

Appendix A

Governance and Audit Committee Annual Report 2021/22

1. Introduction from the Chairman of Governance and Audit Committee

I am pleased to present the Annual Report of the Governance and Audit Committee for the 2021/22 Committee year.

Following the hosting of remote meetings in 2020/21, Committee meetings resumed in person during 2021/22. There is no doubt that this has been another challenging year for everyone, and it was important that the Committee gained assurance that the Council's governance, risk and internal control environment remained robust and fit for purpose.

As we continue moving into a post pandemic recovery, the Committee will continue to scan the risk horizon for new and emerging threats and opportunities, notably, the Council's response to climate change and cyber security.

I would welcome all to attend a meeting of the Committee and see our work in operation for yourselves.

Finally, I would like to take this opportunity to thank all those Members and Officers who have contributed to the work of the Governance and Audit Committee over the last 12 months.

Councillor Paul Wood
Chairman of the Governance and Audit Committee

2. Terms of Reference

The Terms of Reference, which the Committee operated to during 2021/22, is detailed at Article 11 of the [Constitution](#).

3. Member and Officer Attendance

The Governance and Audit Committee met seven times during 2021/22. Membership of the Committee during 2021/22 and attendance is detailed at below:

Governance and Audit Committee Member	9 Jun 2021	21 Jul 2021	29 Sep 2021	20 Oct 2021	26 Jan 2022	16 Mar 2022	20 Apr 2022
Councillor Paul Wood (Chairman) ¹	✓	-	✓	✓	✓	✓	✓
Councillor Kaffy Rice-Oxley (Vice-Chairman) ²	-	-	-	-	✓	✓	✓
Councillor Ashley Baxter	✓	✓	✓	✓	✓	✓	-
Councillor Gloria Johnson	✓	-	✓	✓	✓	✓	-
Councillor Jacky Smith	✓	✓	✓	✓	✓	-	-
Councillor Ian Stokes ³	✓	✓	✓	✓	-	-	✓
Councillor Mark Whittington ⁴	✓	✓	✓	✓	✓	-	✓
Councillor Sue Woolley	✓	✓	✓	✓	✓	✓	-
Councillor Richard Dixon-Warren ⁵	-	-	-	-	-	✓	✓

¹ Councillor Paul Wood became the Chairman of Committee on 16 March 2022

² Councillor Kaffy Rice-Oxley joined Committee on 26 January and was elected as Vice-Chairman on 16 March 2022

³ Councillor Ian Stokes was Chairman of Committee until 20 October 2021

⁴ Councillor Mark Whittington was Chairman of Committee on 26 January 2022

⁵ Councillor Richard Dixon-Warren joined Committee on 16 March 2022

Officers from the Council also attend Governance and Audit Committee as appropriate to present reports. Also in regular attendance are the Monitoring Officer, Chief Finance Officer, Assistant Director of Finance, Governance and Risk Officer, Internal Audit and External Audit.

4. Training and Effectiveness

Governance and Audit Committee receive appropriate and proportionate training. During the year Committee received annual refresher training, local government finance training and treasury management training.

5. Sources of Assurance during 2021/22

In fulfilling its Terms of Reference, the business conducted by the Governance and Audit Committee during 2021/22 is detailed under the following themes:

Internal Audit
External Audit
Finance
Risk Management
Governance/Regulatory

A summary of all reports considered, and action taken, is shown under Appendix 1.

The Committee gained assurance in 2021/22 from these themes as follows:

Internal Audit

Governance and Audit Committee received progress reports from the Council's internal auditors, RSM, during the year and provided their opinion on the overall adequacy and effectiveness of the Council's risk management, governance and internal control arrangements for the 12 months ended 31 March 2022.

Five assurance reviews were undertaken during 2021/22 plus four continuous assurance reviews, four follow-up reviews and one advisory review. The five assurance reviews resulted in an assurance opinion summarised below:

0 Minimal assurance	2 Partial assurance	1 Reasonable assurance	2 Substantial assurance
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With regard to the issues raised in the Annual Report to the Governance and Audit Committee in March 2022, action plans have been put in place to address these, particularly in those areas where management concerns have also been raised and further work is required to strengthen the control framework. Governance and Audit Committee is well established with its terms of reference complying fully with CIPFA guidance.

External Audit

The main responsibility of the External Auditor is to report on the Council's accounts and whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Grant Thornton reported on the 2020/21 accounts. In Grant Thornton's Annual Governance Report they concluded that in their opinion:

“The financial statements give a true and fair view of the financial position of the group and Council and of the group and Council's income and expenditure for the year; and

Have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.”

Governance and Audit Committee approved the 2020/21 Statement of Accounts and recommended that the letter of representation be signed by management on 20 October 2021. It was noted that the Council had made an achievement by completing their Statement of Accounts, albeit 20 days later than the target deadline of 30 September 2021, with over 90% of councils having not met the deadline.

Finance

The Committee scrutinised and approved the 2020/21 Statement of Accounts and received reports on the following:

- Financial Management Code – Committee noted the requirements of the Code and approved the implementation of the action plan
- Financial Regulations – Committee recommended to Constitution Committee the updated rules
- Treasury Management – Committee approved the annual report, the mid-year review and recommended to Council the 2022/23 Strategy
- Accounting Policies – Committee approved the policies and noted the proposed dates for the publication of the draft and final audited accounts

The Committee also received regular internal audit progress reports, including a number giving assurance on financial management and controls during the period eg Income and Banking; Medium Term Financial Planning. The Committee also reviewed and recommended the approval of updated Contract Procedure Rules.

Risk Management

The Committee received six monthly updates on the Council's risk management arrangements via review of the Strategic Risk Register. This included oversight and constructive challenge on risks such as internal control and compliance; transformation; supporting communities; financial resilience; culture, capacity and capability; response to policy and national political change; and robust security measures in relation to data. The Committee also received the Risk Management & Business Continuity Annual Report 2020/21 and reviewed and approved the Risk Management Framework 2021/23.

Governance/Regulatory

The Annual Governance Statement and review of effectiveness for the 2021/22 financial year, concluded that the effectiveness of the system of internal control was fit for purpose overall.

The Committee received reports on the following:

- Counter Fraud Annual Report 2020/21 – Committee reviewed and approved the report
- Counter Fraud Framework 2022/24 – Committee reviewed and approved the framework
- Health & Safety Annual Report 2020/21 – Committee noted the contents of the report
- Safeguarding Annual Report 2020/21 – Committee noted the contents of the report
- Property Searches – Committee noted the contents of the report
- Planning Service Review progress – Committee noted the review update and action plan
- Section 106 Monitoring update – Committee noted the contents of the report

6. Conclusion

The Governance and Audit Committee has been able to confirm that there were no areas of significant duplication or omission in the systems of governance in the authority that had come to the Committee's attention during 2021/22 that were not being adequately resolved.

Through Members receiving this report, the role and purpose of the Committee has been promoted and it has demonstrated that the Committee has continued to perform, meet its Terms of Reference, and added value. This work will continue in 2022/23 with the Committee's refreshed work programme which is shown at Appendix 2.

Appendix 1

Governance and Audit Committee summary of work plan by theme 2021/22

Meeting date and reports	Committee action	Internal Audit	External Audit	Finance	Risk Management	Governance/Regulatory
9 June 2021						
Internal Audit Progress Report	Noted and accepted the contents of the progress report	✓				
Internal Audit Annual Report and Opinion 2020/21	Accepted the annual report and opinion	✓				
Financial Management Code	Noted the requirements of the Code and approved the implementation of the action plan			✓		
Risk Management & Business Continuity Annual Report 2020/21	Approved the annual report				✓	
Risk Management Framework 2021/23	Approved the Framework				✓	
Property Searches Update	Noted the contents of the report and recommended that FEDCO OSC considered the KPIs for this area and oversee the performance					✓
21 July 2021						
Planning Service Review Progress Report	Noted the action plan and the planned engagement with Members					✓
Draft Statement of Accounts 2020/21	Noted the draft Statement of Accounts and delegated the authority to the Chief Finance Officer, Cabinet Member for Finance and Resources and the Chairman of the Committee to accept the External Audit Plan and complete the necessary audit risk assessment in readiness for the audit			✓		
Internal Audit Follow Up Report	Noted the implementation of the actions	✓				
Internal Audit Progress Report	Noted the progress made against the plan	✓				
Treasury Management Annual Report 2020/21	Approved the annual report			✓		
Outturn Position 2020/21	Approved the revenue and capital outturn report and the proposed reserve movements. Noted the budget carry forwards to be included into the 2021/22 budget framework			✓		
Health & Safety Annual Report 2020/21	Noted the annual report					✓
29 September 2021						
External Audit Plan 2020/21	Noted the plan		✓			
Appointment of Internal Auditors	Approved the appointment of Assurance Lincolnshire with effect from 1 April 2022	✓				
Counter Fraud Annual Report 2020/21	Approved the annual report and workplan					✓
Strategic Risk Register	Noted the contents of the report and approved the Strategic Risk Register				✓	
Safeguarding Annual Report 2020/21	Noted the contents of the annual report					✓

Meeting date and reports	Committee action	Internal Audit	External Audit	Finance	Risk Management	Governance/Regulatory
20 October 2021						
Internal Audit Progress Report	Noted the progress made against the plan	✓				
Internal Audit Follow Up Report	Noted the implementation of the actions	✓				
Section 106 Monitoring Update Report	Noted the contents of the report					✓
External Audit Annual Governance Report	Noted the contents of the report		✓			
Statement of Accounts 2020/21	Approved the 2020/21 Statement of Accounts and that the letter of representation be signed by management			✓		
26 January 2022						
Internal Audit Progress Report	Noted the progress made against the plan	✓				
Internal Audit Follow Up Report	Noted the implementation of the actions	✓				
Counter Fraud Framework 2022/24	Approved the Framework					✓
Financial Management Code	Noted the progress made in respect of the action plan			✓		
Treasury Management Mid-Year Review	Approved the mid-year review and recommended to Council the 2022/23 Strategy			✓		
Planning Service Review Progress Report	Noted the review update and action plan					✓
16 March 2022						
Internal Audit Progress Report	Noted the progress made against the plan	✓				
Internal Audit Follow Up Report	Noted the implementation of the actions	✓				
Internal Audit Annual Report and Opinion 2021/22	Accepted the report and noted the direction of the improvement in assurance levels between 2020/21 and 2021/22	✓				
Internal Audit Draft Plan 2022/23	Accepted the draft plan	✓				
Statement of Accounting Policies	Approved the policies and noted the proposed dates for the publication of the draft and final audited accounts			✓		
20 April 2022						
Contract Procedure Rules	Recommended to Constitution Committee the updated rules			✓		
Strategic Risk Register	Noted the contents of the report and reviewed the updated register				✓	
Financial Regulations Review	Recommended to Constitution Committee the updated rules			✓		
Delivering Good Governance – External Review	Noted the contents of the report and identified any areas where further action required					✓
Partnership Governance Policy	Approved the policy					✓

