

Audit and Governance Annual Report 2022/2023



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The Role and Function of the Audit and Governance Committee

The purpose of the Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority’s financial and non-financial performance to the extent that it affects the Council’s exposure to risk and the control environment and to oversee the financial reporting process. This is achieved through key regular items received by the committee in relation (but not limited) to:

- Internal and external audit
- Key finance items
- Governance reviews
- Strategic risk management reporting



Introduction from the Chairman of the Audit and Governance Committee

During 2022/2023, the Audit and Governance Committee has worked very hard monitoring, and where necessary, making recommendations in relation to the corporate governance and audit results for East Lindsey District Council (ELDC).

As part of its role, the Committee provide independent assurance that adequate controls are in place within the Council, mitigate risks where possible, and provide appropriate scrutiny regarding the completion of recommendations in a timely manner to ensure that departments are operating to their best ability.

The Committee also has an appointed Constitutional Working Group which works with the Monitoring Officer to assist with reviewing and monitoring the Council's Constitution and meet as required to ensure the Constitution remains fit for purpose.

Treasury management is a high priority for the committee, ensuring it is working effectively and within safe agreed parameters. The scrutiny of the Annual Treasury Management Review, and Approval of the Financial Statements are also very important pieces of work undertaken by the committee.

I am confident that I have handed over the committee to the new Chairman, in a good solid place ready for the new committee to continue the good work that has taken place and I wish them the best of luck for the forthcoming year.

My thanks go to ELDC officers who have played their part in the Committee, Internal and External Auditors, and PSPS finance staff, who between them have provided suitable support and information to enable Members to run an effective and positive committee.

Councillor Will Grover
Chairman of the Audit and Governance Committee 2022/2023



Audit and Governance Committee Membership 2022/2023

Membership of the Audit and Governance Committee must be politically balanced and comprises of 9 non-Executive members and 2 Independent Co-Opted members.

During the 2022/2023 municipal year, the committee was made up of the following elected members:

- ▶ Cllr Will Grover (Chairman) *Conservative*
- ▶ Cllr David Andrews (Vice Chairman) *Conservative*
- ▶ Cllr Adrian Benjamin *Conservative*
- ▶ Cllr Danny Brookes *SUDS*
- ▶ Cllr Colin Davie *Conservative*
- ▶ Cllr Ros Jackson *Labour*
- ▶ Cllr Jill Makinson-Sanders *Independent*
- ▶ Cllr Terry Taylor *Conservative*
- ▶ Cllr Graham Williams *Conservative*
- ▶ Mr Walter Leschenko *Independent Co-Opted Member*
- ▶ Mr George Krawiec *Independent Co-Opted Member*



Audit and Governance Committee Meetings and Summary of Work

During 2022/2023, the Audit and Governance Committee met 5 times.

The table below shows the meeting dates and gives a brief summary of work activities.

| Date | Items and Reports Considered |
|------------------|---|
| 06 July 2022 | <ul style="list-style-type: none"> • Audit and Governance Annual Report 2021/22 Internal Audit Annual Report 2021/22 • Unaudited 2021/22 Financial Statements including the Annual Governance Statement Annual Treasury Report 2021/22 • Risk Management Position Q4 2021/22 • Annual Treasury Management Review 2021/22 • Draft Audit and Governance Committee Work Programme 2022/23 |
| 05 October 2022 | <ul style="list-style-type: none"> • Internal Audit Progress Report – Period February 2022 to July 2022 • Risk Management Report Q1 2022/23 • Treasury Report Q1 2022/23 • Annual Update in respect of RIPA 2000 • Monitoring Officer Update • Audit and Governance Committee Work Programme 2022/23 |
| 23 November 2022 | <ul style="list-style-type: none"> • External Audit Planning Update and Progress Report – November 2022 • Mid-Term Treasury Management Report 2022/23 • Annual Update Information Governance – October 2022 • Proposed Amendments of the Council's Contract Procedure Rules and Financial Procedure Rules • Property Fund Update (Exempt Report) |
| 01 February 2023 | <ul style="list-style-type: none"> • Internal Audit Report – Invest East Lindsey • Internal Report Progress Report Q2 2022/23 • Annual Budget Report, Medium Term Financial Strategy, Financial Strategies and Council Tax 2023/24 • External Audit Planning Update and Progress Report – January 2023 • Risk Management Report Q2 2022/23 • Annual Update Information Governance (Update) • Audit and Governance Committee Work Programme 2022/23 |
| 15 March 2023 | <ul style="list-style-type: none"> • ELDC Draft Internal Audit Plan 2023/24 • External Audit Planning Update and Progress Report – March 2023 • Financial Statements 2022/23 – Accounting Policies • Treasury Management Update Q3 2022/23 • Risk Management Report Q3 2022/23 • Audit and Governance Committee Work Programme 2022/23 |

Internal Audit

The internal audit function was provided by Assurance Lincolnshire through Lincolnshire County Council.

A function of the internal auditors is to provide the Audit and Governance Committee with an Annual Internal Audit Report which aims to present a summary of the audit work undertaken over the past year. The following activity occurred during 2022/2023:

- 16 internal audit reviews were completed
- 117 recommendations were made

The committee has been proactive in ensuring that management has taken corrective action as required where issues were raised.



Head of Internal Audit Opinion

For the year ended 31 March 2023, the Head of Internal Audit Opinion for the Council was as follows:

Governance - Performing Adequately:

Some improvements were identified over the Council's governance, risk and control framework to manage medium risks across the Council. There were still challenges in aligning the Partnership's governance structures and controls, but work was in place to address both process and culture, led by the Senior leadership Team.

Risk - Performing Well:

There were no concerns that significantly affected the governance, risk and control framework and successful delivery of Council priorities.

Internal Control - Performing Adequately:

Some improvements were identified over the Council's governance, risk and control framework to manage medium risks across the Council.

Financial Control - Improvement Needed:

Improvement was required to manage a significant governance issue or high risk in a specific business area or medium risk across the Council. The Senior Leadership Team and PSPS Management have been working jointly to address finance service delivery concerns and recent recruitment should improve the PSPS financial management resource.

External Audit

The external audit function was provided by Mazars LLP and the committee received the following items:

- External Audit Planning Update and Progress Reports were presented to Committee in November 2022, January 2023 and March 2023.
- As the 2021/22 audit was ongoing, the 21/22 Annual Audit Report and the Audit Completion Report had not been presented to Committee.

Governance

The following items were considered by the committee in relation to its governance function:

- The Audit and Governance Committee received the Annual Governance Statement in July 2022 which reported on compliance to the Local Code of Corporate Governance.
- In November 2022, proposed amendments of the Council's Contract Procedure Rules and Financial Procedure Rules were scrutinised by the committee, and feedback noted prior to adoption by Council in December 2022.

Treasury and Accounts

The Council is required to produce an Annual Treasury Management Review after the end of each financial year in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. The code suggests that members be informed of Treasury Management activities at least twice per year.

The following reports relating to finance and treasury management were considered by the committee:

- Annual Treasury Management Review 2021/22
- Mid Term Treasury Management Update and Quarterly Treasury Reports
- Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2023/2024
- Unaudited Financial Statements 2021/2022
- Financial Statements 2022/2023 - Accounting Policies
- Proposed amendments of the Council's Contract Procedure Rules and Financial Procedure Rules
- Annual Budget Report, Medium Term Financial Strategy, Financial Strategies and Council Tax 2023/24



Risk Management

The Audit and Governance Committee monitors and approves policies for the effective development and operation of risk management and corporate governance in the Council.

During 2022/2023, the Audit and Governance Committee received 4 reports from the Assistant Director - Governance which provided an overview of the key risks that the Council was exposed to, the action taking place to mitigate those risks, and an up-to-date assessment of their likelihood and impact.

The Annual Internal Audit Report highlighted a strengthened assurance for risk.



Training and Development

During 2022/2023, the Audit and Governance Committee received training on:

- Finance and Statements of Accounts
- Pension Funds

Regular updates were also provided on the Towns Fund Projects, Towns Fund Non-Deliveries Team and from Property Fund Managers.

Further Information

Details of meetings can be found on the ELDC website: www.e-lindsey.gov.uk/YourCouncil/Committees, Meetings and Councillors. Alternatively, please email committeeadmin@e-lindsey.gov.uk for further information.

Contact



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