

City Council - 13 November 2023

Report of the Chair of Audit Committee

Corporate Director/ Director:

Ross Brown, Corporate Director of Finance and Resources

Report Author and Contact Details:

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Title: Audit Committee Annual Report 2022/ 2023

Does the report form part of the Budget or Policy Framework?

Yes No

Does this report contain any information that is exempt from publication?

No

Relevant Council Plan Key Outcome:

Green, Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Living Well in our Communities	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>

1. Summary

1.1 This report summarises the work undertaken by the Audit Committee over the year 2022/ 23 and explains how the Committee has filled its designated role within the Constitution and how this work relates to its core responsibilities. The report set out in Appendix 1 was approved by Audit Committee at its meeting on 29 September 2023.

2. Recommendations

2.1 To note the work undertaken by the Audit Committee during 2022/23.

2.2 To accept the Audit Committee Annual Report 2022/23, as set out at Appendix 1.

3. Reasons for recommendations

3.1 In a local authority the Full Council is the body charged with governance. Full Council has delegated to Audit Committee the role of ensuring that there is sufficient assurance over governance, risk and control. It is accountable to Council for this role in accordance with Article 9 of the Constitution, and in compliance with CIPFA guidance on reporting Audit Committee performance. The report set out at Appendix 1 reflects the work undertaken by the Audit Committee in 2022/23 to fulfil its delegated role.

3.2 The work undertaken by Audit Committee throughout year supports its assessment of the internal control and risk environment. This, in turn, will inform the Committee's consideration and approval of the statutory Statement of Accounts and Annual Governance Statement.

4. Other options considered in making recommendations

4.1 None. The report is required as set out in the Constitution.

5. Consideration of Risk

5.1 The purpose of the Audit Committee is explained further in Appendix 1, but includes to:

- provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment;
- provide independent review of the Council's governance, risk management and control frameworks; and
- consider related assurances.

6. Best Value Considerations

6.1 The recommendations do not include any financial commitments by Nottingham City Council.

6.2 To improve its effectiveness during 2023 /24 the Audit Committee aims to set out an improvement plan with the support of the Scrutiny and Audit Support Officer and make progress towards the plan's actions and goals.

6.3 An effective Audit Committee contributes to corporate best value through its focus on improvements to the internal control environment, arrangements for managing risk and ethical governance.

7. Background (including outcomes of consultation)

7.1 The overall aim of good governance is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

7.2 The Committee is a key component of corporate governance. CIPFA guidance for audit committees states that:

'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.'

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council.

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.'

Meaning that taking actions towards this purpose helps fulfil the statutory obligations of the Council under the Accounts and Audit Regulations 2015 and section 151 of the Local Government Act 1972 and supports compliance with the Local Audit and Accountability Act 2014.

- 7.3 The Audit Committee should play a key role in supporting the discharge of those responsibilities by providing oversight of
- a range of core governance and accountability arrangements,
 - responses to the recommendations of assurance providers
- and helping to ensure robust arrangements are maintained
- 7.4 The organisation's leadership team should establish arrangements to provide itself with assurance in such a way that there is a framework of assurance for the organisation.
- 7.5 The Audit Committee has supported development and endorsed a corporate strategy, clear frameworks and processes for managing risk.
- 7.6 Good governance maintains and increases public confidence in the objectivity and fairness of financial and other reporting, and service planning, delivery, and improvement. It is important that local authorities have independent assurance about the mechanisms underpinning these aspects of governance.
- 7.7 An effective Audit Committee both supports and challenges, and in doing so helps to raise the profile and effectiveness of internal control, risk management and financial reporting within the Council and should enhance public trust and confidence in the governance of the Council.
- 7.8 In order to demonstrate the effectiveness of the Committee and develop public trust, the Chair has produced this annual report in respect of its activities in 2022/ 23. It aims to develop the Council's commitment to improving corporate governance.
- 7.9 The report at Appendix 1 summarises the work undertaken by the Committee during 2022/ 23, shows the topics it discussed and uses its Terms of Reference to demonstrate how it met its objectives and responsibilities. The report recognises the positive contributions of councillors and colleagues in the deliberations of the Committee and the positive effect the Committee has had on the Council's governance arrangements. The report categorises the work under the broad themes below:
- External Audit, Inspection and Assurance;
 - Performance Management and Value for Money;
 - Assurance Statements and Governance;
 - Risk Management;
 - Prioritisation and alignment with best practice;
 - Internal Audit and Counter Fraud; and
 - Financial Reporting.

It also comments on the Committee's:

- independence; and
- training and development.

7.10 The work undertaken is crosscutting, however, and the work covered in each theme is complimentary to that reported in the other themes.

7.11 CIPFA Guidance referred to in this paper and its Appendix is the current guidance. CIPFA published a new position statement on Audit Committees in May 2022 and published revised Guidance in October 2022. The Audit Committee will give due regard to the new guidance in carrying out its role in 2023/24.

8. **Finance colleague comments (including implications and value for money)**

This report summarises the work undertaken by the Audit Committee over the year 2022/23. The work undertaken by the Audit Committee is funded by their allocated budgets each year within the Medium-Term Financial Plan. There is no additional financial implication as a direct or indirect result of this work.

Alfred Ansong, Strategic Finance Business Partner 12/10/2023

9. **Legal colleague comments**

The Audit Committee is a key component of corporate governance.

It provides a high-level focus on assurance and the organisation's arrangements for governance, managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.

The Local Government Act 1972 and the Accounts and Audit Regulations 2015 require the Council to make arrangements for the proper administration of their financial affairs.

The authority must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective;
- (c) includes effective arrangements for the management of risk.

The Audit Committee is a committee of Council. The Committee terms of reference are set out at Article 9 of the Council Constitution. This report fulfils the requirement to report annually to Council on the work of the Committee.

Beth Brown, Head of Legal and Governance 13/10/2023

10. **Other relevant comments**

10.1 Not Applicable

11. **Crime and Disorder Implications (If Applicable)**

11.1 Not Applicable

12. **Social value considerations (If Applicable)**

12.1 Not Applicable

13. Regard to the NHS Constitution (If Applicable)

13.1 Not Applicable

14. Equality Impact Assessment (EIA)

14.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because no proposals are made in this report and no equalities or diversity issues arise from the report.

15. Data Protection Impact Assessment (DPIA)

15.1 Has the data protection impact of the proposals in this report been assessed?

No



A DPIA is not required because no proposals are made in this report and no personal data has been used in preparing the report.

16. Carbon Impact Assessment (CIA)

16.1 Has the carbon impact of the proposals in this report been assessed?

No



A CIA is not required because no proposals are made in this report.

17. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

17.1 None

18. Published documents referred to in this report

Accounts and Audit Regulations 2015

CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2022

CIPFA Delivering Good Governance In Local Government – Guidance Notes for English Authorities 2016 Edition

Nottingham City Council Constitution Version 8.2

**Councillor Samuel Gardiner
Chair of Audit Committee**