

Meeting:	Council
Meeting date:	15 July 2016
Title of report:	Annual report of the audit and governance committee
Report by:	Chairman: audit and governance committee

Classification

Open

Key decision

This is not an executive decision.

Wards affected

County-wide

Purpose

To inform council of the work undertaken by the audit and governance committee for the municipal year 2015/2016.

Recommendation

THAT: the report be noted.

Alternative options

1. There are no alternative options as the report is for information.

Reasons for recommendations

2. To comply with the requirement in the council's constitution that Council will receive annual reports from committees.

Key considerations

3. The audit and governance committee is responsible for overseeing the council's corporate governance, audit and risk management arrangements. The committee is also responsible for approving the statement of accounts and the annual governance

statement. The functions of the audit and governance committee are set out in section six of the constitution. This report summarises the work of the audit and governance committee for the year 2015/16.

4. The committee has met on six occasions in the year 2015/16. During this period the committee has assessed the adequacy and effectiveness of the council's risk management arrangements, control environment and associated counter fraud arrangements through regular reports from officers, internal audit and the external auditors Grant Thornton. The committee has sought assurance that action has been taken, or is otherwise planned, by management to address any risk related issues that have been identified by auditors during the period. The principal areas of business considered are summarised below.

External audit

5. The committee noted a review of the council's audit findings report for 2014-15. The auditors reviewed the financial resilience, value for money and statement of accounts of the council by looking at key indicators of financial performance, its approach to strategic financial planning, its approach to financial governance and its approach to financial control.
6. The overall conclusion was that adequate arrangements are in place in all of these areas, the same as 2013/14.
7. The audit findings report included an action plan to implement improvements to support the earlier sign off of the accounts and the records held on the councils asset register. These actions were been agreed and were progressed during 2015/16
8. The committee noted the annual audit letter for 2014-15 from Grant Thornton. The letter set out the unqualified audit opinion on both the financial statements and value for money conclusion. The external auditors issued an unqualified opinion on the statement of accounts for 2014/15 and reported improvements in both the quality and timeliness thereof. An unqualified conclusion was issued in respect of value for money. The external auditors were satisfied that the council has proper arrangements in place securing the economy, efficiency and effectiveness in its use of resources. The external auditors highlighted two recommendations for the council to focus for the coming year; the closedown process and property assets. Improvements are already being progressed in these areas.

Internal Audit

9. SWAP (the South West Audit Partnership) continued as internal auditors for the council and in accordance with their charter which was agreed in 2014.
10. The internal audit charter for 2015/16 was approved, the key points of which are: that internal audit will be objective and independent; that the committee will receive at least four reports each year plus an annual report on the risk environment; that the chair of the committee is invited to participate in approving SWAP's accounts and agreeing its future work programme.
11. The committee approved the internal audit plan for 2015-16. SWAP work with external auditors, Grant Thornton, to co-ordinate audit activity and to maximise resources. Where common themes are found, best practice will be shared amongst partner authorities in order to make improvements.

12. Progress reports were provided in September, November, January and April. It was noted that for the audits completed to November, none were assessed as partial or no assurance.

Budget management

13. In support of its assurance role regarding the effectiveness of budget management processes the committee received six monthly reports on the projected outturn for 2015/16.

Annual governance statement and statement of accounts

14. The committee approved the annual governance statement and associated action plan and the annual statement of accounts meeting the revised statutory timetable for doing so. The committee reviewed progress in delivery of the annual governance statement during the year and received a presentation from the chief executive on progress made in key areas identified through the employee opinion survey.

Energy from waste (efw) loan update

15. The committee received assurance on the status of the efw loan arrangement. The committee was informed that the loan arrangement is progressing to plan with the financial implications being reflected in the medium term financial strategy approved by council in February 2015.

Corporate risk

16. The committee is responsible for assuring the effectiveness of the council's risk management arrangements. The committee were advised of the risks on the corporate risk register and actions to ensure that risks were being managed effectively.
17. An audit of risk management was concluded in January 2015 when the audit opinion provided reasonable assurance, where most of the areas reviewed were found to be adequately controlled. The audit found that generally risks are well managed but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives. Since the audit, the corporate risk register is routinely reviewed by cabinet and management board as part of the quarterly performance and budget report.

Community governance review

18. The committee considered the case for undertaking a community governance review (cgr) of parish council electoral arrangements. The committee resolved that a series of targeted cgrs be progressed focussing on the parishes/issues identified in the report. In addition, it was requested that draft terms of reference for such a review be drafted for full council consideration.

Whistle blowing

19. The audit and governance committee has the responsibility to review and approve the whistleblowing policy on a biennial basis.
20. The committee reviewed and approved the revised policy effective from 1 October 2015.

21. In addition the committee received assurance that actions following the external audit report following a public interest disclosure had been implemented.

Annual report of the monitoring officer

22. The committee noted the monitoring officer's annual report for the municipal year 2014-15. Key reporting areas included data regarding adherence to the members' code of conduct, with 11 complaints alleging a breach of the code received. Of those complaints, 3 were resolved informally and 0 resolved by panel recommendation. The remaining 8 allegations were not upheld.

23. The report also included data on complaints, freedom of information requests, whistleblowing and information governance issues which will be used as a baseline for future trend analysis.

24. In terms of corporate governance, during 2014-15, there had been two occasions where the public had been excluded from meetings in order to allow the discussion of confidential or exempt material. Once relating to regulatory subcommittee and once relating to the employment panel. There were 18 occasions where it was not possible to publish notice of decisions to be taken within the statutory 28-day period, and these were reported to the relevant scrutiny committee. There were two decisions called-in by the general overview and scrutiny committee.

25. During the year 2014/15 the general overview and scrutiny committees made a total of 50 recommendations to the executive. Of these 35 were accepted in full, ten accepted in part, and five rejected.

Appendices

- None identified.

Background papers

- None identified.