



Audit and Governance Committee - Annual Report

2023-24

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Annex A – Audit and Governance Committee Terms of Reference

1. Foreword from the Chair of the Audit and Governance Committee

The Council, once a year, in line with good practice receives the Audit and Governance Committee's Annual Report. It is a summary of the work carried out by the Audit and Governance Committee in monitoring, and where possible improving, the governance arrangements across West Northamptonshire Council.

This report summarises how the Audit and Governance Committee has continued to make a positive contribution to the Council's governance and control environments. These cover all aspects of the committee's responsibilities, including internal control; risk management; internal audit; anti-fraud; external audit; and financial reporting.

As the Chair, I would like to take this opportunity to give thanks to Committee Members and Officers for their contribution in supporting the Audit and Governance Committee's work during the year. The Committee Members have constructively challenged the officers, at times with their respective Cabinet members, who came to present their reports. After each presentation, when appropriate, the Committee made suggestions and was pleased to see those implemented. This open and rigorous process gives the assurance to our citizens that our Council is effective and transparent.

Our committee looks also to future years. We can already acknowledge that 2024-25 will be another testing time for all local authorities. Therefore, how we risk manage our priorities, resources and partnerships will be vital, notwithstanding the risk of fraud.

The Audit and Governance Committee holds a unique position due to its impartiality to be able to challenge and scrutinise these activities. With the support of Officers and my fellow Councillors, and soon to be joined by some new Independent Members, long may we continue to serve you all.



Councillor Cecile Irving-Swift (Chair)

2. Introduction

This is the annual report produced by West Northamptonshire Council's Audit and Governance Committee. It is produced in accordance with best practice and shows that the Council is committed to working as an exemplary organisation, operating the highest standards of governance.

This report demonstrates how the Audit and Governance Committee has successfully fulfilled its terms of reference and has endeavoured to improve the Council's governance and control environments.

The purpose of the Audit and Governance Committee is to:

- Provide independent assurance as to the Council's governance, risk management framework and associated control environment;
- Provide independent scrutiny of the Council's financial and non-financial performance and oversee the Council's financial reporting process;
- Act as an advisory committee to the Council and the Cabinet on audit and governance issues.

The Terms of Reference for the Audit and Governance Committee can be found at **Annex A** of this report.

This report sets out the work undertaken by the Audit and Governance Committee for 2023-24 and has overseen good progress in all areas under its supervision.

3. Meetings and Membership

During 2023-24, the Audit and Governance Committee met on the following dates:

- 14th June 2023
- 26th July 2023
- 21st November 2023
- 27th March 2024

There is a cross representation of all parties in accordance with the make-up of the Council. The members for 2023-24 were (excluding substitutes):

Table 1: Audit and Governance Committee Membership (as at 31 March 2024):

Councillor	Member status	Party
Cecile Irving-Swift	Chair	Conservative
Charles Manners	Vice-Chair	Conservative
Jamal Alwahabi	Member	Labour

Alan Chantler	Member	Conservative
Stephen Clarke	Member	Conservative
Keith Holland-Delamere	Member	Labour
Mark Hughes	Member	Conservative
Rosie Humphreys	Member	Liberal Democrat
Sam Rumens	Member	Conservative

Senior officers from the Council also attend meetings of the Committee, including the Executive Director - Finance (S151), Deputy Director - Law & Governance, Head of Audit & Risk Management, and other officers dependent on the subject matter on the agendas, in addition to representation from the Council's external auditors.

4. Key Activities during 2023-24

Background

The Audit Committee's terms of reference cover three main areas:

- Audit
- Corporate Governance
- Financial Reporting

Audit

Terms of Reference:

4.7.2 Audit:

- (a) *To consider the annual report of the internal audit service and to consider a summary of actual and proposed internal audit activity and the levels of assurance over the Council's corporate governance arrangements;*
- (b) *To consider summaries of specific internal audit reports as requested;*
- (c) *To consider and approve the Council's arrangements for the internal audit service;*
- (d) *To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale;*
- (e) *To consider any high priority recommendations contained in internal audit reports or 'limited assurance' audit reports;*
- (f) *To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance;*
- (g) *To consider specific reports as agreed with the external auditor;*

- (h) *To comment on the scope and depth of external audit work and ensure that it gives the Council good value for money;*
- (i) *Through the Executive Director of Finance liaise with the Audit Commission over the appointment of the council's external auditor;*
- (j) *Through the Executive Director of Finance commission specific pieces of work from internal and external audit if there is a perceived need expressed by Committee members and sufficient funding available for such work.*

Summary of internal audit agenda items at Audit and Governance Committee

14th June 2023

- *Internal Audit Plan 2023-2024* The Committee endorsed the proposed internal audit plan for the financial year 2023-24.
- *Internal Audit Progress Report* A report summarising internal audit, counter fraud, and internal controls work undertaken since the last committee meeting.

26th July 2023

- *Internal Audit Annual Report 2021-22* The annual assurance opinion from the Council's chief internal auditor.
- *Internal Audit Progress Report* A report summarising internal audit, counter fraud, and internal controls work undertaken since the last committee meeting.

21st November 2023

- *Internal Audit Progress Report* A report summarising internal audit, counter fraud, and internal controls work undertaken since the last committee meeting.

27th March 2024

- *Internal Audit Plan 2024-25* The Committee endorsed the proposed internal audit plan for the financial year 2023-24.
- *Internal Audit Progress Report* A report summarising internal audit, counter fraud, and internal controls work undertaken since the last committee meeting.
- *Public Sector Internal Audit Standards - Self Assessment* A report setting out the results of the self-assessment against PSIAS undertaken by the chief internal auditor, together with a quality assurance and improvement plan (QAIP), and updated internal audit charter - which the committee approved.

Corporate Governance *Terms of Reference*:

4.7.3 Corporate Governance:

- (a) *Maintain an overview of all aspects of the Council's Constitution, including Finance Reservations in the Scheme of Delegation, contract procedure rules and financial*

regulations. Any proposed changes to the Constitution shall be referred to the Democracy & Standards Committee;

- (b) Review any issue referred to it within these Terms of Reference by the Chief Executive, Section 151 Officer or any body of the Council;*
- (c) Monitor the effective development and operation of risk management and corporate governance within the Council;*
- (d) Approve and monitor the Council's 'whistle-blowing', anti-fraud and anti-corruption policies;*
- (e) Review and make recommendations on the Council's Annual Governance Statement;*
- (f) Consider the Council's corporate governance arrangements and make recommendations to ensure compliance best practice;*
- (g) Monitor the Council's compliance with its own and other published standards and controls; 52 West Northamptonshire Council Constitution – Approved on 18 May 2023*
- (h) Consider reports dealing with risk management across the organisation and those reports which identify key risks the Council faces, seeking assurance of appropriate management action;*
- (i) The Chair of the Audit and Governance Committee shall act as the Member Risk Champion;*
- (j) To have oversight the Council's Performance Management Framework so far as it relates to the Corporate Governance Functions of the committee;*
- (k) Such other matters as required by law or guidance to be the proper remit of the Audit and Governance Committee;*
- (l) To receive annually statistical reports and details of complaints received and investigated through the Council's Corporate Complaints Procedure which have resulted in payments or other benefits being provided by the Council in cases of maladministration;*
- (m) Receive on behalf of the Council reports issued by the Local Government Ombudsman into investigations that the Council's actions have amounted to maladministration causing injustice.*

Summary of governance agenda items at Audit and Governance Committee

14th June 2023

- *Local Government Ombudsman Report* The committee considered a public report of the LGSCO relating to a complaint about SEN services and EHC plans, and noted the resulting improvements that had been put in place.
- *Information Governance Report* The Committee considered a report summarising 2 years of data and information relating to the work of the Requests (FOI/EIR & Transparency), Data Governance, and Records Management Teams.
- *Update on Governance* A verbal update from the Deputy Director of Law & Governance setting out the proposed future formal ongoing governance reports that the committee would receive.

26th July 2023

- *Annual Governance Statement 2022-23* The committee considered and approved the statutory annual governance statement for 2022-23.

- *Update on Governance* A verbal update from the Deputy Director of Law & Governance confirming that there had been no use of RIPA, and that the governance working group was continuing its work to embed and extend understanding of good governance across the authority.

21st November 2023

- *Update on Workforce Skills & Capacity* The Assistant Director of HR gave the committee a presentation on workforce skills and capacity, and answered questions.
- *Update on Governance* A verbal update from the Deputy Director of Law & Governance explaining the work ongoing to introduce regular governance monitoring, and that there had been no use of RIPA powers.

27th March 2024

- *CIPFA Position Statement on Audit Committees* A report summarising the findings of a self-assessment against the CIPFA recommended best practice requirements. The committee endorsed the identified improvements to ensure better compliance, including recommending amendments to their terms of reference for consideration by the Democracy & Standards Committee.
- *Risk Management Strategy & Strategic Risk Register* The Committee considered and noted the updated strategy and the strategic risk that had recently been approved by Cabinet.
- *Update Report – Regulation of Investigatory Powers Act 2000* A report to update the committee regarding the RIPA policy and relevant training for officers.
- *Update on Governance* A report giving a summary and overview of the corporate health monitoring work being undertaken across the council, including data on risk management, information governance, upheld ombudsman complaints, councillor code of conduct complaints, internal audit recommendations, health & safety incidents, and HR matters.

Financial Reporting (including External Audit)

Terms of Reference:

4.7.4 Financial Reporting:

- View the Council's annual statement of accounts and specifically consider whether appropriate accounting policies have been followed, and whether there are any concerns arising from the financial statements, or the audit which should be brought to the attention of the Council;*
- Consider reports of the external auditor to those in charge of governance on issues arising from the audit of the accounts.*

Summary of finance agenda items at Audit and Governance Committee

14th June 2023

- *Annual Audit Report (WNC) 2021-22* A report from Grant Thornton covering their external audit value for money work for WNC and the Northamptonshire pension fund.
- *External Audit Progress Reports* Separate reports from Grant Thornton and from Ernst & Young outlining progress with their external audit work and their work plans for the year.
- *Update on budget setting and Revenue and Capital Programmes* A verbal update from the Executive Director of Finance updating the committee on budget setting and the capital programme.

26th July 2023

- *Draft Pensions Accounts & Annual Report 2022-23* A report presenting the draft annual report and 2022-23 accounts for the committee to note.
- *External Audit Plan for Northamptonshire Pension Fund 2022-23* A report from Grant Thornton setting out their planned external audit approach for 2022-23.
- *External Audit Progress Report (Grant Thornton)* Summary of progress with relevant external audit work.
- *Annual Results Report (NBC) 2020-21* A report from Ernst & Young summarising the external audit results for NBC re 2020-21.
- *External Audit Progress Report (Ernst & Young)* Summary of progress with relevant external audit work.
- *Update on budget setting and Revenue and Capital Programmes* A verbal update from the Executive Director of Finance updating the committee on budget setting and the capital programme.

21st November 2023

- *Northamptonshire Pension Fund Final Audit Results 2021-22 (Ernst & Young)* A report summarising the conclusion of the audit of the pension fund for 2021-22.
- *Pension Fund Annual Report and Statement of Accounts 2022-23* To present the draft annual report and accounts for the pension fund for 2022-23.
- *Update on Financial Statements* A report providing recommendations on how to proceed with producing the Council's financial statements for 2021-22, 2022-23, and 2023-24 and their subsequent external audits.
- *Northamptonshire County Council 2020-21 Final Audit Results (Ernst & Young)* A report summarising the conclusion of the audit of the County Council for 2020-21.
- *External Audit Progress Report (Ernst & Young)* A verbal update and confirmation of the hand-over to Grant Thornton.
- *External Audit Progress Report (Grant Thornton)* A summary of progress being made with external audit work.

- *Verbal Update on Budget Setting* An update from the Executive Director of Finance on the budget setting process and the financial plan.

27th March 2024

- *External Audit Progress Report (Grant Thornton)* A report summarising progress with ongoing external audit work.
- *Audit Plan for Northamptonshire Pension Fund 2023-24 (Grant Thornton)* The external audit plan for the forthcoming audit of the pension fund.
- *Update on Budget Setting and the Medium Term Capital Programme* The Executive Director of Finance provided a verbal update on budget setting and the capital programme.

5. Training and Development Activity to support the Committee

In addition to the ongoing training, development and briefings provided to all Members, the Audit & Governance Committee members undertook a self-assessment of their knowledge and skills against the recommended core requirements identified by CIPFA, which highlighted further training and development needs in the following 3 areas:

- Internal audit
- Financial management and financial reporting
- Treasury management

Treasury management training has already been provided to Members, and the other 2 areas will be addressed during 2024-25.

A briefing session on the requirements of the CIPFA Statement on Audit Committees was also provided to members of the committee on 24th January 2024.

In addition, members have access to a committee handbook which provides additional support / information.

6. Compliance with the CIPFA Statement on Audit Committees and Future Developments and Plans for 2024- 2025

Overall, the Audit and Governance Committee want to continue to develop and build on our current achievements.

Following on from the results of the self-assessment against the CIPFA Statement on Audit Committees, which was report to the committee at their meeting on 27th March 2024, the following actions to improve compliance with the Statement are scheduled for 2024-25 and beyond:

- Recruiting two new Independent Members of the committee to increase knowledge in the areas relevant to the committee's responsibilities (ie, financial

management, accountancy, internal and external audit, governance and risk management)

- Reviewing and updating the committee's terms of reference to match the requirements of the Statement
- Reviewing the membership numbers of the committee following the 2025 council elections.

ANNEX A**EXTRACT FROM THE WNC CONSTITUTION (Current Terms of Reference)****4.7 Audit and Governance Committee**

Members 9: Quorum 3. Appointments will be made having regard to the rules on political proportionality.

Purpose:

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- (a) Provide independent assurance as to the Council's governance, risk management framework and associated control environment;
- (b) Provide independent scrutiny of the Council's financial and non-financial performance and oversee the Council's financial reporting process;
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Terms of Reference:

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4.7.4 Financial Reporting:

- (a) View the Council's annual statement of accounts and specifically consider whether appropriate accounting policies have been followed, and whether there are any concerns arising from the financial statements, or the audit which should be brought to the attention of the Council;
- (b) Consider reports of the external auditor to those in charge of governance on issues arising from the audit of the accounts.