

**AUDIT COMMITTEE**  
**Tuesday, 14<sup>th</sup> June 2016**

**PRESENT** – Councillors Sidat (*in the Chair*); Whittle, McGurk, Kay and D Foster.

**APOLOGIES** – Councillor Rigby

**ALSO PRESENT**

Chris Whittingham	–	District Auditor
Louise Mattinson	–	Director of Finance and IT
David Fairclough	–	Director of HR and Legal
Colin Ferguson	–	Head of Audit and Assurance
Lorraine Nicholls	–	Health, Safety and Wellbeing Manager
Paul Hankinson	–	Audit and Assurance Manager
John Addison	–	Principal Scrutiny Officer

**RESOLUTIONS**

**1     Minutes of the meeting held on 12<sup>th</sup> April 2016**

The minutes of the meeting held on 12<sup>th</sup> April 2016 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 March 2016. 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 2016 to May 2016**

The Director for Finance and IT provided Members with a report on the Council's Treasury Management function that had taken place between March and May 2016.

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 2016**

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:

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

## **RESOLVED**

That the Committee note all outcomes achieved by May 2016 against the Audit & Assurance Strategy and Plan, which was approved by Committee in April 2016.

### **6 Corporate Risk & Resilience Forum Annual Risk Management Report 2015/16**

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 the risk management activity that had taken place across the Council throughout the previous year and that this had ended on the 31<sup>st</sup> March 2016.

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 2015/16.

### **7 Annual Internal Audit Opinion Report for 2015/16**

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 2015/16.

It was reported that the overall opinion, taken from Audit & Assurance's work in 2015/16, 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 2015/16 (as set out in Appendix A);
- 2) The opinion of the Head of Audit, Assurance & Procurement, 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 2015/16**

The Director of Finance provided the Committee with the Annual Governance Statement (AGS) for 2015/16, which also included up to the date of this Committee. The report recognised that, there would always be risks that it must be managed 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 2015/16, included:

- The approval of a new Counter Fraud Policy Statement and Strategy, which includes the delivery of an e-learning fraud awareness package for all staff and the ongoing participation in the National Fraud Initiative.
- Continued 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.
- Continued embedding of risk management arrangements through the revision of the Risk Management Strategy and Framework, the supporting Toolkit and associated refresher training.
- Completion of director assurance statements, which closely reflect the six principles of good governance in support of the Annual Governance Statement.
- Continued review and amendments to the Council's Constitution.
- Revision of the Medium Term Financial Plan and Capital Programme, which included a senior management structure review and amendments to the roles and responsibilities of chief officers.
- Development and scrutiny of the Workforce Review programme by the Workforce Programme Board.
- Completion of the Audit Committee self-assessment to evaluate their effectiveness.
- Production of the second 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<sup>st</sup> March 2016.

- Fraud;
- Laws and regulations; and
- Going concern; and
- Contingent liabilities

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 2015/16**

The Audit and Assurance Manager presented to the Committee the Audit Committee Annual Report 2015/16 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 provide an assessment of their performance on a yearly basis at minimum.

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 2015/16; and
- 2) That the Audit Committee Annual Report be referred to the Executive Board for endorsement.

### **11 Annual Report on Health, Safety and Wellbeing for 2015/16**

The Director for legal and HR with the Health, Safety & Wellbeing Manager provided the Committee with the Health, Safety & Wellbeing annual report and the Employee Wellbeing Statement.

It was reported that the Corporate Annual Report - Health, Safety & Wellbeing – 2015/2016 provided Members with a summary of the Council's performance in managing health and safety over the year that ended 31 March 2016.

Members were reminded that the Council has legal duties under the Health and Safety at Work etc Act 1974 and other UK health and safety legislation to protect the health, safety and welfare of employees and other people who may be affected by Council business and activities. It was noted that the Council must do whatever was reasonably practicable to achieve this. This meant protecting workers and others from anything that may cause them harm and effectively controlling any risks to injury or health that could arise in the workplace

Members were provided with the performance data for the previous 12 months and the areas of activity for the year, which included:

- New Health, Safety and Wellbeing Team in place as part of the HR restructure from October 2015.
- Employee Assistance programme extended for a further 12 months.
- GP services in place to enhance the occupational health offer.
- Health and safety audits carried out in PAM areas including:
  - Reception points x 3 – Unannounced audits
  - Junction 4 Skate Park – Pre-booked audit
  - Stansfeld Centre– Pre-booked audit
  - Darwen Children's Centre – Pre-booked audit
- HSCC terms of reference updated and dates implemented for BwD on a bi-monthly basis.

- HSCC terms of reference updated and sent to schools and education for implementation in the 2016/17 financial year on a termly basis.
- Health and Safety task groups set up and in place for each PAM group.
- Resources allocated for the Schools SLA Model to deliver the audits and a report for the SLA's sold to schools across the Borough.
- Absence Project – ongoing support supplied to PEOPLE, RESOURCES and some departments across PLACE, this includes, welfare issue discussions, absence trend analysis, disciplinary support and phased return to work support.
- Caution list review and passed over the Corporate Complaints to manage and review annually, this will ensure a consistent approach across the Council.
- Safety procedural document review started in November 2015 and will be completed in July 2016.
- Increased skills in Team with 3 members having undertaken the NEBOSH qualification.

## **RESOLVED**

That the Audit Committee note the Annual Report on Health, Safety & Wellbeing for 2015/16.

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