

AUDIT COMMITTEE – 29 July 2019

Title of paper:	AUDIT COMMITTEE ANNUAL REPORT 2018/2019	
Director(s)/ Corporate Director(s):	Councillor Steve Battlemuch Chair of the Audit Committee	Wards affected: All
Report author(s) and contact details:	Councillor Michael Edwards Chair of the Audit Committee (2018-19) Email: Michael.Edwards@nottinghamcity.gov.uk	
Other colleagues who have provided input:		
Recommendation(s):		
1	To note the work undertaken and approve the report at Appendix 1 .	

1 REASONS FOR RECOMMENDATIONS

- 1.1 This report outlines the work undertaken by the Audit Committee in 2018/2019 and explains how the Committee has fulfilled its designated role within the Constitution and how this work relates to its core responsibilities.

2 BACKGROUND

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

‘The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.’

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

- 2.2 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.
- 2.3 The audit committee should play a key role in supporting the discharge of those responsibilities by providing a high-level focus on audit, assurance and reporting.
- 2.4 Whilst the Audit Committee exists partly to oversee proposed and actual changes to the Council’s policies and procedures pertaining to governance,

the executive and senior management have responsibility for implementing these arrangements. In order to support this the Committee has approved a strategy, clear frameworks and processes for managing risk.

- 2.5 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.
- 2.6 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.
- 2.7 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 2018/2019. It aims to develop the Council's commitment to improving corporate governance.
- 2.8 The report at **Appendix 1** summarises the work undertaken by the Committee during 2018/2019, 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 :
- Assurance Statements and Governance;
 - Risk Management;
 - Performance Management and Value for Money;
 - External Audit, Inspection and Assurance;
 - Internal Audit and Counter Fraud; and
 - Financial Reporting.

It also comments on the Committee's:

- Independence; and
 - Training and Development.
- 2.5 The work undertaken is crosscutting, however, and the work covered in each theme is complimentary to that reported in the other themes.
- 2.6 CIPFA Guidance referred to in this paper and its Appendix is the guidance which was current in 2018-19 as shown below.

3 BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION

- 3.1 None.

4 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- Accounts and Audit Regulations 2015
- CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018
- CIPFA Delivering Good Governance In Local Government – Guidance Notes for English Authorities 2016 Edition.