

ANNUAL REPORT ON THE WORK OF THE COMMITTEE 2020/21

Report of the Assistant Director of Business and Property Services

1. Purpose of Report

- 1.1 This report provides a summary of the work undertaken by the Audit and Governance Committee during 2021/21 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 this committee.

2. Role of the Committee

- 2.1 The Audit and Governance Committee is a key component in the Council's Corporate Governance Arrangements. 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 planned for April 2020 was cancelled due to the Covid pandemic and the introduction of a lockdown in March 2020. The Committee subsequently met in July and October 2020 and February 2021 during which it considered all of the expected business for the year. Although the meetings were held remotely via Microsoft Teams 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 Executive Director of Corporate Services, Assistant Director of Business and Property Services, Chief Accountant, Senior Manager - Assurance and the Council's External Auditors.

3.2 To enable the Committee to fulfil its role as set out in paragraph 2.1, a range of reports were considered, as follows:

- a) The Committee asked for updates in relation to the Council's financial position due to the additional expenditure required to deal with the Covid pandemic and how this was being funded by Government.
- b) The Committee endorsed the Risk and Assurance Map for 2020/21 which sets out the key risk areas for the Council, the assurance that would be gathered in relation to them and where the assurance would be sought from. The report included the plans of work for the year for the Internal Audit and Risk and Assurance teams, 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.
- c) Progress reports in relation to the Risk and Assurance Map were presented to the Committee. These provided details of the level of assurance for the strategic and corporate risk areas from management, specialist assurance functions, Internal Audit, Risk and Assurance, the external auditor and other external agencies. The Risk and Assurance Map was refreshed through the year to reflect changes made to the City Plan, which resulted in updates to the Strategic Risk Areas.
- d) Members discussed the updates to the strategic risks in light of the Covid pandemic and the reliance placed on external factors such as the track and trace system impacting on the ability to control the outbreak.
- e) Specific key issues were highlighted within the Risk and Assurance Map update reports for members to consider further, specifically in relation to the improvement of the financial management arrangements within Together for Children Sunderland Limited (TfC). The Executive Director of Corporate Services confirmed that the working relationship between the Council and the Company was effective and the financial position was continuing to improve over time.
- f) Queries were also raised regarding how the National Fraud Initiative worked and the arrangements for working with other organisations as part of this.
- g) External Auditors provided progress reports to each meeting, the Annual Audit Letter, Audit Completion report, and the Review of the Council's arrangements for securing value for money. These reports provided a very positive opinion and members of the committee commented that they found the reports to be re-assuring. The External Auditor also presented their Audit Strategy Memorandum setting out their work for the coming year.

- h) The results of the Annual Governance Review for 2019/20 were presented, which summarises the overall governance arrangements in place within the Council, and made recommendations for further improvement. 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, apart from those improvements being made in relation to Children's Safeguarding and was approved by the Committee and included within the Council's Statement of Accounts.
- i) The annual Statement of Accounts 2019/20 (subject to audit) was issued to the Committee members and published online on 30th June 2020 in line with the extended statutory deadline due to the Covid pandemic. The audited accounts were presented at the October 2020 Committee meeting. The External Auditor commented positively on the arrangements the Council has in place with regard to the production of the accounts and the good relationship which allowed the audit to be completed within the restricted timeframe.
- j) 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.
- k) Included within the Risk and Assurance Map update reports the Committee was provided with information regarding the areas of counter fraud work undertaken and the results of this work. Queries were raised in relation to counter fraud work undertaken in relation to the discretionary business grants processed by the Council.
- l) The Committee received the Data Protection Annual Report 2019/20 which will be reported to the Committee on an annual basis moving forward. Members asked questions in relation to the arrangements in place.

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 the impact of Covid on the Council's strategic risks
- *Treasury Management* – The Committee has received regular updates regarding the Council's performance in relation to Treasury Management.
- *Internal Audit* - The Committee has received assurance that Internal Audit had been able to give an opinion on the control arrangements in place due to the integrated assurance arrangements in place although a full audit programme had not been completed due to the Covid pandemic.

- 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, including the impact of the Covid pandemic.

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.