

**Bolsover District Council**

**Audit Committee on 26<sup>th</sup> September 2023**

**AUDIT COMMITTEE ANNUAL REPORT**

**Report of the Director of Finance and Section 151 Officer**

<b>Classification</b>	This report is public
<b>Contact Officer</b>	Theresa Fletcher Director of Finance and Section 151 Officer

**PURPOSE / SUMMARY**

To report to Members on how the committee has complied with the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022.

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**REPORT DETAILS**

**1 Background**

- 1.1 During 2022, CIPFA updated its 2018 Position Statement. CIPFA's revised statement includes new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.
- 1.2 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.
- 1.3 In a local authority, 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.
- 1.4 The Audit committee should be established so that it is independent of Executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

- 1.5 The committee should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction, CIPFA recommends that each authority should include at least 2 co-opted independent members to provide appropriate technical expertise.
- 1.6 The core functions of the Audit committee are to provide 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.
- 1.7 The specific responsibilities include Maintenance of governance, risk, and control arrangements; Financial and governance reporting; Establishing appropriate and effective arrangements for audit and assurance.
- 1.8 CIPFA recommends that Audit committee should have no other functions, and explicitly no decision-making role. For this reason, the former committee of Audit and Corporate Overview Scrutiny was separated at the end of the last municipal year into the Audit Committee and the Finance and Corporate Overview Scrutiny Committee.
- 1.9 This report is focused purely on the Audit element of the previous committee and the report for the Scrutiny element of the committee will be included on the Council agenda for the 11<sup>th</sup> of October 2023.

## **2 Details of Proposal or Information**

### **Audit-related Committee Business**

- 2.1 During 2022/23, Members received a range of reports to the Committee. Some were routine reports for monitoring, others were linked to the development of new policies and others were to provide information and guidance to help Members of the Audit and Corporate Overview Scrutiny Committee carry out their role effectively.
- 2.2 The Committee met on 7 occasions during the 2022/23 financial year. Chaired by Councillor Munro it was advised by the Director of Finance and Section 151 Officer and the Head of the Internal Audit Consortium. The committee had 6 Councillors as members plus 1 co-opted independent member and it was also attended by the Council's external auditor Mazars.
- 2.3 During the year, the Committee received the following Audit-related reports:
- Report of the Internal Auditor, Summary of progress on the Internal Audit plan– quarterly reports
  - Implementation of Internal Audit recommendations – ½ yearly report
  - Internal Audit Consortium – annual report 2021/22
  - Strategic Risk Register and Partnership Arrangements report
  - Mazars report to those charged with Governance (audit completion report)
  - Results of the external review of Internal Audit

- Assessment of Going Concern Status
- Review of the Internal Audit Charter
- Report of the External Auditor – Auditor’s Annual Report 2021/22
- Report of the External Auditor – External Audit progress report
- External review of Internal Audit – action plan progress
- Report of the Internal Auditor, Internal Audit plan approved for 2022/23
- BDC Statement of Accounts 2021/22
- Annual Governance Statement and Local Code of Corporate Governance 2021/22
- Accounting Policies 2022/23
- Report of the Internal Auditor, Internal Audit plan approved for 2023/24
- Audit and Corporate Overview Scrutiny Committee – Self-assessment for effectiveness and resulting action plan
- Briefing on CIPFA publication – Internal Audit Untapped Potential
- Anti-Fraud, Bribery and Corruption Policy

### **The Committee’s Main Achievements/Outcomes**

2.4 The Committee aims to add value through its activity and in particular has:

- Scrutinised the statement of accounts prior to approval thereby ensuring that they are an accurate reflection of the Council’s finances.
- Reviewed the Code of Corporate Governance and approved the Annual Governance Statement to ensure it is a true and fair view of the Council’s governance and risk management arrangements.
- Reviewed the strategic risk register to ensure that risks are being appropriately mitigated thus providing additional assurance that risk is being managed appropriately.

2.5 The self-assessment for effectiveness exercise was not carried out in 2022/23 and was postponed until 2023/24. It was thought it would be more appropriate to form the new committee, let the Members settle in and undertake the assessment towards the end of the next financial year. The exercise is on the work programme to be completed at the 12<sup>th</sup> of March 2024 meeting and the results will be reported in the annual report for this current year.

### **3 Reasons for Recommendation**

3.1 To provide assurance to those charged with governance that the Committee fulfils its purpose and can demonstrate its impact.

### **4 Alternative Options and Reasons for Rejection**

4.1 None.

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## RECOMMENDATIONS

That the Audit Committee note the report.

Approved by Councillor Clive Moesby, Portfolio Holder for Finance

### **IMPLICATIONS.**

**Finance and Risk:**            Yes ☐            No ☒

**Details:**

There are no direct financial implications arising from this report.

On behalf of the Section 151 Officer

**Legal (including Data Protection):**            Yes ☐            No ☒

**Details:**

There are no legal or data protection issues arising directly from this report.

On behalf of the Solicitor to the Council

**Environment:**

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

**Details:**

Not applicable to this report

**Staffing:**            Yes ☐            No ☒

**Details:**

There are no human resource implications arising directly from this report.

On behalf of the Head of Paid Service

## DECISION INFORMATION

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards, or which results in income or expenditure to the Council above the following thresholds:  <b>Revenue - £75,000   <input type="checkbox"/>   Capital - £150,000   <input type="checkbox"/></b> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No

<b>District Wards Significantly Affected</b>	None directly
<b>Consultation:</b> Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input checked="" type="checkbox"/>	<b>Details:</b>  Portfolio Holder for Finance

<b>Links to Council Ambition: Customers, Economy, and Environment.</b>

<b>DOCUMENT INFORMATION</b>	
<b>Appendix No</b>	<b>Title</b>

<b>Background Papers</b>
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive, you must provide copies of the background papers).</i>
None