

MEETING:	COUNCIL
MEETING DATE:	18 JULY 2014
TITLE OF REPORT:	ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE
REPORT BY:	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 from May 2013 to May 2014.

Recommendation(s)

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 This report summarises the work of the Audit and Governance Committee between the annual Council meetings held on 24 May 2013 and 23 May 2014.
- 4 The committee met 5 times in the reporting period. The principal areas of business considered are summarised below.

External Audit

- 5 The Committee noted the audit findings from the annual audit of the Council's annual accounts and requested that an updated action plan and identified risks be considered at every meeting along with a management response in respect of each point on the plan.
- 6 The Auditors issued an unqualified opinion on the Statement of Accounts for 2012/13.
- 7 The Committee noted that the Annual Audit Letter 2012/2013 had highlighted four key issues for the Council to focus on in the ensuing year: the Council's financial position, adult social care, waste disposal and safeguarding children.
- 8 As part of the work to support its value for money conclusions the external auditors reviewed the Council's arrangements for securing financial resilience. The Committee noted the external auditors' conclusion that the Council faced very serious financial risks which needed to be responded to urgently. The Committee was assured that arrangements had been put in place to address the risks that had been identified.
- 9 The Committee has received progress reports from the external auditors on how they are discharging their responsibilities and on relevant emerging national issues and developments and considered a report on the risk assessment for the Council.
- 10 As part of its progress report The External Auditors informed the Committee of the "2016 tipping point? Challenging the current", the third report by Grant Thornton in an annual series assessing whether local authorities had the arrangements in place to ensure their sustainable financial future. The Committee has agreed that if the Chief Financial Officer becomes concerned about the Council's financial resilience in the light of the findings of the "2016 tipping point report" by Grant Thornton a report will be made to the Committee.

Internal Audit

- 11 The Committee noted the Annual Assurance report 2012/13 and requested that managers be reminded of the need to engage fully with the audit process and respond within the required timescales.
- 12 The Committee supported and endorsed actions proposed in order to address the recommendations of the internal audit review with respect to the Data Protection Act 1998 and the actions proposed in order to address the areas of improvement identified by the Information Commissioner's Office in its consensual audit in respect of that Act.
- 13 The Committee was informed as part of the progress report on internal audit work that there were four areas where the auditors considered 'Limited Assurance' was provided: Data Protection, Income Collection, Public Health – Food Licensing, and the gypsy and Traveller function. The Committee has noted the management action being taken in response.
- 14 The Committee was informed of the proposal to employ the South West Audit partnership as the Council's new internal audit partners and has noted the confirmation of their appointment. The Committee has been informed that this will provide additional audit resource.

Community Governance Review

- 15 A Community Governance Review considers whether the electoral arrangements for particular areas are appropriate and if there should be any changes in the areas covered by town and parish councils to make sure communities are represented fairly and appropriately.
- 16 Council approved a community governance review of the areas of Ross Town Council and Ross Rural Parish Council, following a request from Ross Town Council, supported by Ross Rural Parish Council. It allocated responsibility for undertaking Community Governance Reviews to the Audit and Governance Committee. .
- 17 The Committee appointed a working group to undertake the review. The group has almost concluded its work and will report to the Committee in September. The Committee will then make recommendations to Council.

Council Constitution

- 18 The Committee has been informed of a number of technical amendments to the Constitution, reflecting changes made to job titles and/or job responsibilities, and the law and incorporating decisions taken by Council.
- 19 The Committee is establishing a working group to participate in reviews of the constitution which will report to the Audit and Governance Committee which will then make recommendations to Council on any proposed changes to the Constitution.
- 20 Council on 23 May agreed to augment the Committee's own terms of reference allocating it responsibilities in relation to funding provided to Mercia Waste Management Ltd to deliver the waste project.

Review of the Standards Process

- 21 The Committee considered reports of the Standards Panel on six complaints. This prompted discussion of the Standards process and the Committee subsequently considered alternative options for the operation of the process.
- 22 The Localism Act 2011 has changed the nature of the standards regime, providing for a limited range of less severe sanctions to be determined locally and removing the national Standards Board. In these circumstances it seemed appropriate to seek to make the standards process less intensive and achieve a more proportionate use of resources.
- 23 The Committee agreed that subject to consultation with the appointed independent persons and Herefordshire Association of Local Councils (HALC), a revised complaints process be recommended to Council which includes retention of the standards panel; and that the standards panel in future considers only written evidence unless the subject of the complaint requests to exercise their right to be heard by the Panel. A report will be made to Council in September.

Annual Governance Statement 2012/13

- 24 The Committee approved the draft Annual Governance Statement. It is intended that the Statement will in future be more action focussed enabling monitoring of progress to be carried out during the year. It will also review the quality of audit work.

25 The Committee also wishes to place on record its thanks to the outgoing Chairman, Councillor Stone.

Background Papers

- None identified