

**AUDIT COMMITTEE**  
**Tuesday, 13<sup>th</sup> June 2017**

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

**APOLOGIES** – *Councillors Casey and Murray.*

**ALSO PRESENT**

Councillor Kay	–	Executive Member Resources
Neil Krajewski	–	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
John Addison	–	Democratic Services Manager

**RESOLUTIONS**

**1 Minutes of the meeting held on 11<sup>th</sup> April 2017**

The minutes of the meeting held on 11<sup>th</sup> April 2017 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 verbal report on the current position of their work as of March 2017. 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 2017 to May 2017**

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 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.

### **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 2016/17 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
- Governance and Compliance
- Government Reform
- Budgets and Finance

Members were informed that the Highways audit had provided limited assurance, the review had considered the controls in place to ensure that the Council's highways network was maintained to a reasonable standard. It was noted that the final report provided a limited assurance opinion for both the control environment in place and compliance with the controls identified.

## **RESOLVED**

That the Committee note all outcomes achieved by May 2017 against the Audit & Assurance Strategy and Plan, which was approved by Committee in April 2017.

### **6 Corporate Annual Report on Health, Safety & Wellbeing 2016//17**

The Director for Legal & HR and 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 – 2016/2017 provided Members with a summary of the Council's performance in managing health and safety over the year that ended 31 March 2017.

Members were reminded that the Council has legal duties under the Health and Safety at Work Act 1974 as well as 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.

The report covered key areas such as Performance for 2016/17, Key activities during the year and Priorities for the next 12 months.

## **RESOLVED**

That the Committee note the Corporate Annual Report - Health, Safety & Wellbeing – 2016/2017

### **7 Annual Risk Management Report 2016/17**

The Director of Finance provided the Committee with an Annual Risk Management Report for 2016/2017. Members were asked to consider and review the annual Risk Management Report. The Committee was also requested to agree on the overall effectiveness of the Council's risk management arrangements in place during 2016/17.

Members were reminded that the Corporate Risk Management Strategy and Framework 2015/20 required the Audit and Governance Committee to approve an annual risk management report which includes consideration of the effectiveness of the risk management arrangements in place within the Council. The Committee's terms of reference also required it to review progress on risk management at least annually.

## **RESOLVED**

That the Committee note the annual risk management report; and agree with the conclusion on the overall effectiveness of the Council's risk management arrangements in place during 2016/17.

### **8 Annual Counter Fraud Report 2016/17**

The Head of Audit & Assurance presented a report to Members which informed the Audit & Governance Committee of the results of the counter fraud activity that had been carried out during the year ended 31 March 2017 to minimise the risk of fraud, bribery and corruption occurring in the Council, and the outcome of investigations carried out into potential or suspected fraud or irregularities.

## **RESOLVED**

That the Committee note the Counter Fraud Annual Report (as set out in Appendix A) as part of its monitoring role.

## **9 Annual Internal Audit Opinion Report for 2016/17**

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 2016/17.

It was reported that the overall opinion, taken from Audit & Assurance's work in 2016/17, 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 2016/17 (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.

## **10 Annual Governance Statement for 2016/17**

The Director of Finance provided the Committee with the Annual Governance Statement (AGS) for 2016/17, 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 2016/17, included:

- Continuing review and amendments to the Council's Constitution, including the revision of the Council's Local Code of Corporate Governance to take account of the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 framework.

- Completion of director assurance statements, which closely reflect the seven principles of good governance in support of the Annual Governance Statement.
- Ongoing work to implement the information governance strategy and related policies and procedures.
- Continuing embedding of information security awareness through the e-learning toolkit, and monitoring staff completion of training.
- The development and implementation of a Counter Fraud Risk Register.
- Strengthening of risk management arrangements through the implementation of a revised risk register template to improve the monitoring arrangements.
- 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.
- Ongoing scrutiny of the Workforce Review programme by the Workforce Programme Board.
- Completion of the Audit & Governance Committee self-assessment to evaluate its effectiveness.
- The introduction of a formalised, structured member training programme.
- The Audit & Governance Committee more routinely inviting senior officers to attend meetings and holding them to account for actions to address significant issues identified by Audit & Assurance.
- The review of significant partnerships and external bodies the Council is represented on to confirm the Council representation is appropriate and the governance arrangements in place are adequate.
- Detailed review and challenge of corporate risks by the Audit & Governance Committee.

## **RESOLVED**

That the Annual Governance Statement be approved.

### **11 Audit Committee Annual Report 2016/17**

The Audit and Assurance Manager presented to the Committee the Audit Committee Annual Report 2016/17 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, as a minimum all should report regularly on their work and provide an assessment of their performance on a yearly basis.

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 the Committee's Annual Report, including the statement on its effectiveness during 2016/17 and the draft effectiveness self-assessment evaluation; and
- 2) That the Audit Committee Annual Report be referred to the Full Council for endorsement.

## **12 Significant Partnerships Register 2016/17**

The Policy & Partnership Manager provided the Committee with a report on the Significant Partnerships Register for 2016/17. It was noted that the register identified all the significant partnerships the local authority was involved in as per the Audit and Governance Committee's Terms of Reference.

Members were informed that the Significant Partnerships Register was completed by officers to comply with a governance framework which had been adopted based on the principles of the Council's Code of Corporate Governance. The Register was an opportunity to ensure that partnerships across the local authority were well-governed and that appropriate oversight was in place.

It was reported that the purposes of this exercise a significant partnership was: 'an agreement between two or more independent bodies to work collectively to achieve a shared objective.'

It was defined as a joint working arrangement where the partners:

- are otherwise independent bodies;
- agree to co-operate to achieve common goals and outcomes for the community;
- share accountability, risks, and resources;
- share relevant information; and
- agree processes and programmes to achieve the common goal.

**RESOLVED**

That the Audit and Governance Committee approve the significant partnerships included in the May 2017 register.

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