

**APPENDIX 1:**

# **Accounts, Audit & Risk Committee Annual Report**

**Report of the work of the Accounts, Audit &  
Risk Committee during 2023-24**

## Contents

<b>Section</b>	<b>Page</b>
Chairman's Introduction	<b>3</b>
Role of the Accounts, Audit & Risk Committee	<b>4</b>
Key Activities	<b>5</b>

## **Chair's Introduction**

As the Chair I am very pleased to present this annual report which sets out the role of the Accounts, Audit & Risk Committee and summarises the work we have undertaken during the financial year 2023/24. I have only been on this Committee since May 2023; however I note that it is well supported by Officers, providing a high standard of reports and presentations. I would like to thank the Finance Team, Governance Officers, Risk & Performance Team, Internal Audit and External Audit for their input.

The Committee is a key component of the council's governance framework, providing independent support to ensure good governance and strong public financial management.

I should like to take this opportunity to give my personal thanks to all fellow Committee members who have contributed and supported the work of the Committee in such a meaningful and positive way throughout the past year.

### **COUNCILLOR LYNN PRATT**

Chair, Accounts, Audit & Risk Committee

## Role of the Accounts, Audit & Risk Committee

The Accounts, Audit & Risk Committee operates in accordance with the “Audit Committees, Practical Guidance for Local Authorities” produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2022. The Committee complies with the CIPFA’s position statement. The Guidance defines the purpose of an Audit Committee as follows:

***Audit committees are a key component of an authority’s governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee’s role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.***

***The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.***

The key functions of the Account’s Audit & Risk Committee are defined within its terms of reference, which is included within the council’s constitution.

## How the Committee has discharged its responsibilities during 2023/24

Key AARC Activities	July 23	Sept 23	Nov 23	Jan 24	March 24
<b>Financial Reporting</b>					
Statement of Accounts 2021/22					
Draft Statement of Accounts 2022/23					
2022/23 Accounting Policies					
2023/24 Accounting Policies					
Treasury Management update					
Capital and Investment Strategy 2024/25					
Treasury Management Strategy 2024/25					
Treasury Management – Annual Performance Report 2022/23					
Treasury Management Training					
Review of Support to Subsidiaries					
Housing Benefit & Council Tax Reduction Risk Based Verification					
Housing Benefit Subsidy Audit					
Financial Management Code – Forecast Self-Assessment Update					
<b>Internal Audit</b>					
Annual Report of the Chief Internal Auditor 2022/23					
Internal Audit Strategy and Plan 2023/24					
Review of Internal Audit Reports and monitor of in-year progress					
Review of Internal Audit Charter and Quality Assurance Programme					
Internal Audit Contract Procurement					
<b>External Audit</b>					
External audit progress updates					
<b>Governance &amp; Risk Management</b>					
Risk Management Report					
Approval of Annual Governance Statement (AGS) for 2022/23					
Annual Governance Statement – review of actions					
AARC – draft annual report					
Local Code of Corporate Governance					
Local Government and Social Care Ombudsman annual report					
<b>Counter-Fraud</b>					
Approval of Counter-Fraud Strategy and plan for 2023/24					
Counter-Fraud Plan update					

## **Our work in 2023/24**

The Committee has effectively discharged their responsibilities for 2023/24 in accordance with the committee's terms of reference and CIPFA guidelines for Audit Committees. The key activities of the Committee are captured in the table above. In summary:

### **Financial Reporting**

The Committee reviewed the proposed accounting policies for the 2022/23 statement of accounts and considered the external auditors progress update report on the audit of the accounts. The committee also reviewed the proposed changes to the 2021/22 draft statement of accounts.

The Committee receives reports on Treasury Management throughout the year, exercising its stewardship role, including the Treasury Management Outturn Report for 2022/23 and quarterly Treasury Management monitoring reports for 2023/24. Additionally, the Committee considered the draft Capital and Investment Strategy 2024/25 and the draft Treasury Management Strategy 2024/25. The Committee have provided effective scrutiny of the treasury management strategy and policies through receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management. The Committee received Treasury Management training from its external treasury advisers.

The Committee was also kept updated on the support the Council provides to its subsidiary companies and the impact this has on the council's status as a going concern.

The Committee reviewed the results of the Council's forecast self-assessment position against the requirements of CIPFA's Financial Management Code, which concluded strong compliance and a resilient and sustainable approach to managing the Council's funds.

### **Internal Audit**

The Committee approved the Internal Audit Strategy for 2023/24, including the annual audit plan.

The Committee receives regular progress reports from the Chief Internal Auditor, including summaries of the outcomes from Internal Audit work.

The Committee has continued to review and monitor material weaknesses identified from the internal audit reports with Senior Managers attending to provide assurance on how the issues were being addressed. This has supported the implementation of the actions plans to deliver the required improvements in key areas for the Council.

The completion of the Internal Audit Plan and the annual statement of the Chief Internal Auditor is produced for the Committee at the end of the financial year. Based on the evidence of the reports presented to the Committee, the internal audit team continues to provide an effective challenge and therefore assurance on the key risk activities.

The Committee also met with the Chief Internal Auditor in a private session during November 2023 and are satisfied Internal Audit are free to carry out their duties without restrictions.

The Committee approves the Internal Audit Charter on an annual basis, this was approved at the July 2023 meeting.

The Committee received the report of the External Assessment of Internal Audit against Public Sector Internal Audit Standards. The assessment concluded that Internal Audit were “fully conforming” with the standards and no recommendations were required.

## **External Audit**

The Council’s external auditors, Ernst and Young, attended virtually some of the committee meetings during 2023/24, providing progress updates on their work plan, along with any matters arising. The external auditor’s Audit Results Report for 2021/22 was presented to the Committee in January 2024.

The Committee met virtually with the external auditors in a private session in November 2023. The Committee is satisfied that they are free to carry out their duties without restrictions. The Committee are also assured that if identified they would bring any material issues to the attention of the Committee.

## **Governance & Risk Management**

The Committee approved the Annual Governance Statement (AGS) for 2022/23 to sit alongside the Council’s accounts.

The Committee receives quarterly updates on risk management, considering the Leadership Risk Register element of the Performance, Risk and Finance Monitoring Report.

## **Counter-Fraud**

The Committee receives regular updates from the Counter Fraud Team on outcomes of investigations. The Committee plays a key role in monitoring the effectiveness of the Council’s counter fraud arrangements.

Overall, the Council has a strong system of internal control, so as expected, there is very little fraud identified; however nationally statistics show that fraud is on the increase, so it is important that the Council remains vigilant.

## **Accounts, Audit & Risk Committee self-assessment 2023**

At the end of 2022, CIPFA (The Chartered Institute of Public Finance & Accountancy), issued updated guidelines and position statement to local authority audit committees. As part of those guidelines it is recommended that the committee undertake a regular self-assessment exercise against the recommended standards set out in the CIPFA 2022

guidelines. The Accounts, Audit and Risk Committee met in February 2023 and completed the self-assessment of good practice, which included review of core knowledge and skills.

The self-assessment exercise concluded that the committee has a high degree of performance against good practice principles, that it is soundly based and has in place knowledge membership. The committee complies with the CIPFA position statement 2022 and has fulfilled its terms of reference and the key issues escalated during the year.

Where matters for improvement were identified, these have been captured within an action plan. The Chair of the Accounts, Audit & Risk Committee and the Assistant Director of Finance are overseeing the completion of the planned actions.

One of the key recommendations of the CIPFA 2022 guidance is that all audit committees within local authorities have two independent members. The Accounts, Audit & Risk Committee had already identified this as a required action and reported to Council at the 27 February 2023 meeting that those two independent members have been appointed. The two new independent members have attended the committee since their first meeting in March 2023.