

AUDIT AND GOVERNANCE COMMITTEE MINUTES - 8 JULY 2015

Present: Councillors Stevens (Chairman), Debs Absolom, McElligott, Page & Steele.

Apologies: Councillors Lovelock & Terry.

Also in attendance:

Alan Cross	Head of Finance
Paul Harrington	Chief Auditor
Ian Wardle	Managing Director

1. MINUTES

The Minutes of the meeting of 21 April 2015 were confirmed as a correct record and signed by the Chairman.

2. ANNUAL GOVERNANCE STATEMENT 2014-15

The Head of Finance submitted a report presenting, at Appendix 1, the 2014/15 Annual Governance Statement (AGS). Appended to the Statement were the Governance Framework at Appendix A, and the AGS Implementation plan for 2015/16 at Appendix B.

The report explained that Regulation 4 of the Accounts and Audit Regulations 2011 required councils to review the "effectiveness of their system of internal control" at least once a year and to publish an AGS which accompanied the authority's financial statements. The AGS was a record of the overall effectiveness of governance arrangements within the Authority; it reflected the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrated how the key governance requirements had been met.

Resolved:

- (1) That the Annual Governance Statement for 2014/2015 be received and approved for publication with the Council's accounts;
- (2) That the Managing Director, in consultation with the Leader of the Council and the Chairman of the Audit & Governance Committee, be authorised to make any necessary minor amendments before final publication in September 2015.

3. INTERNAL AUDIT ANNUAL ASSURANCE REPORT

The Head of Finance submitted a report presenting, at Appendix 1, the Internal Audit Annual Assurance Report of the Chief Auditor, as required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards.

The report gave the Chief Auditor's opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement. It also drew out key themes arising from the work of the Audit Team during the 2014/2015 financial year, and compared the audit work undertaken with that planned, summarising the

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performance of the Internal Audit function against its performance measures and targets.

The report explained that detailed audit reports had been issued to the relevant Service Managers on the results of individual audits throughout the year, and to the relevant Directors and Heads of Service where unsatisfactory internal control had been identified. In addition, quarterly reports had been issued to, and discussed with, the Corporate Management Team (CMT) and the Audit & Governance Committee in order to report on standards of internal control, to provide appropriate focus on weaknesses and to progress remedial action where necessary.

Resolved: That the assurance opinion given by the Chief Auditor and issues raised in the Annual Assurance Report be noted.

4. AUDIT & INVESTIGATIONS QUARTERLY PROGRESS REPORT

P Harrington, Chief Auditor, submitted a report giving an update on key findings emanating from Internal Audit reports issued since the previous quarterly progress report in April 2015. Attached to the report at Appendix A were the internal audit assurance definitions and priority ratings of recommendations.

The report set out a summary of the audit reports and an assurance finding for audits carried out of the following service areas:

- Gas/Electric Inspections
- Repair and Renewal Grant
- School Attainment
- Treasury Management
- Payroll
- Fuel System
- Fleet Management
- Collection and Debt Recovery

Resolved: That the report be noted.

5. STRATEGIC RISK REGISTER

P Harrington, Chief Auditor, submitted a report updating the Committee on the Q1 status of the Council's 2015/16 Strategic Risk Register, in line with the requirements of the Council's Risk Management Strategy. The Register was attached to the report at Appendix 1, and guidance on risk scoring was attached at Appendix 2.

The report explained that the Strategic Register was compiled from risks identified at directorate level which had been escalated, along with high-level generic risks which required strategic management. Entries within the Register reflected the risks identified by the Council Management Team thereby strengthening their strategic perspective, management response and controls. The inclusion of risks within any level of risk register did not necessarily mean there was a problem but reflected the fact that officers were aware of potential risks and had devised strategies for the implementation of mitigating controls.

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Each entry within the register was scored based on an assessment of their impact and likelihood, to provide an assessment of the residual level of risk. These assessments were made before any actions were in place, to indicate the inherent risk, and then after controls were in place, to find the residual risk. Whatever level of residual risk remained, it was essential that the controls identified were appropriate, working effectively and kept under review. Plans were in place to mitigate the risks identified in the Strategic Risk Register.

Resolved: That the Q1 status of the Council's 2015/16 Strategic Risk Register be noted.

6. PROVISIONAL 2014/15 REVENUE OUTTURN & CAPITAL PROGRAMME

The Head of Finance submitted a report summarising the financial position at the end of the 2014/15 financial year, setting out draft final budget variances. The report also set out the capital programme provisional outturn and a summary of the Final Accounts process leading to the formal approval of the accounts at the end of September.

The following documents were attached to the report:

Appendices A-C - 2014/15 financial outturn by Directorate

Appendix D - Allocation of s106 receipts (as agreed by Policy Committee on 8 June 2015)

Appendix E - Final Accounts Process

Appendix F - General Debtor Arrears by Service

Resolved:

- (1) That the outturn position set out in the report subject to external audit be noted;
- (2) That the capital programme outturn and funding, and the use of £2.3m S106 receipts approved by Policy Committee, as set out in the schedule at Appendix D, be noted.

7. TREASURY OUTTURN REPORT FOR 2014/15 & RELATED UPDATE

The Head of Finance submitted a report presenting, at Appendix 1, the Annual Treasury Outturn Report 2014/15.

The report explained that the Treasury Outturn report was intended to explain how the Council had tried to minimise net borrowing costs over the medium term, ensured it had enough money available to meet its commitments, ensured reasonable security of money lent and invested, maintained an element of flexibility to respond to changes in interest rates, and managed treasury risk overall. It also outlined some current treasury and related issues likely to impact the Council during 2015/16, the establishment of the Municipal Bonds Agency, and further work taking place to review aspects of the Council's treasury approach.

A Cross gave a presentation at the meeting summarising some key treasury management issues.

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Resolved: That the annual Treasury Outturn Report for 2014/15 be noted.

(The meeting started at 6.30pm and closed at 7.16pm).