

# REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE AND AUDIT COMMITTEE AND ANNUAL REPORT FOR 2019/20

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| Council                  | <b>26 March 2020</b>                               |
| Report Author            | <b>Chair of the Governance and Audit Committee</b> |
| Portfolio Holder         | <b>Cabinet Member for Corporate Governance</b>     |
| Status                   | <b>For Information</b>                             |
| Classification:          | <b>Unrestricted</b>                                |
| Key Decision             | <b>No</b>  |
| Reasons for Key          | <b>N/A</b>   |
| Previously Considered by | <b>None</b>  |
| Ward:                    | <b>Thanet Wide</b>                                 |

## **Executive Summary:**

The annual report summarises the achievements of the Governance and Audit Committee against its terms of reference for the 2019-20 financial year and details the impact that it has made on the overall system of internal control in operation for that period.

## **Recommendation(s):**

Members are invited to discuss and note the report.

## **CORPORATE IMPLICATIONS**

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|--------------------------------------|--|
| <b>Financial and Value for Money</b> | As Cabinet on 14 January 2020 noted, over the last four years, the council has been exposed to and had to manage a number of significant financial risks. Decisions made in the past meant the council had to “firefight” events rather than being able to focus on improving service delivery. As a result, reserves remain low and the council has been forced to adopt a risk-averse position. The financial management culture of the organisation still requires improvement and a review of financial management is planned for later this year, which will help stabilise finances and to build for the future. The forthcoming review of financial management, recommended as part of this Committee's actions, will contribute to improving the internal control environment and good governance. |
| <b>Legal</b>                         | The Council is meeting best practice by having in place a Governance and Audit Committee, as this is not a mandatory or statutory function. In adopting the CIPFA guidance for the terms of reference for the Committee the Council is meeting the standards set out for the public sector.  |

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| <b>Corporate</b>   | Under the Local Code of Corporate Governance accepted by Governance and Audit Committee on the 10 December 2014, the Council is committed to comply with requirements for the independent review of the financial and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit. The functions of the Governance and Audit Committee contribute to the overall internal control environment for the Council and feed into the Annual Governance Statement process..  |  |  |   |  |  |  |   |  |
| <b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>   | <p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p> <table border="1" data-bbox="432 947 1396 1205"> <tr> <td colspan="2">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td></td> </tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td></td> </tr> <tr> <td>Foster good relations between people who share a protected characteristic and people who do not share it.</td> <td></td> </tr> </table> <p>There no equity and equalities issues arising directly from this report but the Council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.</p> | Please indicate which aim is relevant to the report. |  | Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, |  | Advance equality of opportunity between people who share a protected characteristic and people who do not share it |  | Foster good relations between people who share a protected characteristic and people who do not share it. |  |
| Please indicate which aim is relevant to the report.   |   |  |  |   |  |  |  |   |  |
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| Foster good relations between people who share a protected characteristic and people who do not share it.          |   |  |  |   |  |  |  |   |  |

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| <b>CORPORATE PRIORITIES (tick those relevant) ✓</b> |  |
| A clean and welcoming Environment                   |  |
| Promoting inward investment and job creation        |  |
| Supporting neighbourhoods                           |  |

|   |   |
|---|---|
| <b>CORPORATE VALUES (tick those relevant) ✓</b> |   |
| Delivering value for money                      | ✓ |
| Supporting the Workforce                        |   |
| Promoting open communications                   | ✓ |

## 1.0 Introduction

- 1.1 The purpose of the Council's Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- 1.2 To comply with best practice the Committee considers annually how it has met its terms of reference and how it has impacted on the internal control environment. The

purpose of this report is to consider the self-assessment that has been undertaken and summarise any improvement opportunities for the forthcoming year.

## 2.0 Background

2.1 The annual report attached at Annex 1 summarises the work of the Committee for the year and concludes that it has received clear, concise and relevant information, training on topics specific to the business of the Committee, and has done all that it can to meet the aims and objectives for the Committee in the best way that it can.

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| Contact Officer: | Tim Howes, Director of Corporate Governance |
| Reporting to:    | Madeline Homer, Chief Executive             |

### Annex List

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|---------|--|
| Annex 1 | Governance and Audit Committee Annual Report 2019/20 |
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### Background Papers

| Title | Details of where to access copy |
|-------|---------------------------------|
| None  | N/A                             |

### Corporate Consultation

|         |  |
|---------|--|
| Finance | Tim Willis, Deputy Chief Executive & S151 Officer                |
| Legal   | Tim Howes, Director of Corporate Governance & Monitoring Officer |