

Governance and Audit Annual Report 2022/2023



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The Role and Function of the Governance and Audit Committee

The function of the Governance and Audit Committee is to monitor governance, risk management and internal control arrangements at the Council, and to provide independent assurance that these are effective and efficient.

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 Governance and Audit Committee

During 2022/2023, the Governance and Audit Committee have worked very hard monitoring, and where necessary, making recommendations in relation to the corporate governance and audit results for South Holland District Council.

During the year there have been some changes for the committee, including but not withstanding changes to the provider of the Internal Audit work, successfully supporting the transition of one provider to the new provider during the financial year. There has also been some gradual transition work to align some audit and financial workings within the Partnership ensuring the most cost-effective service yet still providing the very best outcomes for South Holland residents.

As part of our role, we 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.

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.

We are confident that we 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 we wish them the best of luck for the forthcoming year.

Our thanks go to SHDC 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 Tracey Carter

Chairman of the Governance and Audit Committee 2022/2023



Governance and Audit Committee Membership 2022/2023

Membership of the Governance and Audit Committee comprises 7 non-Cabinet members which cannot include the Chairman of the Council or the Chairman of the Policy Development Panel and Performance Monitoring Panel.

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

- ▶ Cllr Tracey Carter (Chairman) *Conservative*
- ▶ Cllr Henry Bingham (Vice Chairman) *Conservative*
- ▶ Cllr Francis Biggadike *Conservative*
- ▶ Cllr Michael Seymour *Conservative* - committee member until 18 January 2023
- ▶ Cllr Stephen Timewell *Conservative* - committee member from 19 January 2023
- ▶ Cllr Chris Brewis *Independent*
- ▶ Cllr Manzur Hasan *Independent*
- ▶ Cllr Simon Walsh *Independent*



Governance and Audit Committee Meetings and Summary of Work

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

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

Date	Items and Reports Considered
28 July 2022	<ul style="list-style-type: none"> • External Auditor's Annual Report for year ended 31 March 2021 • Internal Audit Plan for year ended 31 March 2022 • Progress Report on Internal Audit activity 2021/2022 • Internal Audit Annual Report and Opinion 2021/2022 • Annual Treasury Management Review 2021/2022 • Risk Report Q4 2021/2022 • Governance and Audit Committee Work Programme
22 September 2022	<ul style="list-style-type: none"> • Risk Report Q1 2022/2023 • Treasury Report Q1 2022/2023 • Unaudited Financial Statements 2021/2022 including Narrative Report and Annual Governance Statement • Progress Report on Internal Audit Activity 2022/2023 • Governance and Audit Committee Work Programme
17 November 2022	<ul style="list-style-type: none"> • Risk Report Q2 2022/2023 • Mid Term Treasury Management Update 2022/2023 • Proposed amendments of the Council's Contract Procedure Rules and Financial Procedure Rules • Progress Report on Internal Audit Activity 2022/23 • Governance and Audit Committee Work Programme
19 January 2023	<ul style="list-style-type: none"> • Risk Report Q3 2022/2023 • Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2023/2024 • Impact of Financial Market Fluctuations on the Council's Financial Position • Governance and Audit Committee Work Programme
16 March 2023	<ul style="list-style-type: none"> • Internal Audit Progress Report 2022/2023 • Draft Internal Audit Plan 2023/2024 • Internal Audit Recommendations Report • Risk Report Update 2022/2023 • Treasury Management Update Q3 2022/2023 • External Audit Results Report 2021/2022 • Approval of Financial Statements 2021/2022 • Financial Statements 2022/2023 - Accounting Policies • Governance and Audit Committee Work Programme

Internal Audit

A planned change to SHDC's internal audit provider was implemented during the year. The internal audit function was provided by Eastern Internal Audit Services (EIAS) with work delivered by TIAA Ltd until September 2022; thereafter this function has been carried out by Assurance Lincolnshire through Lincolnshire County Council.

A function of the internal auditors is to provide the Governance and Audit 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:

- 12 internal audit reviews were completed
- 57 recommendations were made.

The committee has been proactive in ensuring that management have 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:*

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

Risk - *Performing Well:*

Assurance had strengthened and 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 Ernst Young (EY) and the committee received the following items:

- External Auditor's Annual Report for year ended 31 March 2021
- External Audit Results Report 2021/2022

Governance

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

- The Governance and Audit Committee received the Annual Governance Statement in September 2022 which reported on compliance to the Local Code of Corporate Governance. The Annual Internal Audit Report recommended that significant governance issues raised in the Annual Governance Statement be monitored and progress be regularly reported in an action plan to the Governance and Audit Committee.
- 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 Cabinet in January 2023.

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 2021/2022
- 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
- Financial Statements 2022/2023 - Accounting Policies
- Proposed amendments of the Council's Contract Procedure Rules and Financial Procedure Rules

Following training from Finance Officers (PSPS), the Governance and Audit Committee scrutinised and approved the Annual Statement of Accounts. In doing so the committee has received the following reports:

- Unaudited Financial Statements 2021/2022
- Approval of Financial Statements 2021/2022

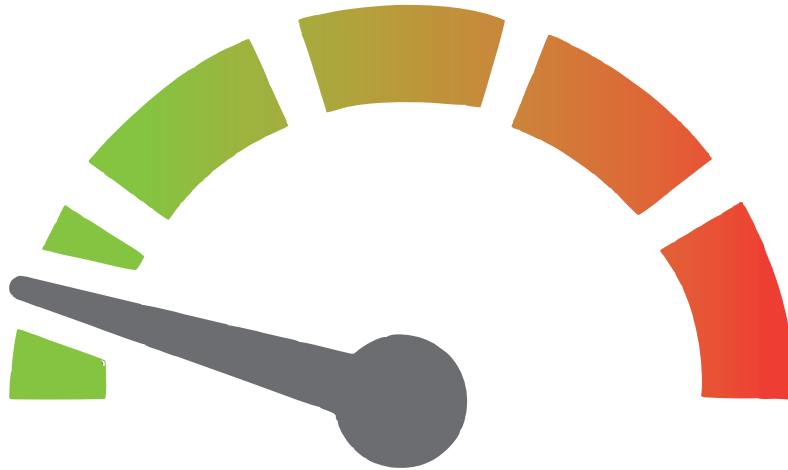


Risk Management

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

During 2022/2023, the Governance and Audit Committee received 5 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 Governance and Audit Committee received training on:

- Finance and Statements of Accounts
- Pensions

Further Information

For detailed information of work covered by the Governance and Audit Committee, please visit the Committees and Decisions page of the SHDC website: www.sholland.gov.uk/councilelections

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