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22 July 2020

AUDIT & GOVERNANCE COMMITTEE

A meeting of the Audit & Governance Committee will be held virtually on Thursday 30 July 2020 **at 6.00 pm** and you are requested to attend.

Members: Councillors Mrs Erskine (Chairman), Mrs Haywood (Vice-Chair), Bennett, Bicknell, Brooks, Clayden, Dendle, Roberts, Ms Thurston and Tilbrook

PLEASE NOTE: *This meeting will be a 'virtual meeting' and any member of the press and public may listen-in and view the proceedings via a weblink which will be publicised on the Council website at least 24 hours before the meeting.*

Different meeting arrangements are in place for the period running from 4 April 2020 to 7 May 2021 from the provisions of the Coronavirus Act 2020 and the meeting regulations 2020, to allow formal 'virtual meetings'.

This Council's revised Rules of Procedures for 'virtual meetings' can be found by clicking on this link: <https://www.arun.gov.uk/constitution>

For further information on the items to be discussed, please contact: committees@arun.gov.uk

AGENDA

1. **APOLOGIES FOR ABSENCE**

2. **DECLARATIONS OF INTEREST**

Members and Officers are reminded to make any declarations of pecuniary, personal and/or prejudicial interests that they may have in relation to items on this agenda and are reminded that they should re-declare their interest before consideration of the item or as soon as the interest becomes apparent.

Members and officer should make their declaration by stating:

- a) the application they have the interest in
- b) whether it is a pecuniary, personal and/or prejudicial
- c) the nature of the interest
- d) if it is a prejudicial or pecuniary interest, whether they will be exercising their right to speak to the application

3. MINUTES

(Pages 1 - 10)

To approve as a correct record of the Minutes of the meeting of the Audit & Governance Committee held on 13 February 2020.

4. ITEMS ON THE AGENDA THAT THE CHAIRMAN OF THE MEETING IS OF THE OPINION SHOULD BE CONSIDERED AS A MATTER OF URGENCY BY REASON OF SPECIAL CIRCUMSTANCE

5. MEETING START TIMES

The Committee need to agree its meeting start times for the new municipal year.

6. MEMBERS ALLOWANCES - PROGRESSING THE NEXT REVIEW AND EXTENSION OF APPOINTMENT FOR THE INDEPENDENT PANEL

(Pages 11 - 16)

This report informs the Committee of the Panel's proposals to take forward the next review of the Members' Allowances Scheme and it seeks the Committee's approval to extend the existing appointments of the Panel to allow this to be undertaken.

The Committee is requested to:

- (1) Note the approach to be taken by the Independent Panel for its next review; and
- (2) Agree to extending the terms of office for all five members of the Panel until 31 March 2023.

7. RESPONSE TO ERNST & YOUNG ON ANNUAL ASSURANCE LETTER REGARDING GOVERNANCE ARRANGEMENTS

(Pages 17 - 24)

The Committee is requested to note the attached correspondence.

8. AUDIT PROGRESS AND AUDIT PLAN - UPDATE REPORTS FOR THE YEAR ENDED 31 MARCH 2020 (Pages 25 - 44)

The Audit Progress and Audit Plan – update reports for the year ended 31 March 2020, which will be presented the Council's external auditors Ernst and Young LLP (EY), are attached to this report.

The Committee is requested to:

- i. Note the progress on the audit of the financial statement for the year ended 31 March 2020

9. ANNUAL GOVERNANCE STATEMENT (Pages 45 - 80)

The Annual Governance Statement will be presented by the Internal Audit Manager, Stephen Pearse.

Members of the Audit & Governance Committee are requested to:

- 1) approve the Council's Annual Governance Statement for 2019/20

10. TREASURY MANAGEMENT ANNUAL REPORT (Pages 81 - 102)

A report on the Treasury Management activities for the year 2019/20 and to enable the Audit and Governance Committee to scrutinise the report prior to making comment to Full Council.

Audit Committee is requested to recommend Full Council to:

- (i) approve the actual prudential and treasury indicators for 2019/20 contained in the report;
- (ii) note the annual treasury management report for 2019/20; and
- (iii) note the treasury activity during 2019/20 which has generated interest receipts of £850,000 (1.31%). Budget £596,000 (1.24%)

11. CHAIRMAN'S ANNUAL REPORT TO COUNCIL (Pages 103 - 118)

Members of the Audit & Governance Committee are requested to endorse the content of the report and to recommend its presentation to Full Council by the Committee Chairman

12. UPDATED STRATEGIC RISK REGISTER 2020-2021 (Pages 119 - 146)

The Council's Strategic Risk Register has been reviewed and revised to reflect changes arising from the Covid-19 crisis, since its last update in February 2020. The Internal Auditor, Stephen Pearse will present this update to the Committee.

Members of the Audit & Governance Committee are requested to note & approve the revised strategic Risk Register.

13. ANNUAL COUNTER-FRAUD REPORT (Pages 147 - 160)

As part of its agreed work plan, an annual report on counter-fraud activity is presented by the Internal Audit Manager, Stephen Pearse, for consideration by the Committee.

Members of the Audit & Governance Committee are requested to note the report and the counter-fraud work performed by the Council in 2019/20.

14. ANNUAL INTERNAL AUDIT REPORT & OPINION (Pages 161 - 194)

This report will be presented by the Internal Audit Manager, Stephen Pearse. It summarises the activities of the Council's Internal Audit service for 2019/20.

Members of the Audit & Governance Committee are requested to note the Internal Audit Annual Report & Opinion 2019/20 report and the work carried out by Internal Audit.

15. PROGRESS AGAINST THE AUDIT PLAN (Pages 195 - 202)

This report will be presented by the Internal Audit Manager, Stephen Pearse. The Committee is required to oversee the provision of an adequate and effective internal audit service.

Members of the Committee are requested to note the content of the report on progress made against the outline Audit Plan agreed by the Committee at its February meeting.

16. SUMMARY OF FINDINGS FROM REPORTS ISSUED NOVEMBER 2019 TO JUNE 2020 (Pages 203 - 208)

This report will be presented by the Internal Audit Manager, Stephen Pearse.

Members of the Audit & Governance Committee are requested to note the Summary of Findings from reports issued (November 2019 – June 2020).

17. UPDATE ON THE USE OF POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000 AND THE INVESTIGATORY POWERS ACT (IPA) 2016 (Pages 209 - 214)

The Internal Audit Manager, Stephen Pearse, will present the update report.

Members of the Audit & Governance Committee are requested to note that the Council did not make any use of its powers under RIPA in the 2019/20 municipal year.

18. INFORMATION / ADVISORY DOCUMENTS RECEIVED

None.

19. WORK PLAN REVIEW 2020/21 (Pages 215 - 220)

The Internal Audit Manager, Stephen Pearse will present the Work Plan for 2020/21 for the Committee to approve.

Note : Reports are attached for all Members of the Committee only and the press (excluding exempt items). Copies of reports can be obtained on request from the Committee Manager).

Note : Members are reminded that if they have any detailed questions would they please inform the Chairman and/or relevant Director in advance of the meeting.

Note : Filming, Photography and Recording at Council Meetings – The District Council supports the principles of openness and transparency in its decision making and permits filming, recording and the taking of photographs at its meetings that are open to the public. This meeting may therefore be recorded, filmed or broadcast by video or audio, by third parties. Arrangements for these activities should operate in accordance with guidelines agreed by the Council and as available via the following link [Filming Policy](#)