

AUDIT AND GOVERNANCE COMMITTEE

ANNUAL REPORT ON THE WORK OF THE COMMITTEE 2024/25

Report of the Director of Finance

1. Purpose of Report

- 1.1 This report provides a summary of the work undertaken by the Audit and Governance Committee during 2024/25 and the outcome of this work. The purpose of this report is to demonstrate how the Committee has fulfilled its role and will be presented to Council once agreed by the Committee.

2. Purpose and Role of the Committee

- 2.1 The Audit and Governance Committee is a key component in the Council's Corporate Governance Arrangements. Its main objectives are to:

- Provide independent assurance on the adequacy of the risk management framework, internal control environment and reporting arrangements that underpin good governance and financial standards.
- Oversee the annual financial reporting and governance processes.
- Oversee internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

- 2.2 Its role is to:

- Approve the Authority's Statement of Accounts, income and expenditure, and balance sheet or record of receipts and payments (as the case may be).
- Consider the effectiveness of the Authority's corporate governance arrangements, risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and seek assurance that action is being taken on risk-related issues identified by auditors and inspectors.
- Be satisfied that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
- Receive, consider and monitor reports on treasury management policy, strategy and practices.

3. Matters Considered

- 3.1 The Committee met four times during the year to consider its business. All appropriate officers of the Council have been in attendance at the meetings to present reports and provide additional information in order to clarify issues and respond to questions from members of the Committee. Regular attendees at the meetings were the Director of Finance, Assistant Director of Finance, Assistant Director of Assurance and Procurement, Senior Manager - Assurance and the Council's External Auditors.
- 3.2 To enable the Committee to fulfil its role as set out in paragraph 2.2, a range of reports were considered, as follows:
- a) Members received briefings in relation to the Council's Annual Statement of Accounts and Treasury Management arrangements.
 - b) The Committee endorsed the Risk and Assurance Map for 2024/25 which sets out the key risk areas for the Council, the assurances that would be gathered in relation to them and where the assurances would be sought from. The report included the plans of work for the year for Internal Audit and Risk and Assurance, and the performance indicators for Internal Audit. The Committee was also given the opportunity to identify any areas of work to be considered for the year. Members sought assurances on the expertise of the external firm being used to support Internal Audit to complete its audit plan for the year.
 - c) Progress reports in relation to the Risk and Assurance Map, including updates to the strategic and corporate risk profiles, were presented to the Committee. These provided details of the level of assurance for the risk areas from management, specialist assurance functions, Internal Audit, Risk and Assurance, the external auditor and other external agencies.
 - d) Specific key issues were highlighted within the Risk and Assurance Map update reports for members to consider further, members raised queries including, changes to risk scores and the actions being taken to address them, how certain activity/issues within the City would impact the Strategic Risk Profile, actions required to improve certain Internal Audit Opinions and the pilots being used to develop the Council's approach to Risk Appetite.
 - e) Members received a report regarding the external quality review regarding Internal Audit's compliance with the Public Sector Internal Audit Standards. The Internal Audit service was judged to be fully compliant with the Standards with a small number of actions being recommended to further enhance the delivery of the Service. The Committee continued to monitor the implementation of the recommendations.

- f) External Auditors provided their Audit Strategy Memorandum setting out their work for 2023/24, and an Auditor's Annual Report for the financial year's 2021/22 and 2022/23, the completion of which was positive compared to the position for many other local authorities. The audit of the Statement of Accounts for 2023/24 was also completed on time and reported to the Committee in September 2024. Progress Reports were presented as appropriate throughout the year.
- g) The results of the Annual Governance Review for 2023/24 were presented, which summarises the overall governance arrangements in place within the Council. The head of internal audit's opinion on the Council's internal control environment was positive. The resultant Annual Governance Statement highlighted the good corporate governance arrangements in place and was approved by the Committee and included within the Council's Statement of Accounts.
- h) There is a requirement to undertake an annual assessment of the Council's status as a going concern in line with the CIPFA/LASAAC Code of Practice. The Committee received the report in relation to this which sets out the evidence relied upon to make the assessment.
- i) The Committee received reports in relation to the Council's Treasury Management arrangements to receive assurance that they are appropriate and approved the Treasury Management Policy and Strategy. The Committee asked questions in relation to various aspects of the reports.
- j) The Committee received the Data Protection Annual Report 2023/24.

3.3 From the reports presented the Committee has been proactively monitoring activity in a number of important areas, as follows:

- *Risk and Assurance Map* – The Committee closely monitored activity in relation to changes to the strategic risk scores. In particular numerous questions were asked regarding how specific current issues would impact on the Council's risk position.
- *Statement of Accounts* – The Committee closely monitored the position of delays in the External Auditors being able to complete the audits of the 2021/22 and 2022/23 Statement of Accounts, issues which were impacting the whole country. Members were pleased with the work of the Council's finance officers and the external auditors for bringing the situation to a conclusion.
- *Treasury Management* – The Committee has received regular updates regarding the Council's performance in relation to Treasury Management. Members raised various questions about the Council's approach.

3.4 It can be seen that the work of the committee is wide ranging with members monitoring performance more closely in those areas where it was deemed appropriate.

4. Recommendation

4.1 The Committee is asked to consider the report and provide any comments for inclusion prior to the report being presented to Council.