

# **Audit and Governance Committee**

## **Annual Report**

**September 2023**



# Introduction by Chairman of Audit and Governance Committee

I became the Chair of the Audit and Governance Committee in 2023, and while I didn't sit on the Committee during 2022/23 it is my pleasure to introduce the annual report. The report provides an overview of the Committee's activity during the Municipal Year 2022/23.

The Council continues to face challenges from the impact of cost-of-living crisis and rising inflation brought on by the war in Ukraine. The Committee, maintained focus on the issues facing the Council from a risk, control and governance perspective. This report looks back and gives us opportunity to reflect on the activity and achievements of the Committee during the Municipal Year 2022/23.

The Committee has discharged its responsibility to provide independent assurance on the adequacy of the Council's strategic risk management framework and the associated control environment.

During 2022/23 the Committee met four times and I was pleased to note, among the highlights, a further unqualified accounts and value for money opinion from our external auditors and a positive conclusion on the Council's control and governance from our internal auditors. In addition, the Committee continued to provide robust challenge and oversight over key risks facing the Council and sought assurances over the management of largescale projects.

I would like to take this opportunity to thank Members, including the previous Chair and our Independent Members. I also thank the Officers that have supported the Committee over the last year. Their professionalism, integrity, and openness have helped us to discuss, challenge and debate key issues and agree solutions and improvements where appropriate to do so.



Councillor Mark Munday – Audit and Governance Committee Chairman

# Purpose of the Committee

The Audit and Governance Committee operates in accordance with the [Audit Committees, Practical Guidance for Local Authorities](#). This guidance (updated in 2022) sets out the purpose of an Audit Committee and is published by the Chartered Institute of Public Finance (CIPFA). The guidance states:

*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 arrangements are effective.*

*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. The Committee is independent from other executive management and the Cabinet and has clear reporting lines and rights of access to discharge its responsibilities in line with the agreed Terms of Reference (Appendix I). This includes direct access to the Council's Appointed Auditors and Head of Audit Partnership without the presence of other Officers, where appropriate.*

The Committee monitors internal and external audit activity, reviews, and comments on the effectiveness of the Council's regulatory framework, and reviews and approves the Council's annual statements of accounts.

The Committee is not a substitute for the management function of internal audit, risk management, governance, or any other sources of assurance. The role of the Committee is to examine these functions and to offer views and recommendations on the way in which these functions are managed and conducted.

## Membership & Meetings

During 2022/23 the Audit and Governance Committee was comprised of eight Borough Councillors, two co-opted independent members, two parish/town council representatives and met four times.

The following table outlines Member attendance at 2022/23 Audit and Governance Committee meetings.

Member	Role	Audit and Governance Committee Meeting Date			
		26-July-22	27-Sept-22	22-Nov-22	14-Mar-23
Cllr Nicholas Pope	Chair	Present	Apologies	Present	Present
Cllr Alain Lewis	Vice-Chair	Absent	Present	Present	Present
Cllr Harry Allen	Member	Present	Present	Present	Present
Cllr Gavin Barrass	Member	Present	Apologies	Present	Present
Cllr Tom Dawlings	Member	Present	Present	Present	Present
Cllr Christopher Hall	Member	Present	Absent	N/A	N/A
Cllr Peter Lidstone	Member	N/A	N/A	Present	Present
Cllr Steve McMillan	Member	Present	Present	Present	Present
Cllr Marguerita Morton	Member	N/A	N/A	Apologies	Present
Parish Cllr Charles Mackonochie	Member	Present	Present	Present	Apologies
Parish Cllr Barry Edwards	Member	Present	Present	Present	Present
Edward Elliott	Member	Present	Present	Present	Present
Geoff Turner	Member	Present	Absent	Present	Present

The Committee is supported throughout the year by senior officers and managers of the Council who are regularly present. Those in regular attendance include the Director of Finance, Policy & Development (Section 151 Officer), the Head of Finance & Procurement, the Head of Audit Partnership, Audit Managers and Legal Services.

In addition, the Council's External Auditors (Grant Thornton) regularly attended meetings of the Audit Committee during 2022/23.

All Committee agendas, papers and minutes are available on the [Council's website](#).

# Activity

Over the course of the year the Committee considered, examined and made decisions on the following areas within its Terms of Reference:

July 2022	September 2022	November 2022	March 2023
Strategic Risk Review	Strategic Risk Review	Strategic Risk Review	Strategic Risk Review
External Audit Plan 2021/22	Draft Financial Report 2021/22	Internal Audit Interim Report	Internal Audit & Annual Assurance Plan 22/23
Internal Audit Annual Report and Opinion 210/221	Update on Complaints received under the Members' Code of Conduct	Audit Governance Committee Annual Report 2021/22	Update on Complaints received under the Members' Code of Conduct
			External Audit value for Money 2022
			External Audit Contract
			Procurement Policy / Constitution Updates

Key

Internal Audit Activity	External Audit Activity	Finance Activity	Governance Activity
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# Sources of Assurance

The Audit and Governance Committee have drawn on a variety of sources of assurance to fulfil their responsibilities. During 2022/23 assurance from the following sources was considered:

<b>Finance Activity</b>
The Committee reviewed and provided challenge on the draft Financial Report. The Committee approved the draft Statement of Accounts.
<b>Internal Audit Activity</b>
The Council received an unqualified Annual Opinion from the Head of Internal Audit. This opinion considers the overall adequacy and effectiveness of the authority's framework of governance, risk management and control arrangements.
The 2023/24 audit plans included detail of audit assurance work for the year. The Committee were given the opportunity to comment on the work of internal audit prior to endorsing the plan for delivery.
<b>Governance Activity</b>
The Committee specifically gains assurance from the Annual Governance Statement which is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively. The statement is produced following a review of the Council's governance arrangements and includes actions to address any significant governance issues identified. The Committee reviewed and approved the Annual Governance Statement.
The Committee reviewed and approved amendments to the Council constitution.
The regular risk management reports provided an overview of the effectiveness of the Council's risk management framework and the controls in place to manage strategic risks.
The Committee reviewed complaints received under the Members' Code of Conduct.
<b>External Audit Activity</b>
The Committee discussed the external audit contract and resolved to opt into the national arrangement for the procurement of external audit.
The Committee provided effective challenge to the External Auditors and gained assurance from the reports and updates provided by Grant Thornton during the year.

# Dealing with complaints about Council Members

It is a requirement under the Localism Act 2011 that all Councils adopt a Code of Conduct and that the Code adopted must be based upon the Nolan Principles of Conduct in Public Life. The current Members' Code of Conduct ("the Code") for Tunbridge Wells Borough Council is set out in the Constitution.

The Localism Act 2011 requirement to adopt a Code of Conduct is also applied to all Parish Councils. Most Parish Councils in the Tunbridge Wells area have adopted a similar Code of Conduct to the Borough Council, based on a Kent wide model. A few Parish Councils have adopted their own Code.

Under the Localism Act 2011 Tunbridge Wells Borough Council is responsible for dealing with any complaints made under the various Codes of Conduct throughout the Tunbridge Wells area.

The Constitution stipulates that oversight of Code of Conduct complaints is part of the remit of the Audit and Governance Committee.

During the year ending 31 March 2023, 7 new Member complaints were received. Four of the complaints related to a Borough Councillor. Two of these complaints failed to meet the preliminary criteria for investigation, one was investigated and resolved informally and one complaint was ongoing and being considered by the Monitoring Officer.

The remaining three complaints related to parish councillors. All of the complaints failed to meet the preliminary criteria for investigation.

## Conclusion

The Audit and Governance Committee has worked in partnership with the Council's Internal and External Auditors and received support from Officers. This has provided robust and effective independent assurance to the Council on a wide range of risk, governance and internal control issues.

The Audit Committee can demonstrate that it has appropriately and effectively fulfilled its duties during 2022/23 as set out in the respective minutes.

# Appendix I – Terms of Reference & Responsibilities

## Audit Activity

- (a) To consider the Internal Audit Manager's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.
- (b) To agree the external Audit Plan for the year.
- (c) To approve the cost of the Audit.
- (d) To consider summaries of specific internal audit reports as requested.
- (e) To consider reports dealing with the management and performance of the providers of internal audit services.
- (f) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- (g) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- (h) To consider specific reports as agreed with the external audit work and to ensure it gives value for money.
- (i) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (j) To liaise with the Audit Commission over the appointment of the Council's external auditor.
- (k) To commission work from internal and external audit.
- (l) To oversee the whistle-blowing policy and make appropriate recommendations for change to the policy.
- (m) To liaise with the Overview and Scrutiny Committee Chairman to coordinate cross-cutting issues and avoid duplication.

## Regulatory Framework

- (a) To maintain an overview of the Council's constitution and the Code of Conduct.
- (b) To review any issue referred to it by the Chief Executive, Directors, S151 Officer, Monitoring Officer or any council body.
- (c) To monitor the effective development and operation of risk management and corporate governance in the council, and to ensure that these matters are effectively embedded.
- (d) To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.
- (e) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- (f) To consider the Council's compliance with its own and other published performance standard.

## Accounts

- (a) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- (b) To consider the external auditor's report to those charged with governance on issues arising from the audits of the accounts.



## Governance Arrangements

To discharge the functions (other than those which are reserved to Council) as set out in Part 1, Chapter 7 of the Localism Act 2011 including:

- To promote and maintain high standards of conduct by Members and Co-opted Members of the Council and to make recommendations to Council on improving standards.
- To advise and assist Parish/Town Councils and Parish/Town Councillors to maintain high standards of conduct and to make recommendations to Parish/Town Councils on improving standards.
- To advise the Council on the adoption of or revisions to its Code of Conduct.
- To advise, train or arrange to train Members, Co-opted Members and Parish/Town Councillors on matters relating to the Code of Conduct.
- To assist the Councillors, Co-opted Members and Parish/Town Councillors to observe their respective Codes of Conduct.
- To monitor and assess the operation and effectiveness of the Code of Conduct and to review and manage the arrangements for dealing with Code of Conduct Complaints.
- To advise on local ethical governance protocols and procedures.
- To maintain oversight of the Council's arrangements for dealing with Code of Conduct complaints.
- To act as an advisory body in respect of any ethical governance matter.
- To monitor and review the procedures for the Register of Members' Interests and declaring gifts and hospitality.
- To receive quarterly reports (or less frequently if there are no complaints to report) from the Monitoring Officer on the number and nature of complaints received and action taken as a result in consultation with the Independent Person.
- To receive an annual report on the Council's ethical governance arrangements.
- To appointment a sub-committee to deal with Code of Conduct complaints, following investigation.
- To grant dispensations pursuant to S33(2) of the Localism Act 2011 and paragraph 8 of the adopted Code of Conduct where:
  - (i) without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter.
  - (ii) that the authority considers that the dispensation is in the interests of persons living in its area; or where the Committee considers that it is otherwise appropriate to grant a dispensation.