

# AUDIT & GOVERNANCE COMMITTEE

## Tuesday, 25 June 2019

**PRESENT** – Councillors McGurk (Chair), Davies, Fazal, Rawat, N Slater, Whittle

**OFFICERS** – Colin Ferguson (Audit & Assurance), Louise Mattinson (Director of Finance & Customer Services), David Fairclough (Director of HR, Legal & Governance), Amanda Wilkinson, Jenna Russett-Knott, Firoza Hafeji (Governance Officer)

**ALSO IN ATTENDANCE** – Councillor Kay

### RESOLUTIONS

#### 1 **Welcome and Apologies**

The Chair welcomed everyone to the meeting. Apologies were received from Simon Hardman, External Auditor.

#### 2 **Minutes of the Meeting held on 16th April 2019**

**RESOLVED** – That the minutes of the meeting held on 16<sup>th</sup> April 2019 were agreed as a correct record and were duly signed by the Chair.

#### 3 **Declarations of Interest**

There were no declarations of interest received.

#### 4 **Corporate Annual Report on Health, Safety & Wellbeing 2018/19**

The Director of HR, Legal & Governance, David Fairclough, provided the Committee with the Council's Annual Health, Safety & Wellbeing Management Report for 2018/19.

Key aspects of the report were summarised by Jenna Russett-Knott and Amanda Wilkinson which identified that there were 13 cases reported under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations 2013 (RIDDOR) to the Health and Safety Executive (HSE).

It was reported that the HSE carried out an unannounced visit in July 2018 on a Highways site, where a worker and a sub-contractor were carrying out repair work. The visit resulted in an Improvement Notice being issued to the council as the employee was not wearing appropriate PPE or using the equipment in a safe way. A full investigation was carried out and an action plan put in place, which was addressed by the service promptly.

Focus for the next 12 months were shared with the Committee which highlighted that a new Health and Safety Policy was to be implemented and disseminated to all staff appropriately.

**RESOLVED** – That the report be noted.

## **5 External Audit Update**

In the absence of Simon Hardman, External Auditor, the Director of Finance & Customer Services provided a verbal update on the progress of the audit of the Council's financial statements, which was reported as being on track.

The Committee were informed that the draft accounts would be brought to the Audit & Governance Committee on 24<sup>th</sup> July 2019 for approval in advance of the deadline for publication of 31<sup>st</sup> July 2019.

### **RESOLVED –**

- That the verbal update be noted.
- That the draft External Audit Report be brought to the next Audit & Governance Committee to be held on 24<sup>th</sup> July 2019.

## **6 Treasury Management Report - March to May 2019**

The Director of Finance & Customer Services summarised the Treasury Management Report for 2019-20 and recommended that the position for the period of 1<sup>st</sup> March to 31<sup>st</sup> May 2019 be noted.

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

The key issues summarised the interest rate which highlighted that the Bank of England's Bank Rate held steady at 0.75%, having increased in August 2018.

At 31<sup>st</sup> May, the Council had invested approximately £21.2M, compared to £49.6M at the start of the period. The breakdown of the closing investment balance was shared with the Committee.

The report highlighted that up to the end of May 2019, there was a decrease in short term borrowing of £30M, as loans of £54M were repaid and £24M of new loans were taken. The key elements of long term borrowing were noted by the Committee.

**RESOLVED –** That the report be noted.

## **7 Treasury Management Annual Report 2018/19**

Members were provided with the Treasury Management Annual Report 2018/19 and recommended to note the Outturn position for 2018/19.

The report summarised the Treasury Priorities, Original Strategy, Economic Review, Treasury Management Performance and Consultancy together with the Counterparty Update.

Risk management strategies were shared highlighting the Council's key priorities for managing its investments.

**RESOLVED** – That the report be noted

## **8 Audit & Assurance Progress & Outcomes to May 2019**

The Head of Audit & Assurance submitted a report which updated the Committee on the achievements and progress made by Audit & Assurance in the period from 1<sup>st</sup> March 2019 to 28<sup>th</sup> May 2019 alongside the proposed arrangements for the re-assessment of Internal Audit for compliance with the Public Sector Internal Standards.

The report focused on a number of key areas in the Audit & Assurance Plan, in particular Corporate Governance and Risk, Counter Fraud Activity and progress on the data matches from the National Fraud Initiative. Recent internal audits completed and finalised were noted.

Members expressed comments that the red priorities summarised in the Corporate Governance and Risk table impacted on other service areas and required scrutinising accordingly.

The Committee noted the outcomes achieved to 28<sup>th</sup> May 2019 against the Annual Audit & Assurance Plan, which was approved by Committee on 16<sup>th</sup> April 2019.

**RESOLVED** –

- 1) That the proposed approach for the external assessment of internal audit against requirements of the Public Sector Internal Audit Standards (PSIAS) be noted.
- 2) That the Committee approved for a peer review which would be cost effective.
- 3) That Jayne Ivory, Director of Children Services, be invited to a future meeting to update the Committee on areas of concern which were marked as red priorities in the summary Director Exception/Dashboard Report and Assurance Statements.

## **9 Annual Risk Management Report 2018/19**

Members were provided with the Annual Risk Management report for 2018/19 which included an overall conclusion of the effectiveness management arrangements which were in place within the Council.

The Committee were asked to consider and review the annual risk management report and agree the conclusion on the overall effectiveness of the Council's risk management arrangements in place during 2018/19.

The key elements of risk and resilience considered under the framework were shared as:

- Risk Management
- Insurance
- Emergency Planning and Business Continuity (including health aspects)
- Information Governance

- Health, Safety and Wellbeing

**RESOLVED** - That the annual risk management report be noted and agreed with the conclusion on the overall effectiveness of the Council's risk management arrangements in place during 2018/19

#### **10 Annual Counter Fraud Report 2018/19**

The Head of Audit & Assurance provided the Committee with the Annual Counter Fraud report for 2018/19.

The report highlighted key issues and a summary of the work undertaken during the year which supported the overall conclusion on the measures in place.

Members noted that the report provided the Committee with assurance on the effectiveness of the counter fraud arrangements in place within the Council in its roles of reviewing the assessment of fraud risks and potential harm to the Council from fraud or corruption, ensuring the Council maintains a robust counter fraud culture via the implementation of the Counter Fraud Strategy.

**RESOLVED** – That the Counter Fraud Annual Report be noted.

#### **11 Internal Audit Annual Opinion Report 2018/19**

The Head of Audit & Assurance provided the Committee with the Annual Internal Audit Report for 2018/19.

The purpose of the report was to provide independent evidence to allow the Audit & Governance Committee to fulfil its role and function of providing independent assurance to the Council on the adequacy of the risk management, and internal control arrangements in place within the Council.

**RESOLVED** –

- That the Committee noted the content of the Annual Internal Audit Opinion Report for 2018/19 (as set out in Appendix A)
- That the Committee noted the overall annual opinion of the Head of Audit & Assurance, which was that adequate assurance can be placed upon the Council's framework of governance, risk management and internal control; and
- That the Committee noted that the internal audit work that supports this opinion had been delivered in accordance with the Public sector Internal Audit Standards (PSIAS) and that there were no significant areas of non-conformance.

#### **12 Annual Governance Statement for 2018/19**

Members received a draft Annual Governance Statement for 2018/19 for the year ended 31<sup>st</sup> March 2019 and up to June 2019.

The report outlined key developments and on-going arrangements in governance in 2018/19.

**RESOLVED –** That the report be noted.

**13      Audit & Governance Committee Annual Report 2018/19**

The Head of Audit & Assurance presented the draft Audit & Governance Committee Annual Report for 2018/19 for consideration and approval by the Committee.

The report summarised the work undertaken by the Committee during the year to demonstrate that it has fulfilled its agreed terms of reference.

The report highlighted that having an effective Committee brings many benefits to the Council such as:

- Increasing public confidence in the objectivity and fairness of financial and other reporting;
- Providing additional assurance through a process of independent and objective scrutiny;
- Raising awareness of the need for internal control and the implementation of audit recommendations; and
- Reinforcing the importance and independence of internal audit.

The Annual Report indicated the breadth of the Committee’s work in ensuring that every aspect of the Council’s work should be compliant with standards and transparent to its stakeholders.

**RESOLVED –**

- That the Committee approved the Committee’s Annual Report including the statement on its effectiveness during 2018/19 and the draft effectiveness self-assessment evaluation; and
- That the report be referred to the Full Council for endorsement.

Signed: .....

Date: .....

Chair of the meeting  
at which the minutes were confirmed