

**AUDIT AND GOVERNANCE
COMMITTEE
Tuesday, 11th April 2017**

PRESENT – *Councillor Sidat, (in the Chair); Murray, Casey and D Foster.*

APOLOGIES – *Councillor McGruk*

ALSO PRESENT

Councillor Kay	– Executive Member for Resources
Karen Murray	– District Auditor
David Fairclough	– Director for Legal and HR
Louise Mattinson	– Director for Finance and IT
Colin Ferguson	– Head of Audit and Assurance
John Addison	– Principal Scrutiny Officer

RESOLUTIONS

31 Minutes of the meetings held on 10th January 2017

The minutes of the meeting held on 10th January 2017 were agreed as a correct record.

32 Declarations of interest

There were no declarations of interest.

33 External Audit Update Report

The Council's External Auditors provided the Committee with a report on the current position of their work as of March 2016. The report outlined in detail work that had been undertaken and a timetable of work to be undertaken during the rest of the financial/municipal year.

The report also provided Members with a summary of emerging national issues/developments that may be relevant to the Council, it also highlighted a number of challenge questions in respect of those emerging issues which the Committee may wish to consider.

RESOLVED:

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

34 External Audit Plan for 2016/17

The Council's External Auditors provided the Audit Committee with their Audit Plan for 2016/2017. The report provided Members with the

response of the External Auditors to the challenges, opportunities and developments facing the Council.

The report also covered the audit approach, risks identified and a value for money conclusion. It was noted that one of the key risks identified was around welfare expenditure.

RESOLVED:

That the External Audit Plan be noted.

35 External Audit Grant Certification Report 2015/2016

The Council's External Auditors presented to the Committee the External Audit Certification report on the audit of grants for 2015/2016 for formal approval by the Committee.

RESOLVED:

That the External Audit Certification report be noted.

36 Treasury Management Report – December 2016 to February 2017

The Director for Finance and IT provided Members with a report on the Council's Treasury Management function for the period December 2016 to February 2017.

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.

37 Audit & Assurance – Progress & Outcomes to February 2017

The Head of Audit and Assurance submitted a report which updated the Committee on progress and outcomes against the Audit & Assurance Plan 2016/17 in terms of outcomes achieved for the period dated the 1st December 2016 to 28th February 2017.

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

- Private Care Homes Contract Payments
- Budgetary Control
- Efficiency Partner

- Strategic Funding & Bidding

The Committee received an update to the 12 recommendations made in relation to the social media audit and wished to receive an update on Children's services at the Committees next meeting.

RESOLVED:

That the Committee note the outcomes achieved to 28th February 2017 against the Audit & Assurance Plan, which was approved by Committee in April 2016.

38 Audit & Assurance Plan 2017/18

The Head of Audit and Assurance informed Members of the planned Audit & Assurance work for the new financial year 2017/2018.

Members were reminded that the Audit & Assurance Plan defined the scope and reasoning behind the approach that had been adopted. Overall, the objectives were:

- to fulfil Audit & Assurance's own statutory obligations;
- to provide assurance, support and advice to Directors on matters under their control;
- to support the Section 151 Officer's statutory obligations;
- to assist the Audit Committee in gaining independence assurance on the Council's risk management, governance and control arrangements;
- to report compliance with the Public Sector Internal Audit Standards (PSIAS); and
- to contribute, as part of the Resources & Transformation Directorate, to the development of corporate standards.

It was noted that the plan was, as in previous years, risk-based and the audit methodology was essentially risk-based auditing.

It was reported that the planned resources for the audit function for 2017/2018 were 676 work-days. In addition, there are 714 work-days for Risk Management (70), Counter Fraud (85), Insurance (462) and Financial Support/Other (93).

RESOLVED:

That the Committee:

- Approve the 2017/18 Plan (as set out in Appendices A and B)
- Approve the revisions to the Internal Audit Charter (as set out in Appendix C);

- Note that reports dealing with both progress against the Plan and outcomes achieved will be submitted to each meeting
- To note that Plan changes will be reported during the year.

39 Risk Management – 2016/17 Quarter 3 Review

The Head of Audit and Assurance provided the Committee with a report that detailed risk management activity that had taken place within the Borough/Council since January 2017

Members were reminded that the Council recognised that risk management was not simply a compliance issue, but rather a way of viewing its operations with a significant impact on long-term viability. It was noted that risk management helped to demonstrate openness, integrity and accountability in all of the Council's activities.

The Audit & Assurance Manager informed the Committee of the current top corporate risks, it was noted that the Corporate Risk Register currently contained a total of 15 open risks; this was a reduction of two since the previous quarter as reported to Committee on 20th September.

The Committee was asked to consider the Risk Register. Members agreed to look in depth at the following two areas prior to the Committees' next meeting;

- Risk 14 - High profile serious/critical safeguarding incident/case that is known to Council services.
- Risk 10 - Due to the breakdown of community relations or a deterioration of community cohesion, greater risk of hate crime, extremism, radicalisation or polarisation of communities.

RESOLVED:

That the Audit Committee considered and approved;

1. Progress made on the Corporate Risk Register at the end of Quarter 3 2016/17;
2. Note the Risk Management activity during the period;
3. Members will look in depth at risks 14 and 10 on the Council's Risk Register.

40 Response to the External Auditors Request for Information

The Head of Audit and Assurance presented a report to Members that summarised how the Audit & Governance Committee gained assurance, in order to fulfil its responsibilities in relation to the financial reporting process.

It was reported that the Council's external auditor, Grant Thornton, was obliged to comply with the International Standards on Auditing (UK and Ireland) (ISAs). They have specific responsibilities, under these ISAs, to communicate with the Audit & Governance Committee on matters which should be communicated.

It was noted that to support their work, the Audit & Governance 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 Grant Thornton is required to obtain an understanding of the management processes and the Committee's oversight of the following areas in respect of the year ended 31 March 2017.

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

RESOLVED:

The Committee approve the response to the External Auditors request for information (Appendix A).

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