

AUDIT AND GOVERNANCE COMMITTEE

16 October 2020

ANNUAL REPORT ON THE WORK OF THE COMMITTEE 2019/2020

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 2019/20 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 has met four times in the year. 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 endorsed the Risk and Assurance Map for 2019/20 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.
- b) Progress reports in relation to the Risk and Assurance Map were presented on a quarterly basis. 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 mid-way through the year to reflect changes made to the City Plan, which resulted in updates to the Strategic Risk Areas.
- c) 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.
- d) Further updates were provided in relation to the actions taken to improve the administration of Adult Social Care Personal Budgets, with actions being completed by the end of the financial year.
- e) 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.
- f) The results of the Annual Governance Review for 2018/19 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. A revised Local Code of Corporate Governance was also agreed.

- g) The annual Statement of Accounts 2018/19 (subject to audit) was issued to the Committee members by the end of May 2019. The audited accounts were presented at the July 2019 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.
- h) 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.
- i) The Committee received a report in relation to the review of the effectiveness of Internal Audit which had been undertaken by the Council's external auditors. The review concluded that *'the IA is compliant with the requirements of the PSIAS [Public Sector Internal Audit Standards] and the application note'*.
- j) 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. No particular concerns were highlighted.
- k) The Committee received the Data Protection Annual Report 2018/19 which will be reported to the Committee on an annual basis moving forward. Members asked questions in relation to the arrangements in place. In addition, a report presenting the positive outcome of an inspection of the Council's arrangements to comply with the Regulation of Investigatory Powers Act was provided.

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 implementation of improvements in the financial arrangements of Together for Children Sunderland Ltd and the systems in place for administering Adult Social Care Personal Budgets. Senior Officers provided updates in relation to these areas.
- *Treasury Management* – The Committee has received regular updates regarding the Council's performance in relation to Treasury Management.
- *Internal Audit* - The Committee has received independent assurance that the Internal Audit service complies with the relevant professional standards.

- 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.