

## **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 16<sup>th</sup> April 2014. 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 2** 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.

## **Work Undertaken**

The Audit and Governance Committee has met on seven occasions in the year to 16<sup>th</sup> April 2014. 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 has considered risk reports containing details of the Key Corporate Risks (KCR's) on a quarterly basis. Each quarter the report has focused on a specific directorate and the relevant director for each area has been present at the meeting to provide assurance by providing further information to members at the meeting.
2. The Committee received an additional report providing further detail on the risk management process for risks concerning the Community Stadium Project in response to their request for further detail on this project.

## **Internal Audit and Counter Fraud**

3. Received and considered the results of the annual review of the effectiveness of internal audit. The outcome of this review informed the preparation of the 2012/13 Annual Governance Statement.
4. 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.
5. Received, considered and approved the Internal Audit and Counter Fraud plan along with updates on the progress made throughout the year.
6. Received an additional update in the year to provide assurance that adequate progress had been made to date to implement actions agreed following an audit of personalisation and direct payments.
7. Considered a report which informed them about potential fraud risks facing the council and potential counter fraud activity to address those risks.
8. Considered the Annual Report of the Head of Internal Audit which provided an overall opinion on the council's control environment. The Head of Internal Audit confirmed that the council's internal controls provided substantial assurance although the Committee's attention was drawn to a number of significant control weaknesses. Again this informed the conclusions reported within the Annual Governance Statement for 2012/13.

9. Considered a report on the introduction of an Internal Audit Charter which set out the purpose, authority and responsibility of internal audit. Members reviewed the report particularly in relation to the relationship between internal audit and the Audit and Governance Committee and approved its adoption

## **External Audit**

10. Received and considered Mazars Audit Strategy Memorandum which set out the audit plan in respect of the audit of the Council's Financial statements for 13/14. The Committee were satisfied the plan sufficiently reflected the audit needs and interests of the Council.
11. Received and considered Mazars work plan for the certification of claims and grants in 13/14.
12. Received and considered the Annual Audit Letter of the Council's District Auditor. Members noted both the overall conclusion and opinion and specific recommendations.
13. Considered a report that presented the results of Mazars certification of Claims and grants in 12/13.
14. Received regular progress 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**

15. Continued the role of scrutinising the council's treasury management strategy and policies. The Committee received and considered the Treasury Management Annual Report and review of Prudential Indicators which compared actual performance against the budget and the treasury management strategy for the year and also received a mid year review report summarising the performance for the first six months of the year.
16. The Committee attended a Treasury management training session provided by Officers to assist them in fulfilling their role in scrutinising the various treasury management reports brought throughout the year.

## **Governance and Statement of Accounts**

17. Considered and approved the Annual Governance Statement, noting that action plans would be put in place to address each of the significant governance issues identified in section 5. The Committee received various update reports from officers during the year on the progress that had been made on each of the items identified as significant governance issues to allow the committee to challenge whether adequate progress was being made. These included:
  - a. Partnership Governance Progress Report
  - b. Business Continuity Progress Report
  - c. Project and Programme Management Progress Report
  - d. Information Governance progress reports incorporating developments around the freedom of information process
  - e. A number of reports on the role of the Committee in democratic governance, as set out in the democratic Governance section to this report.
18. The Committee received and considered a report on proposed changes to the terms of reference of the Audit and Governance Committee to ensure the Committee continued to operate effectively in accordance with best recommended practice. The Committee recommended to Council that the proposed changes they had considered be approved.
19. Initially considered a draft and then approved the final Statement of Accounts for 2012/13.

### **Democratic Governance**

20. The Committee have received a number of reports related to Democratic Governance throughout the year, following prominence given to the importance of the issue in the Annual Governance Statement in 2012/13 and the importance of the Committee receiving regular reports. These have included:
21. A report on the protocol for filming, photography and recording of Council Meetings was considered by the Committee. Members suggested a number of amendments to be made and

consequently received a further report incorporating these changes at a later meeting.

22. A report that sought their support for changes to the Petitions Scheme that had been in operation for the last three years. Members scrutinised the report and requested changes to be made to specific wording.
23. A report providing information on the Council's Scrutiny arrangements to ensure they remain fully informed when considering the Annual Governance Statement.
24. A report seeking the Committee's views on proposed changes to the Public Participation Scheme within the Constitution. The Committee challenged the report and agreed that due to concerns held over some of the proposed changes, the implementation should be deferred.
25. A report putting forward changes to the 'summary and explanation' section of the Constitution. Members put forward a number of amendments to the draft which were incorporated and re-circulated before submission to full council.

### **Other**

26. 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.
27. The Committee received an update report on the progress made to address items included in the Committee effectiveness plan, including training received and future training requirements.
28. The Committee received a verbal update on the outcome of the appointment of an independent member to the Audit & Governance Committee who was appointed on a two year term of office from July 2013.
29. Considered an initial report that outlined the Council's approach to Programme and Project management and the application of programme and project management methodologies. Members requested an additional report be brought back providing further information on the membership of the boards and training and

qualifications undertaken by officers in respect of project management.

30. Considered a report that outlined the Council's approach to the set up of project boards during the start up phase of a project lifecycle.
31. Considered a report that updated members on changes to Transparency requirements in terms of information the Department for Communities and Local Government recommend Councils publish and the action officers are taking to comply with this.

## **Summary**

32. This past year has again been a busy one for the Audit and Governance Committee. Training and development for the Committee has continued and a training plan for next year has been agreed. Our independent Member has made a good contribution to our work. A recruitment process is in place to find an additional independent member for the Committee. The Committee held a public meeting to talk to people who had attended a council meeting to hear how they thought this interface could be improved. The Committee has taken its role very seriously in terms of providing assurance that the Council's financial and governance procedures are effective and has questioned officers and auditors rigorously and will continue to do so going forward.

Cllr Ruth Potter  
Chair of the Audit & Governance Committee