auditors provided the Statement of Accounts 2021-22 in September 2023, the Annual Auditor's Report 2021-22 in November 2023 and the Provisional Audit Plan 2023-24 in March 2024.
- 2.5 The Committee has been fundamental in the review and maintenance of the Council's Governance Framework.
- 2.6 In addition to the report attached the Committee Chair has completed a review of the committee's effectiveness using a checklist compiled by CIPFA, supported by the Interim Internal Audit Manager. This was a recommendation made by the external quality assessment and endorsed by Corporate Governance (now Audit and Risk Management) Committee in February 2018. The completed checklist is attached as Appendix A

## **3 Recommendations**

- 3.1 It is recommended that Council agree the Audit and Risk Management Committee Annual Report for 2023-24.

<b>Wards Affected</b>	All
<b>Forward Plan Ref</b>	Not applicable
<b>Portfolio Holder(s)</b>	Cllr Chris Boden
<b>Report Originator(s)</b>	David Thacker – Interim Internal Audit Manager
<b>Contact Officer(s)</b>	Peter Catchpole – Corporate Director & Chief Finance Officer Amy Brown – Assistant Director & Deputy Monitoring Officer Deborah Moss – Head of Internal Audit Mark Saunders - Chief Accountant
<b>Background Paper(s)</b>	Audit and Risk Management Committee minutes CIPFA Position Statement on Audit Committees 2022 Audit Committees – Practical Guidance for Local Authorities and Police (CIPFA 2018)

**Annual report of the Audit and Risk Management Committee**

**April 2023 - March 2024**



## **1 What is corporate governance?**

1.1 Corporate Governance in Fenland District Council is an essential part of the Council's standards for transparent and informed management and decision-making. It provides assurance of the adequacy of the risk management framework and the control environment, independent scrutiny of the Authority's financial and non-financial performance and to oversee the financial reporting process.

## **2 Responsibilities of the Committee**

2.1 The Committee's purpose identified in the terms of reference states:

The purpose of our Audit and Risk Management Committee is to provide independent assurance to the members and other parties of the adequacy of the Council's governance, risk management framework and the internal control environment. It provides independent review of Fenland District Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees Internal Audit and External Audit, helping to ensure efficient and effective assurance arrangements are in place. It also ensures the Council is managing the risk of ensuring services have the resources to deliver on the Council's statutory responsibilities and corporate priorities whilst recognising the Council's financial position.

## **3 Members' Commitment to the Committee in 2023-24**

3.1 The Committee is committed to delivering governance oversight for the Council and meetings included development briefings, and items of topical interest, to maintain knowledge and awareness of the Council's governance framework. Examples were:

- the role of the Committee, Officers and the annual work plan
- interpretation of Annual Financial Statements
- the role of Internal Audit in Local Government. Update report on audits completed is provided which includes the number of and theme of recommendations
- reports on the Corporate Risk Register
- reports on policies including the Regulation of Investigatory Powers Act (RIPA); and
- reports from External Audit.

3.2 Members' attendance statistics for the 5 meetings in the year were as follows:

Member	Attendances
Councillor Kim French (Chair)	5
Councillor Stuart Harris (Deputy)	2
Councillor Jason Mockett	3
Councillor Gary Christy	4
Councillor Gavin Booth	3
Councillor Steve Tierney	2
Councillor John Clark	1

- 3.3 Although the Statement of Accounts 2021-22 was presented in September 2023 Audit and Risk Management Committee members received no training to develop and enhance their understanding of them.
- 3.4 Training for Members of the Audit and Risk Management Committee is routinely discussed when reviewing the Committee's Work Plan for the year. All members are invited to submit their ideas and suggestions for relevant topics for training or briefing sessions, that will continue to develop their skills or support identified gaps in knowledge.

#### 4 Work programme and outcomes

4.1 The Committee considered the matters in the table below as part of its work programme for 2023-24

Programme	Outcome
Annual Governance Statement 2022-23	<p>The Authority has a statutory duty to publish a statement as to the level of effectiveness its governance and internal control framework.</p> <p>The Audit and Risk Management Committee was able to consider the sources of assurance and approve the content of the Statement prior to its publication with the Financial Accounts.</p> <p>The statement included an action plan which was reviewed during the year to ensure that governance and control framework weaknesses were addressed.</p> <p>This has helped the Council to proactively identify and manage governance and control risks that could affect Corporate Priorities. Examples include changes in legislation, finance and Government policy.</p>
Internal Audit work programme	<p>The Audit and Risk Management Committee received reports, from the Internal Audit Manager, for review of the:</p> <ul style="list-style-type: none"> <li>• Risk based annual Audit Plan and Charter,</li> <li>• Performance Outturn 2022-23,</li> <li>• Interim Internal Audit Manager's opinion on the overall adequacy and effectiveness of the Council's control environment, and</li> <li>• Progress updates on delivery of the annual Audit Plan</li> </ul> <p>These reports demonstrate that the Council has arrangements in place to comply with the Accounts and Audit Regulations, to maintain an adequate and effective Internal Audit and system of internal control.</p>

Programme	Outcome
Risk Management Framework	<p>The Committee received regular updates on the Corporate Risk Register, discussed emerging risks, and completed an annual review of the Risk Management Strategy.</p> <p>This provided assurance that significant risks are identified and managed for the Council.</p> <p>In addition, Members requested additional items to be considered which led to some changes to the risk register which have been implemented.</p>
Policies	<p>The Committee was presented with a few new/updated policies to approve that enhance governance, support risk management and reinforce controls:</p> <ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption</li> <li>• Anti-Money Laundering</li> <li>• RIPA</li> </ul>
Treasury Management	<p>The Committee received reports throughout the year on the Treasury Management Strategy, Capital Strategy, Minimum Revenue Provision Policy, Annual Investment Strategy and financial performance.</p> <p>This provided assurance that the Council's assets are managed in accordance with the CIPFA Code of Practice on Treasury Management.</p>
External Audit	<p>The Committee received reports throughout the year from the External Auditors, EY, on the Statement of Accounts 2021-22, the Annual Auditor's report 2021-22 and the Provisional Audit Plan for 2023-24.</p> <p>This enhances the understanding of the Council's finances.</p>

**APPENDIX A**

**Fenland District Council  
Audit and Risk Management Committee Self-Assessment Exercise**

**For the year 2023-24**

No	Issue	Y	P	N	Evidence/ Comment	Action Required
<b>AUDIT COMMITTEE PURPOSE AND GOVERNANCE</b>						
1	Does the authority have a dedicated audit committee?	Y			Referred to as the Audit and Risk Committee	
2	Does the audit committee report directly to full council? (applicable to local government only)	Y				
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Y			The Audit and Risk Management Committee has a Terms of reference that follow CIPFA's guidance on Audit Committees	
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y			The committee's Terms of Reference are documented in the Council's Constitution, which is available on the website, where officers and members can access relevant documentation.  The revised Terms of Reference were agreed at Full Council in May 2023.	
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y			The committee supports the authority by following the Nolan Principles adopted by the authority and ensuring to the best of their ability that the corporate plan and strategic goals of the authority are adhered to.	
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Y			The Audit and Risk Management Committee reports to Council and provides an annual report to Council. Throughout the year other members of the Council may request to attend meetings.	
<b>FUNCTIONS OF THE COMMITTEE</b>						
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	Y			The Committee's Terms of Reference were updated in 2023 and now cover all areas identified in CIPFA's Position Statement	
	good governance	Y				

	assurance framework, including partnerships and collaboration arrangements	Y				
	internal audit	Y				
	external audit	Y				
	financial reporting	Y				
	risk management	Y				
	value for money or best value	Y				
	counter fraud and corruption	Y				
	supporting the ethical framework	Y				
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Y			The Audit and Risk Management Committee completes an annual report, which encompasses this review. The committee also considers as part of its annual work the Annual Governance Statement and Corporate Risk Register. The Committee regularly receives reports from Internal Audit, External Audit and reviews the financial statements.	
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	Y			The committee reviews Treasury Management reports and has oversight of the annual report.	
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	Y			A review of the Terms of Reference has been completed.	
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y				
<b>MEMBERSHIP AND SUPPORT</b>						
12	Has an effective audit committee structure and composition of the committee been selected?	Y			The current Committee is separate from the Executive. The current membership has an appropriate mix of knowledge and skills, and the size is not unwieldy. The	A report remains under ongoing review



	<p>This should include:</p> <ul style="list-style-type: none"> <li>• separation from the executive</li> <li>• an appropriate mix of knowledge and skills among the membership</li> <li>• a size of committee that is not unwieldy</li> <li>• consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)</li> </ul>				<p>mix of members from each political party is in line with current policies.</p> <p>The Committee requested that the item be included on the Committee's action plan to review the need and requirement on an annual basis.</p>	
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?				Not applicable	See 12 above
14	Does the chair of the committee have appropriate knowledge and skills?	Y			<p>The current Chair of the Committee has the appropriate subject knowledge for the position. Members of the Committee have a financial and risk background and are given opportunity to freely discuss matters with fellow members of the Committee. Officers attending the meetings are always available for advice to the chair if required.</p> <p>Training is given to all members of the Audit and Risk Management Committee to ensure appropriate skills are up to date and relevant.</p>	
15	Are arrangements in place to support the committee with briefings and training?	Y			Training for members of the Committee is given to members on specific subjects (mainly technical areas – AGS, Statement of Accounts etc) prior to the official meetings taking place when requested.	
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y			<p>The Committee membership is formed from members with financial backgrounds, historical knowledge of the authority, knowledge from other authorities resulting in a varied mix of experience and knowledge.</p> <p>A formal assessment has taken place as part of the selection process for the year.</p>	
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	Y			All meetings are attended by a mixture of officers, including the Corporate Director / S151 officer, external audit, Chief Accountant, Head of Governance and Internal Audit Manager	

18	Is adequate secretariat and administrative support to the committee provided?	Y			Relevant officers attend meeting to facilitate secretarial and administrative support to the Committee.	
<b>EFFECTIVENESS OF THE COMMITTEE</b>						
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y			The Chairman of the Audit Committee presents an annual report to the Council and receives feedback from the Executive.	
20	Are meetings effective with a good level of discussion and engagement from all the members?	Y			All members are encouraged to be involved fully at all meetings. Relevant officers are invited to attend meetings to provide greater detail to help discussions and engagement.	
21	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?	Y			The Committee engages with the relevant responsible officers when discussing risks and action plans. Examples of this are the AGS, Corporate Risk Register, Treasury Reports and policies.	
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Y			All reports presented to the Committee for approval are discussed and actions minuted on suggested improvements. These actions are reviewed by the officers to ensure they are followed up on and discussed at the following meeting.	
23	Has the committee evaluated whether and how it is adding value to the organisation?	Y			No formal evaluation has taken place, but the annual audit committee effectiveness report considers this to some degree. The Committee regularly challenges all the reports submitted, which are documented in the minutes.	
24	Does the committee have an action plan to improve any areas of weakness?	Y			An action plan for the Committee was introduced to monitor actions and is included as part of the workplan	Continue to monitor the action plan and how it adds value to the organisation.
25	Does the committee publish an annual report to account for its performance and explain its work?	Y			Audit and Risk Management Committee Annual Report.	