

AUDIT COMMITTEE
Tuesday, 16th June 2015

PRESENT – *Councillors Sidat (in the Chair); Evens, Pearson, Kay and Browne.*

APOLOGIES – *Councillor Khonat.*

ALSO PRESENT

Karren Murray	– District Auditor
Louise Mattinson	– Director of Finance and IT
Colin Ferguson	– Head of Audit and Assurance
Paul Hankinson	– Audit and Assurance Manager
John Addison	– Principal Scrutiny Officer

RESOLUTIONS

1 Minutes of the meeting held on 14th April 2015

The minutes of the meeting held on 14th April 2015 were agreed as a correct record.

2 Declarations of interest

There were no declarations of interest.

3 External Audit's Report Update

The Council's External Auditors provided the Committee with a report on the current position of their work as of May 2015. The External Auditors reported that they had found no significant risks to bring to Members attention through their work.

RESOLVED:

That the report on External Audit's progress report be noted.

4 Treasury Management Report – March 2015 to May 2015

The Director for Finance and IT provided Members with a report on the Council's Treasury Management function.

The report summarised the interest rate for the quarter, borrowing and lending transactions undertaken and the Council's overall debt position. It also reported on the position against the Prudential Indicators established by the Council.

RESOLVED

That the Committee note the report.

5 Audit & Assurance – Progress & Outcomes to May 2015

The Audit & Assurance Manager submitted a report which updated the Committee on progress and outcomes against the Audit & Assurance Plan 2015/16 in terms of outcomes achieved for the first quarter of the financial year.

The report focused on a number of key areas in Audit & Assurance, in particular:

- Staffing/HR
- Demand Management
- IT Resilience
- Government Reform
- Budgets and Finance

RESOLVED

That the Committee note all outcomes achieved by May 2015 against the Audit & Assurance Strategy and Plan, which was approved by Committee in April 2014.

6 Corporate Risk & Resilience Forum Annual Risk Management Report 2014/15

The Director for Finance and IT informed Members that as part of the Corporate Risk Management Strategy there was a requirement to produce an annual report for the Audit Committee on the risk management arrangements in place within the Council.

It was reported that the Strategic Risk & Resilience Forum Annual Risk Management Report provided the Audit Committee with a summary of risk management activity that has taken place across the Council over the year ended 31 March 2015.

Members were informed that the report covered work on corporate and departmental risk management, emergency and business continuity planning, event, information governance and insurance. It was noted that it outlined risk management policies and practices now in place and the key developments or issues that would be addressed during the coming financial year.

RESOLVED

That the Committee note the report and agree to the overall effectiveness of the Council's risk management arrangements in place during 2014/15.

7 Audit & Assurance Opinion Report for 2014/15

The Head of Audit & Assurance presented a report on Internal Audit's overall opinion on the effectiveness of the control environment in the financial year 2014/15.

It was reported that the overall opinion, taken from Audit & Assurance's work in 2014/15, was that the Council's control environment was adequate in its effectiveness.

RESOLVED

That the following matters be noted:

- 1) The content of the Annual Internal Audit Opinion Report for 2013/14 (as set out in Appendix A);
- 2) the opinion of the Head of Audit, Assurance & Procurement, which is that adequate assurance, can be placed upon the Council's framework of governance, risk management and internal control; and
- 3) The internal audit work that supports this opinion has been delivered in accordance with the PSIAS and that there are no significant areas of non-conformance.

8 Annual Governance Statement for 2014/15

The Director of Finance provided the Committee with the Annual Governance Statement (AGS) for 2014/15, that also included up to the date of this Committee. The report recognised that, there would always be risks that it must manage effectively and that whilst due diligence would not always ensure that it gets things right first time, it continued to put in place assurance frameworks that were intended to ensure that its systems of governance are fit for purpose and have the flexibility to meet the challenges that the Change Agenda brings.

It was reported that the Resources Directorate had continued to promote the Council's strategic approach to governance and assurance. The developments in governance, continuing from those in 2014/15, included:

- Continuing to promote a counter fraud culture via the roll out of an e-learning fraud awareness package for all staff and the ongoing participation in the National Fraud Initiative.
- Continuing embedding of information security awareness through an e-learning toolkit, training for staff, the publication of guidance via the intranet and acceptance of the Information Technology (IT) Acceptable Usage Policy.
- Ongoing work to implement the information governance strategy and related policies and procedures.
- Review and completion of revised director assurance statements to more closely reflect the six principles of good governance in support of the Annual Governance Statement.
- Continuing review and amendments to the Council's Constitution.
- Revision of the Medium Term Financial Plan and Capital Programme.
- Scrutiny of the transformation programme by the Business Change Board.
- Self-assessment of Audit Committee effectiveness.
- Production of the first Audit Committee annual report.

RESOLVED

That the Annual Governance Statement be approved.

9 Response to the External Auditors request for information

The Director of Finance presented to Members a summary of how the Audit Committee gains assurance, as 'those charged with governance', from management in order to fulfil its responsibilities in relation to the financial reporting process.

Members were informed that the Council's external auditors, Grant Thornton, were obliged to comply with the International Standards on Auditing (UK and Ireland) (ISAs).

It was noted that Grant Thornton had specific responsibilities, under these ISAs, to communicate with the Audit Committee on matters which should be communicated. To support their work, the Audit Committee had been asked to provide information on how it gains assurance from management in order to fulfil its responsibilities in respect of the financial reporting process.

It was further noted that Grant Thornton were required to obtain an understanding of the management processes and the Committee's

oversight on the following areas in respect of the year ended 31 March 2014.

- Fraud;
- Laws and regulations; and
- Going concern.

It was reported that an appendix attached to the Agenda, set out a series of questions from Grant Thornton in respect of each of the above areas and provided the management response in each case, for consideration by the Committee.

RESOLVED

That the report and appendix A be approved.

10 Audit Committee Annual Report

The Audit and Assurance Manager presented to the Committee the first Audit Committee Annual Report 2014/15 for consideration and approval. Members were informed that the report summarised the work that the Committee had undertaken during the previous municipal year, demonstrating that the Audit Committee had fulfilled its agreed terms of reference.

Members were reminded that The CIPFA 'Audit Committees: Practical Guidance for Local Authorities and Police' 2013 edition incorporated CIPFA's Position Statement on the role and function of view of an Audit Committee in local authorities. It was noted that although no single model of Committee was prescribed, all should report regularly on their work and at least annually report an assessment of their performance.

The Audit and Assurance Manager reported that the Audit Committee was a key component on the maintenance of an adequate and effective governance framework. It was noted that through an annual report the Committee can demonstrate its effectiveness in fulfilling its role to provide independent assurance regarding the adequacy of risk management, the overall governance and associated control environment, and also scrutiny of the Council's financial and non-financial performance to the extent that it affects its exposure to risk and weakens the control environment.

RESOLVED

- 1) That the Committee approve its Annual Report, including the statement on its effectiveness during 2014/15; and
- 2) That the Audit Committee Annual Report be referred to the Executive Board for endorsement.

Signed
Chair of the meeting at which the Minutes were signed
Date