

**ANNUAL REPORT OF THE CHAIR OF THE  
FINANCE & AUDIT COMMITTEE 2020/21**

## FOREWORD

I am pleased to provide my annual report to Council regarding the work of the Finance and Audit Committee, which details the achievements of the Committee in 2020/21. This is my first annual report since joining the Committee as Chair.

As always both myself and the Committee have received significant support and guidance from the all officers, in particular Sarah Parfitt (Director Corporate Services), Lisa Nyon - Assistant Director (Corporate Services), Andrew Barnett - Principal Accountant (General Fund), Alexandra Jarvis - Principal Accountant (HRA & Exchequer) and their teams for not only managing the finances of the borough but also providing and presenting complex information in simple language terms to members and the public to understand the authority's financial situation which helps the Committee in its scrutiny of the authority's finance and governance arrangements.

I'd like to thank James Larkin (Head of Audit & Counter Fraud Shared Services) and his team who have continued to keep us well informed and advised throughout the year.

No committee could function adequately without a good inquisitive team and I would like to thank all members of the committee for their support. I must also give thanks to Cllr Tony Rice for his valuable contribution during his tenure with the committee and welcome Cllr Gurjit Bains in his place.

Finally, my thanks to our clerk Ben Clarke (Committee Services Officer) and the Committee Services Team for making sure we receive all papers in a timely way and for recording our proceedings.

The Finance and Audit Committee covers the following aspects:-

- Receiving and considering the content of reports from Internal Audit
- Receiving and considering reports from the council's External Auditor
- Ensuring that management teams take appropriate actions to implement the recommendations contained in these reports
- Scrutiny of specific Service Groups to ensure that audit requirements and recommendations are being met
- Receiving reports on risk management and governance issues
- Having responsibility for ensuring that the Annual Statement of Accounts and the Annual Governance Statement present a fair and accurate position of the council
- Having regard for the Annual Audit Letter provided by the council's External Auditor.

The reports that have been scrutinised over the last twelve months include:

- Council's Fraud Detection Activity
- Reports from Internal Audit
- Strategic risk register
- Annual Governance Statement

- Financial matters including arrears

Under normal circumstances the committee would take part in a self-assessment exercise in line with CIPFA good practice guidance. Unfortunately due to COVID 19 this has not taken place during the year but it is planned during the next financial year.

We will continue to highlight the role and purpose of The Finance and Audit Committee across the authority and establish what further training requirements need to be introduced.

We will continue to value our relationship with our internal and external auditors, and we will also continue to ensure that all recommendations in relation to audit reviews are implemented in a timely manner.

I look forward once again to leading this committee with the help of all members through these trying times. Together we will succeed.

**Councillor Gurbax Singh**  
**Chair of the Finance and Audit Committee 2020/21**

## 1. Work of the Finance and Audit Committee during 2020/21

- 1.1. In line with its Terms of Reference, which can be found at the end of this report, the Finance and Audit Committee has met 5 times during the course of the last year. I as Chair of the Committee have additionally held briefings with Officers every two months and have attended pre-committee meeting briefings. Details of the range of issues considered by the Committee over the course of the year are set out in the tables below:-

### Internal Audit and Counter Fraud

Date of Meeting	Agenda Item
9 March 2021	<ul style="list-style-type: none"> <li>• Audit &amp; Counter Fraud Plan 2021-22</li> <li>• Audit &amp; Counter Fraud Strategy Review 2020-24</li> </ul>
15 February 2021	<ul style="list-style-type: none"> <li>• Anti-Fraud &amp; Corruption Strategy</li> <li>• Audit &amp; Counter Fraud Quality Assurance and Improvement programme Review</li> <li>• Audit Charter Review</li> <li>• Audit &amp; Counter Fraud Update Q3 2020-21</li> </ul>
11 November 2020	<ul style="list-style-type: none"> <li>• National Fraud Initiative Progress Report</li> </ul>
13 October 2020	<ul style="list-style-type: none"> <li>• Audit and Counter Fraud Update (April to August 2020)</li> </ul>
21 July 2020	<ul style="list-style-type: none"> <li>• Draft Audit Plan 2020-21</li> <li>• Annual Audit &amp; Counter Fraud Report 2019-20</li> </ul>

### Governance and Risk

Date of Meeting	Agenda Item
9 March 2021	<ul style="list-style-type: none"> <li>• CIPFA FM Code</li> <li>• Draft Corporate Risk Register and Risk Management Strategy for 2021-22</li> </ul>

15 February 2021	<ul style="list-style-type: none"> <li>• Key Findings Arising From The Redmond Review</li> <li>• Treasury Management Strategy and Capital Strategy 2021-22</li> </ul>
11 November 2020	<ul style="list-style-type: none"> <li>• Mid-Year Review 2020-21 Corporate Risk Register</li> </ul>
13 October 2020	<ul style="list-style-type: none"> <li>• Local Government &amp; Social Care Ombudsman Annual Review Letter 2019-20</li> <li>• Redmond Review update</li> </ul>
21 July 2020	<ul style="list-style-type: none"> <li>• Annual Governance Statement 2019-20</li> <li>• Draft response to Letter to Those Charged with Governance</li> </ul>

#### Accounts and External Audit

9 March 2021	<ul style="list-style-type: none"> <li>• Review of Accounting Policies 2021-21</li> </ul>
15 February 2021	<ul style="list-style-type: none"> <li>• General Fund Monitoring Report Q3 2020-21</li> <li>• Housing Revenue Account Budget monitoring Q3 2020-21</li> </ul>
11 November 2020	<ul style="list-style-type: none"> <li>• Treasury Management Mid-Year Review 2020-21</li> <li>• Housing Revenue Account Budget Monitoring Q2 2020-21</li> <li>• General Fund Budget monitoring Report Q2 2020-21</li> <li>• Statutory Accounts Update 2019-20</li> </ul>
13 October 2020	<ul style="list-style-type: none"> <li>• General Fund Monitoring Report Q1 2020-21</li> <li>• Housing Revenue Account Budget Monitoring Report Q1 2020-21</li> </ul>

21 July 2020	<ul style="list-style-type: none"> <li>• General Fund Outturn Report</li> <li>• Housing Revenue Account Provisional Outturn Report</li> <li>• Annual Treasury Management Review 2019-20</li> <li>• Fee Scale for the 2020-21 Audit and update on 2019-20 Fees</li> </ul>
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## 2. Member Training

2.1 Members have had training in the following areas to help them fulfil their duties as committee members:-

- Annual Statement of Accounts
- Risk Management
- Treasury Management

## 3. Other items to note

3.1 The Finance and Audit Committee maintains a constructive dialogue and effective working relationship with the Council's external auditors, Grant Thornton. Although Grant Thornton have not attended the Finance and Audit Committee this year, the audit partner and/or audit manager from Grant Thornton when appropriate has been available to answer any questions or queries I have had.

3.2 Member attendance of the Committee during the past year is shown in the table at the end of this report.

3.3 The work of the Committee has had a positive impact on the overall control environment within the Council. The Committee has developed good working relationships with officers and External Audit, and has offered constructive comments on a range of issues. The Committee continues to develop and improve its understanding of the many technical issues presented to it during 2020/21 and in future years.

**Gravesham Borough Council  
Finance & Audit Committee – Terms of Reference  
(as set out in Annex 1.2 of the Constitution)**

**Statement of Purpose:**

The purpose of the Finance & Audit Committee is to provide independent assurance of the adequacy of the risk management and internal control environment of the Council, independent scrutiny of the authority's financial and non-financial performance and oversight of financial reporting processes.

**Budget and Financial Control**

1. To monitor the overall state of the Council's finances on at least a quarterly basis and advise the Cabinet on any action it recommends.
2. To consider the Council's Treasury Management Strategy and prudential indicators prior to the start of the financial year and adoption by the Full Council. To receive at least an in-year and annual report on treasury management activity and to comment on any amendments or updates to the strategic treasury management framework during the course of the year.

**Annual Financial Statements**

3. To review the annual accounting policies to be used in preparing the annual statement of accounts.
4. To review the response to the External Audit Letter to those charged with Governance prior to sign off by the Chair of the Committee.
5. To receive the audit findings report, annual audit letter and management's response to any audit finding and recommendations.
6. To consider and approve the Council's statement of accounts each year.

**External Audit**

7. To inform the appointment of the External Auditor undertaken by Full Council.
8. To review with management the annual audit fee letter and annual audit plan and to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity.

**Internal Control, Risk Management and Internal Audit**

9. To review the effectiveness of the council's internal control framework, including the review and approval of the Annual Governance Statement.
10. To inform the risk assessment process used to develop the Risk Management Strategy and Corporate Risk Register for the Council.
11. To monitor the effective development & operation of risk management in the authority.
12. To monitor and review the performance of internal audit, the effectiveness of the internal audit and counter fraud function, the internal audit programme and internal audit findings, including the effectiveness of management's response to any recommendations made.
13. To consider the summary findings of internal audit reports given an opinion of Red, where the Chief Audit Executive (in consultation with the Section 151 Officer and/or Monitoring Officer as applicable and the Chair of the Finance & Audit Committee) considers the weaknesses identified to exceed a financial threshold of £25,000, or where they represent a significant risk to the achievement of the Council's Corporate Objectives.

14. To seek such assurance as it may deem appropriate that the internal audit function is independent, adequately resourced and has appropriate standing within the Council.
15. To receive the annual opinion from the Chief Audit Executive.
16. To consider and make recommendations on reports to the Council by Internal Audit, External Audit, other external inspectorates and the Local Government Ombudsman.

**Finance and Audit Committee Attendance  
2020/21**

<b>Date of Meeting/Member Present</b>	<b>21<sup>st</sup> July 2020</b>	<b>13<sup>th</sup> October 2020</b>	<b>11<sup>th</sup> November 2020</b>	<b>15<sup>th</sup> February 2021</b>	<b>9<sup>th</sup> March 2021</b>
Cllr Gurbax Singh (Chair)	√	√	√	√	√
Cllr Sarah Gow (Vice-Chair)	√	√	√	√	√
Cllr Derek Ashenden	√	√	√	√	√
Cllr Ejaz Aslam	√	√	√	√	√
Cllr Dakota Dibben	√	√	√	√	√
Cllr Nirmal Khabra	√	√	√	√	√
Cllr Emma Morley	√	√	√	√	
Cllr Elizabeth Mulheran	√	√	√	√	√
Cllr Tony Rice	√	√	√	√	
Cllr Gurjit Bains (replaced Cllr Rice)					√
Cllr Gurdip Bungar (substitute for Cllr Morley)					√