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| MEETING: | AUDIT AND GOVERNANCE COMMITTEE |
| DATE: | 29 JANUARY 2010 |
| TITLE OF REPORT: | AUDIT AND GOVERNANCE CODE |
| CHIEF INTERNAL AUDITOR | TONY FORD |

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To present to members of the Audit and Governance Committee the Audit and Governance Code previously approved by Council on 13th November 2009.

Key Decision

This is not a Key Decision.

Recommendation

THAT subject to any comments by the Committee the report be noted.

Key Points Summary

- The new Audit and Governance Code is operational from 1st January 2010.
- The **annual governance statement framework** identifies the individual systems and sources of evidence used to support the preparation of the **annual governance statement**.
- The key systems identified in the framework include risk management, procurement, the whistle blowing policy, the control environment and associated counter fraud and corruption arrangements, and the complaints process.
- The key sources of evidence identified in the framework include the annual governance letter, external audit reports and the Chief Internal Auditor's audit assurance reports.
- The **annual governance statement** is prepared in advance of the annual statements of account; it provides a commentary from management on compliance with the Council's code of governance and identifies areas for further improvement

Further information on the subject of this report is available from
Tony Ford Chief Internal Auditor on (01432) 260425

Alternative Options

- 1 As the Audit and Governance Code forms part of the Council's Constitution there are no alternative options.

Reasons for Recommendations

- 2 To update members on the requirements of the new Audit and Governance Code.

Introduction and Background

- 3 The Council has appointed the Audit and Governance Committee to ensure the effective and fully compliant governance of the Council and in particular to ensure that all aspects of the financial affairs of the Council are properly and efficiently conducted.
4. The main purpose of this Committee is therefore to review and approve the Council's annual governance statement and annual statements of account.
5. In so doing, the Committee shall scrutinise the effectiveness of, and management compliance with, the systems identified in the annual governance statement framework and monitor the progress made by management in implementing improvements to elements of that framework identified by external or internal audit review.

Key Considerations

6. The Committee's terms of reference shall be maintained in line with the Chartered Institute of Public Finance & Accountancy's (CIPFA's) latest best practice guidance for Audit Committees.
7. The Committee's terms of reference is summarised in paragraph 8 to 18 below.
8. To consider the effectiveness of the Council's risk management arrangements, the control environment and associated counter fraud and corruption arrangements.
9. Seek assurance that action is taken on risk related issues identified by auditors and inspectors.
10. Satisfy themselves that the Council's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it.
11. Approve internal audit's strategy and plan and oversee performance.
12. Review summary internal audit reports and the main issues arising, and seek assurance action is taken where necessary.
13. Receive the annual report of the Head of Internal Audit.
14. Consider the reports of external audit and inspection agencies and take appropriate action where relevant to the committee remit.
15. Ensure there are effective relationships between external and internal audit, inspection agencies and other relevant bodies.

16. Ensure the organisation actively promotes the value of the audit process.
17. Review the financial statements, external auditor's opinion and reports to members, and oversee management action in response to the issues raised by external audit.
18. Other matters not covered by CIPFA's latest best practice guidance for audit committees.
19. The Joint Management Team and the Internal Audit Team will put in place appropriate management arrangements to ensure that the Audit and Governance Committee receive reports required under the Code.

Community Impact

20. N/a

Financial Implications

21. There are no financial Implications.

Legal Implications

21. There are no Legal Implications.

Risk Management

22. Although the Audit and Governance Code was approved by Council, there is the possibility that some members are not fully aware of the new requirements, which could have an adverse impact on them discharging their responsibilities. This report by the Chief Internal Auditor will ensure that all members of the Committee have been made aware of their new responsibilities under the code.

Consultees

23. There were no consultees.

Appendices

Appendix 1 - Section 12 Audit and Governance Code.

Background Papers

- None