

**ANNUAL REPORT OF THE CHAIR OF THE
FINANCE & AUDIT COMMITTEE 2023/24**

FOREWORD

I am pleased to provide an annual report to Cabinet regarding the work of the Finance and Audit Committee, which details the achievements of the Committee in 2023/24. Alongside its standing agenda, the Committee also held an exceptional meeting to review the 2019/2020 accounts in detail (supported by officers and our auditors Grant Thornton) and were happy to recommend the signing of the accounts and see work beginning on subsequent periods. Against a challenging backdrop in the wider external audit environment the Committee are comforted that a robust plan is in place to address the outstanding years' accounts.

It is clear from the material considered over the last year that the Committee has received significant support and guidance from all officers, in particular within the Finance, Internal Audit and Counter Fraud Teams for not only managing the finances of the borough but also providing and presenting complex information in an accessible way for members and the public to understand the authority's financial situation which helped, and will help, the Committee in its scrutiny of the authority's finance and governance arrangements. I would like to extend my personal thanks and that of the Committee to all those who presented to the Committee this year displaying the professionalism we have come to expect from officers and our external partners.

The remit of 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 updating on, and responding to, the audit backlog and annual Statements of Account.
- Compliance with CIPFA Financial Management Code

We will continue to highlight the role and purpose of The Finance and Audit Committee across the authority and ensure we hold ourselves to the highest standards in the role we play in managing the risks facing the Council.

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

As pressure grows on the council finances, demand on services increases and uncertainty persists in the wider environment, I look forward to leading this critical Committee with the help of all members.

Councillor Gavin Larkins
Chair of the Finance & Audit Committee 2023/24

1. Work of the Finance and Audit Committee during 2023/24

- 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 six times during the course of the last year. 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
5 March 2024	<ul style="list-style-type: none"> • Internal Audit & Counter Fraud Quality Assurance and Improvement Programme • Internal Audit Plan 2024-25 (Q1-Q2) • Counter Fraud Plan 2024-25 (Q1-Q2)
12 February 2024	<ul style="list-style-type: none"> • Internal Audit Update Q3 • Counter Fraud Update Q3 • Internal Audit Charter Review 2024-25 • Internal Audit & Counter Fraud Strategy 2020-24 - Review of Progress 2023-24
8 November 2023	<ul style="list-style-type: none"> • Internal Audit Update Q2 • Red Opinion Audit Report • Counter Fraud Update Q2 • National Fraud Annual Progress Update
19 September 2023	<ul style="list-style-type: none"> • Internal Audit Update Q1 • Counter Fraud Update Q1 • Internal Audit Plan (Q3-Q4) 2023-24
18 July 2023	<ul style="list-style-type: none"> • Internal Audit - External Quality Assessment • Internal Audit & Counter Fraud Survey Results • Internal Audit Annual Report • Counter Fraud Annual Report

Governance and Risk

Date of Meeting	Agenda Item
5 March 2024	<ul style="list-style-type: none"> • Corporate Risk (including Risk Register 2024-25 and Corporate Risk Strategy 2024-25) • CIPFA Financial Management Code
21 December 2023	<ul style="list-style-type: none"> • Addendum to Annual Governance Statement 2019-20
8 November 2023	<ul style="list-style-type: none"> • Corporate Risk Register, Mid – year review
19 September 2023	<ul style="list-style-type: none"> • Local Government & Social Care Ombudsman Annual Review Letter 2022-23
18 July 2023	<ul style="list-style-type: none"> • Annual Governance Statement 2022-23 • Annual Report of the Audit Committee Chair

Accounts and External Audit

5 March 2024	<ul style="list-style-type: none"> • Review of Accounting Policies 2023-24 • External Audit Update from Grant Thornton • Consultation – Addressing the local audit backlog in England
12 February 2024	<ul style="list-style-type: none"> • Treasury Management Strategy & Capital Strategy 2024-25 • General Fund Monitoring Report Q3 2023-24 • Housing Revenue Account Budget monitoring Q3 2023-24
21 December 2023	<ul style="list-style-type: none"> • Updated Audit Findings Report for Year End 31 March 2020 • Statement of Accounts 2019-20 & Letter of Representation 2019-20
8 November 2023	<ul style="list-style-type: none"> • General Fund Budget Monitoring Report 2023-24 Q2 • Housing Revenue Account Budget Monitoring 2023-24 Q2 • Treasury Management, Mid-Year Review

	<ul style="list-style-type: none"> • Audit Findings Report 2019-20 • Value for Money Report 2019-20
19 September 2023	<ul style="list-style-type: none"> • General Fund Budget Monitoring 2023-24 Q1 • Housing Revenue Account Budget Monitoring 2023-24 Q1 • Learning from Local Government Interventions • External Audit Progress report & Sector Update
18 July 2023	<ul style="list-style-type: none"> • General Fund Provisional Outturn • Housing Revenue Account Provisional Outturn • Annual Treasury Management Review 2022-23

3. Other items to note

3.1 The backlog of audited accounts of local bodies in England peaked on 30 September 2023 at 918. As of 31 December 2023, this then stood at 771 outstanding audit opinions across local government spanning a number of years. There have been a variety of reasons for this backlog which include lack external audit resource, disruption as a result of the COVID-Pandemic, increasing complexity in local authority accounts and increased regulation by the Financial Reporting Council (FRC). There remain ongoing discussions between FRC and Ministry of Housing, Communities and Local Government (formerly The Department for Levelling Up, Housing and Communities) concerning a backstop deadline at which point all accounts up to and including 2023/23 would need to be finalised.

3.2 Updates from officers on the current audit position were shared with the Chair and the Finance & Audit Committee throughout the year as were updates provided by the Council's external auditor, Grant Thornton LLP. The accounts for 2019/20 were signed off and published. This has enabled an outline timeframe to draft the 2020/21; 2021/22; 2022/23 and 2023/24 statement of accounts. The Finance and Audit Committee maintains and will continue its constructive dialogue and effective working arrangements with the external auditors into 2024/25.

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

3.4 The work of the Committee has had a positive impact and contributes to the overall internal control environment within the Council which feeds into the Annual Governance Statement. The Committee has continued its excellent working relationships with officers and External Audit. The Committee will continue to develop and improve its understanding of the many technical issues presented to it during 2023/24 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 2023/24

Date of Meeting/Member Present	18 July 2023	19 September 2023	8 November 2023	21 December 2023	12 February 2024	5 March 2024
Cllr Gavin Larkins (Chair)	√	√	√	√	√	√
Cllr Ektaveen Thandi (Vice-Chair)	√	√	√	√	√	√
Cllr Derek Ashenden		√	√	√	√	√
Cllr Lee Croxton	√	√	√		√	√
Cllr Dakota Dibben	√	√	√			
Cllr Aaron Elliott	√	√	√	√	√	√
Cllr Jo Hart	√	√	√	√	√	√
Cllr Samir Jassal		√		√	√	
Cllr Karina O'Malley	√	√	√	√	√	√
Cllr Helen Ashenden				√ (substitute for Cllr D. Dibben)	√ (substitute for Cllr D. Dibben)	√ (substitute for Cllr D. Dibben)
Cllr David Beattie						√ (substitute for Cllr S. Jassal)
Cllr Alan Metcalf	√ (substitute for Cllr S. Jassal)		√ (substitute for Cllr S. Jassal)			
Cllr Ben Sizer	√ (substitute for Cllr D Ashenden)					