

Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Finance and Commercial (s151 Officer)

Subject: **Annual Report to Cabinet on Audit, Governance and Standards Committee Activities 2019/20**

Portfolio Holder: Governance
Councillor Mrs I Sanderson

Wards Affected: All Wards

1.0 Purpose and Background

- 1.1 The purpose of this report is to consider a draft report which analyses the work undertaken by the Audit, Governance and Standards Committee for the year to 31 March 2020. Under the Committee's Terms of Reference, it is proposed that the report will be presented at Cabinet in November 2020. The draft report is attached as Annex 'A'.
- 1.2 In 2019/20, due to the Covid-19 pandemic, the last meeting of the Committee to be held on 31 March 2020 did not occur and therefore two reports were approved under the delegated decision of the Chief Executive: Statutory Auditor – Audit Plan 2020/21 and Internal Audit plan 2020/21. These reports are available on the website. A further two reports, Review of Annual treasury Management Strategy 2-20/21 and Review of the Capital Strategy 2020/21 were approved at Council in February 2020 in the usual way and any further reports are to be presented to Audit Governance and Standard Committee on this agenda at this October 2020 meeting.

2.0 Risk Assessment

- 2.1 There are no risks associated with the recommendations of this report.

3.0 Recommendation

- 3.1 It is recommended that:-
- (1) the Committee agree the content of the report; and
 - (2) the report is submitted to Cabinet.

Louise Branford-White
Director of Finance and Commercial (s151 officer)

Background papers: Audit, Governance and Standards Committee reports for 2019/20

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Audit, Governance and Standards Committee

Work Undertaken During 2019/20

1. External Audit – Ernst & Young LLP

Ernst & Young, as the Council's external auditor from April 2019 to March 2020, presented reports that covered:-

- Statutory Auditor's report on the 2018/19 Audit and Inspection Letter – this summarises the conclusions and significant issues arising from the audit and inspection work of the Council's Financial Report, including the Statement of Accounts 2018/19 and Annual Governance Statement; the Annual 2018/19 Accounts were approved;
- Annual Audit Letter 2018/19 - an unqualified opinion on the Council's financial statements for the year ended 31 March 2019 was given and an unmodified conclusion on the Council's arrangements for securing value for money for the year ended 31 March 2019;
- Quarterly update reports on their activities with the Council;
- Statutory Auditor's Annual Grant Claims and Returns 2018/19 was noted.

It is pleasing to note that these reports did not identify any significant problems and were received and accepted by the Committee.

The Audit Planning Report 2019/20 - which sets out the proposed plan for audit and inspection work - did not go to Audit Governance and Standards Committee on 31 March 2020 as scheduled due to the covid-19 pandemic where the meeting was cancelled. Instead the Audit Planning Report 2019/20 was published on the website under the Chief Executives delegated decision.

2. Internal Audit – Veritau North Yorkshire Ltd

- Presented the 2018/19 Internal Audit Annual Report, where a substantial assurance opinion of the organisation was given. The Report was accepted;
- Presented the 2018/19 Annual Governance Statement which provided public assurance that the Council has a sound system of internal control, designed to help manage and control risks that impede the achievement of its objectives. This was approved;
- Gave a comparison of the actual performance against target throughout the year in the quarterly reviews for internal audit and counter fraud. The Committee was

satisfied with the performance and the internal audit review programme was completed in the year;

- Provided an update on the annual review of the Audit Vision and Charter;
- Veritau North Yorkshire Expansion Plans – This sought shareholder approval for the re-admittance of Scarborough Borough Council into Veritau North Yorkshire Ltd. Veritau North Yorkshire supplies Assurance Services to Hambleton District Council – Internal Audit, Fraud, Freedom of Information and General Data Protection Regulation services.

The Veritau Internal Audit, Counter Fraud and Information Governance Plans 2020/21 did not go to Audit Governance and Standards Committee on 31 March 2020 as scheduled due to the covid-19 pandemic where the meeting was cancelled. Instead the Veritau Internal Audit Plan 2020/21 was published on the website under the Chief Executives delegated decision.

3. Accounts and Governance – Hambleton District Council Officers

These reports cover the presentation of:

- The Statement of Accounts 2018/19– these present the statutory financial accounts in the form prescribed by the Code of Practice on Local Authority Accounting in the UK – A Statement of Recommended Practice. The Committee scrutinised the detail of the accounts and after a robust challenge approved them;
- The Annual Governance Statement (AGS) for 2018/19– this a statement required by statute which follows the guidelines issued by the Chartered Institute of Public Finance (CIPFA). It describes the internal control environment and the steps the Council has taken to ensure:-
 - its business is undertaken in accordance with the law;
 - it maintains proper safeguards that provide good governance;
 - public money is safeguarded, and;
 - its resources are used economically, efficiently and effectively.

The Committee agreed with the conclusion of the review and approved the content of the AGS.

4. Risk Management – Hambleton District Council Officers

The Committee received an Annual Review of the Council's risk management process where As a result of work carried out by the Strategic Risk Management Group during 2018-19, the Council's Risk Management Framework had been updated, The Project Risks had been reviewed and aligned with the Key Corporate Projects as identified in the Council Plan for 2019-13, the Service Risks with a net risk threshold of 12 and Corporate Risks had also been reviewed with all three areas of risk being updated in the risk register.

5. Counter Fraud and Anti-Corruption - Hambleton District Council Officers

- Annual Report on Counter Fraud and Anti-Corruption 2018/19 was reported and accepted.
- The Counter Fraud Framework Update was reported

6. Constitution and other work

The Committee received reports covering:-

- Politically Restricted Posts – review of the list of politically restricted posts because of re-organisation and changes in job titles within the Council.
- Activity under the Regulation of Investigatory Powers Act reported on a quarterly basis where all were nil and were accepted. Also the current Policy on the Regulation of Investigatory Powers Act was approved.
- Annual report to Cabinet on Committee's activities for 2018/19.
- Amendments to the constitution
- Annual review of the Committee's Terms of Reference
- Amendments to Member Code of Conduct and Member Register of Interests Form

7. Standards

The Committee has responsibility for the Standards regime. The Standards Hearings Panel has considered 11 complaints under the District Council's Code of Conduct Allegations Procedure. Two of these complaints involved Hambleton District Councillors and 9 related to Parish/Town Councils.