



REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE FOR THE YEAR TO 6 MARCH 2019

PURPOSE OF THE REPORT

To provide Members of the council with details of the work of the Audit and Governance Committee covering the year to 6th March 2019. The report also details how the Audit and Governance Committee has fulfilled its terms of reference.

BACKGROUND

The Audit and Governance Committee is responsible for overseeing the council's corporate governance, audit and risk management arrangements. The Committee is also responsible for approving the Statement of Accounts and the Annual Governance Statement. The functions of the Audit and Governance Committee are set out in Section 7, Part 3C of the Constitution. A copy of the list of the Committee's responsibilities is attached at **Appendix 1** for information.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to local authorities to help ensure that audit committees are operating effectively. The guidance recommends that audit committees should report annually on how they have discharged their responsibilities.

TRAINING

The Committee has continued to receive training sessions during 2018/19 in order to assist the Committee in effectively fulfilling its responsibilities. These included:

- Statement of Accounts training session
- Treasury Management Training session

WORK UNDERTAKEN

The Audit and Governance Committee has met on seven occasions in the year to 6th March 2019. During this period, the Committee has assessed the adequacy and effectiveness of the council's risk management arrangements, control environment and associated counter fraud arrangements through regular reports from officers, internal audit and the external auditors, Mazars. The Committee has sought assurance that action has been taken, or is otherwise planned, by management to address any risk related issues that have been identified by auditors or inspectors during this period. The Committee has also sought to ensure effective relationships exist between internal and external auditors, inspection agencies and other relevant bodies.

The specific work undertaken by the Committee is set out below by subcategory.

Risk

1. The Committee received a number of update reports on the key corporate risks for the Council during the year, along with the refreshed Key Corporate Risk Register. Each report considers risk as a whole and focuses on a specific KCR in each report to ensure a more thorough review of the various issues and mitigation for each risk. This ensures the Committee has sufficient oversight of the changing risk profile of the Council.

Internal Audit and Counter Fraud

2. The Committee received and considered the results of internal audit work completed during the period and monitored the progress made by management to address identified control weaknesses.
3. Members now receive electronic copies of Internal Audit reports by email throughout the year in order to improve oversight.
4. Members received, considered and approved the initial Internal Audit and Counter Fraud plan along with a number of update reports on the progress made throughout the year.
5. Members considered regular follow up reports setting out progress made by council departments in implementing actions agreed as part of internal audit work.

6. Considered a report which sought members' views on the priorities for internal audit for 2019/20, to inform the preparation of the Internal Audit plan.
7. Received and considered a report on the progress against the actions set out in the new Counter Fraud and Corruption Policy and Strategy which also added new actions for the next financial year. The Council's counter fraud risk assessment was also updated to reflect fraud risks currently facing the Council
8. Received the Annual Report of the Head of Internal Audit which summarised the outcome of audit and fraud work undertaken in 2017/18 and provided an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control. Members scrutinised the significant control issues highlighted in the report and noted that these were reflected within the Annual Governance Statement.
9. Received a report summarising the outcome of an external assessment of the Councils internal audit services against the Public Sector Internal Audit Standards (PSIAS)

External Audit

10. Received and considered Mazars Audit Strategy Memorandum which set out the audit plan in respect of the audit of the Councils Financial statements for 2018/19. The report summarised the audit approach, highlighted significant areas of key judgements and provided details of the audit team.
11. At the same meeting the Committee also received an Annual Grants Report which summarised Mazars work and findings in respect of the Councils Grant claims in 2017/18 including the Housing benefits subsidy return, the teachers pension return and the Homes England return.
12. Received and considered the Annual Audit Letter which summarised the outcome of the 2017/18 audit carried out by Mazars on the annual accounts and work on its value for money conclusion. Members discussed and noted the findings of the audit contained in the report.
13. Received regular reports on the progress made by Mazars in meeting their responsibilities as the Council's external Auditor. The

Committee were also kept updated on key emerging national issues and developments.

Treasury

14. The committee continued the role of scrutinising the council's treasury management strategy and policies and considered both strategy statements and update reports during the year
15. Members received and considered the Treasury Management Annual report which provided the Committee with an update of Treasury Management Activity for 2017/18.
16. Members later received the Treasury Management Strategy Statement for 2019/20 setting out the strategy for treasury management and specific indicators for the financial year 2019/20.

Governance & Statement of Accounts

17. Considered the Annual report of the Audit & Governance Committee prior to its submission to Full Council.
18. Initially considered a draft pre audited version of the Statement of Accounts for 2017/18 in June before approving the Final audited Statement of Accounts in July.

Other

19. At each meeting the Committee has maintained a rolling Forward Plan for meetings a year in advance, to ensure that its responsibilities are discharged in full and appropriate reports are scheduled to be brought by officers on a timely basis.
20. Following a previous request from the Committee, Members received a report on non disclosure agreements, which provided an explanation of the concept and the use of non disclosure agreements by the Council in the context of employment law.
21. The Committee received a report providing an update on whistle blowing activity during the financial year, including a new proposed whistle blowing policy which the Committee provided comments on.

22. The Committee twice considered a report seeking Members' views on a draft report to the Executive regarding the new internal audit and counter fraud services contract for the period 2020-2030.
23. The Committee twice received a report containing the observations and learning from the LGA review into the conduct of the Audit & Governance Committee on 22nd February 2017.
24. Received a number of Information Governance update reports containing information on performance; ICO decision notices; personal data breaches; LGSCO Complaints; use of FOI exemptions; General Data Protection Regulation (GDPR); the NHS Digital Information Governance Toolkit; and the NHS digital audit.

Summary

25. The Audit & Governance Committee has considered a large number of reports during 2018-19 in carrying out their responsibility for overseeing the council's corporate governance, audit and risk management arrangements and providing assurance that the Council's financial and governance procedures are effective. The Committee has also carried out its duty in scrutinising the Statement of Accounts and Annual Governance statement prior to approval.

Cllr M Pavlovic
Chair of the Audit & Governance Committee

Part 3 C of the Constitution (Council Committees and Other Bodies)

7.1 The functions of the Audit & Governance Committee are:

No.	Delegated authority	Conditions
	Audit	
1	To consider the annual report and opinion of the Head of Internal Audit. The report should include a summary of internal audit activity in the relevant period and the level of assurance that can be given over the control environment and corporate governance arrangements at the Council	
2	To consider periodic reports from the Head of Internal Audit detailing the summary findings and the main issues arising from internal audit work.	
3	To consider reports dealing with the management and performance of the Internal and External Audit functions.	
4	To consider whether internal audit work conforms to professional standards and to review the effectiveness of Internal Audit and the Committee itself on an annual basis.	
5	To consider reports of the Head of Internal Audit detailing the progress made by management to address control weaknesses identified by Internal or External Audit.	
6	To consider the action plan arising from the Annual Letter of the External Auditor.	With respect to the Annual Letter being first considered and accepted by the Executive

No.	Delegated authority	Conditions
7	To consider all other relevant reports received from the External Auditor as scheduled in the forward plan for the Committee or otherwise requested by Members.	
8	To comment on the scope and depth of external audit work and ensure it provides value for money.	
9	To liaise with the Audit Commission (or its successor body) over the appointment of the Councils External Auditor.	
10	To approve the Internal Audit Charter	
11	To approve the Annual Plans of the Internal Audit Service and the External Auditor.	
12.	To commission work from the Internal Audit Service and External Audit with regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee.	Subject to budgetary provision.
Governance & Regulatory		
13.	To keep under review the Councils contract procedure rules, financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Joint Standards Committee).	
14	To review any relevant issue referred to it by the Chief Executive, S151 Officer, the Assistant Director (Financial Services), the Monitoring Officer, the Head of internal Audit or any other Council body.	
15	To consider the effectiveness of the Councils arrangements for corporate governance (including information governance).	

No.	Delegated authority	Conditions
16	To monitor the effective development and operation of risk management arrangements across the Council.	
17	To assess the effectiveness of the Councils counter fraud arrangements including the Whistle blowing policy and other relevant counter fraud policies and plans.	
18	To consider the Councils compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.	
19	To bring to Full Council all proposals for amendment to this Constitution submitted by Members in accordance with this Constitution.	Subject to the advice of the Assistant Director Legal and Governance
	Annual Governance Statement and Accounts etc	
20	To approve the Statement of Accounts and the Annual Governance Statement.	
21	To consider the External Auditors report to those charged with governance on issues arising from the audit of the accounts.	
22	To scrutinise the Treasury Management Strategy and Monitoring Reports.	
	General	
23	To meet informally with the External Auditor and the Head of Internal Audit on a periodic basis to discuss audit related matters.	
24	To report on the discharge of the Committees responsibilities under the Constitution to Full Council on an annual basis.	

No.	Delegated authority	Conditions
25	To maintain and participate in a programme of training relevant to the activities and responsibilities of the Committee	