

# GOVERNANCE AND AUDIT COMMITTEE

**Date:** 3 December 2014

**Venue:** East Northamptonshire House, Cedar Drive, Thrapston

**Time:** 7.30pm

**Present:** Councillors: Colin Wright - Chairman  
Peter Wathen - Vice Chairman  
Sylvia Hobbs Alex Smith  
Barbara Jenney Robin Underwood  
David Read

## **263. WELCOME TO OFFICERS**

The Chairman welcomed Rachel Ashley-Caunt (Senior Audit Manager), Jonathan Idle (Head of Internal Audit) and Iain Jenkins (Interim Finance Manager) to the meeting.

## **264. MINUTES**

The minutes of the meeting held on 25 September 2014 were approved and signed by the Chairman.

## **265. APOLOGIES FOR ABSENCE**

No apologies for absence had been received.

## **266. DECLARATIONS OF INTEREST**

No declarations of interest were made.

## **267. QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3**

There were no questions submitted under Procedure Rule 10.3.

## **268. WELLAND INTERNAL AUDIT CONSORTIUM – INTERNAL AUDIT PLANNING PROCESS 2015/16**

The Welland Internal Audit Consortium (WIAC) Head of Internal Audit presented a report outlining the proposed internal audit planning process for 2015/16 which set out the approach to be taken in preparing the 2015/16 Internal Audit Plan.

**RESOLVED:**

That the planning process for the 2015/16 Internal Audit Plan be approved.

**269. WELLAND INTERNAL AUDIT CONSORTIUM – INTERNAL AUDIT PLAN & PERFORMANCE UPDATE 2014/15**

The WIAC Senior Audit Manager presented a report setting out the progress made by the Consortium on the delivery of the 2014/15 Annual Internal Audit Plan and associated measures of performance.

It was noted that since the preparation of the report, fieldwork had been completed on a further two assignments and at least 90% of all audit plans would be delivered by March 2015.

A number of changes to the 2014/15 Audit plan were proposed for the Committee's consideration.

**RESOLVED:** That:

- i) the proposed changes to the 2014/15 Internal Audit Plan, set out below, be approved.

1. *That the Community Infrastructure Levy and the Business Continuity audits be deferred and included on the 2015/16 Internal Audit Plan to allow the reviews to take place at a time that will result in more meaningful outcomes;*
2. *That the resulting saving of 20 days be used to undertake audits in the areas of Corporate Counter Fraud, Fees and Charges and Business Transformation, which would be more meaningful to the Council at this point in time.*

- ii) the progress and performance of the Consortium be noted.

*(Reason – To demonstrate that the Committee is discharging its responsibilities in conformance with the Public Sector Internal Audit Standards).*

**270. WELLAND INTERNAL AUDIT CONSORTIUM – COMMITTEE TRAINING SESSIONS**

Further to the changes agreed to the Internal Audit Plan by the Committee at the previous meeting (Minute 176 refers) and the Committee's view that the audit days saved by the changes should be used for training purposes, a proposed programme of training was submitted for approval.

**RESOLVED:** That:

- i) the schedule of training set out in Appendix 1 be approved.

- ii) training sessions be arranged to take place before the commencement of scheduled meetings of the Committee and additional dates also be included in the 2015/16 Schedule of Meetings for Governance and Audit Committee training sessions
- iii) the training session to take place before the meeting of the Committee to be held on 16 March 2015 to include training on the audit process as part of the Introduction to Internal Audit topic.
- iv) a training session on the Corporate Governance and Risk topics set out in Appendix 1 be arranged to take place at 7.30pm on 11 February 2015

#### **271. ANNUAL AUDIT LETTER 2013/14**

The Chief Finance Officer presented a report on behalf of the Council's External Auditors who had submitted their Annual Audit Letter to the Council setting out the key findings of the 2013/14 audit.

The External Auditors had issued an unqualified value for money (VFM) conclusion and an unqualified opinion of the financial statement on 25 September 2014. The External Auditors therefore believed the financial statements gave a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

A review of the Annual Governance Statement had concluded that it was consistent with External Audit understanding and no high or medium priority recommendations had been raised as a result of the audit

**RESOLVED:** That:

the Annual Audit Letter be noted.

*(Reason – to ensure Members and key stakeholders are made aware of the findings of the 2013/14 External Audit)*

#### **272. ICT PHYSICAL SECURITY**

Further to the Committee's consideration of the Annual Report of Internal Audit 2013/14 (minute 76 refers) the Executive Director presented a report setting out the response to the "limited assurance" rating given to ICT physical security.

The estimated cost of carrying out the works required to install fire suppressant equipment was £32,000. However, capital funds had been secured to store data off-site in conjunction with the Borough Council of Wellingborough and this was anticipated to be completed by the end of 2015. ENC data, but not operating systems, was already replicated and stored at Wellingborough and the risk identified by Internal Audit had existed for some 10 years and was deemed to be a low level of risk by the Council's management team. For these reasons, the cost of fireproofing the existing facilities was not considered to be advisable.

**RESOLVED:** That:

it be accepted that the level of risk identified by Welland Audit is sufficiently low to be acceptable in the short term and the plan to transfer the whole server room environment to an external provider be supported

*(Reason: To satisfy auditor recommendations)*

**273. DISABLED FACILITIES GRANTS**

Further to the Committee's consideration of the Annual Report of Internal Audit 2013/14 (minute 76 refers) the Executive Director presented a report setting out the response to the "limited assurance" rating given to the payment of Disabled Facilities Grants (DFG).

The findings of the audit review and the changes made to DFG processes were outlined and it was noted that since 1 October 2014, all DFG's were completed entirely by the in-house team at ENC following the termination of the work with Care and Repair.

**RESOLVED:** That:

the improvements made to DFG payments following the Audit report in February 2014 be noted.

*(Reason: To satisfy auditor recommendations)*

**274. RISK MANAGEMENT REPORTING**

The Chief Finance Officer presented a report providing an update on the implementation of a new risk system.

**RESOLVED:** That:

the developments being made on improving risk management at East Northamptonshire Council be noted.

*(Reason – to ensure the Council has up to date and effective Risk Management processes in place)*

**Chairman**

**APPENDIX 1 - GOVERNANCE & AUDIT COMMITTEE TRAINING SESSIONS**

<b>Topic</b>	<b>Key areas to be covered</b>	<b>Suggested form of delivery</b>
Introduction to Internal Audit	<ul style="list-style-type: none"> <li>• Role of Internal Audit</li> <li>• What is Assurance and why it is required? (3 Lines of Defence)</li> <li>• Audit Plan</li> <li>• Types of Audits</li> <li>• The Audit Process</li> <li>• The Audit Report and Assurance Opinion</li> <li>• Annual Opinion</li> <li>• Reporting to Committee</li> </ul>	Pre-committee meeting session
Audit Committee Effectiveness / Responsibilities of an Audit Committee	<ul style="list-style-type: none"> <li>• Expectations of an Audit Committee</li> <li>• What does effective Internal Audit look like?</li> <li>• Public Sector Internal Standards</li> <li>• Self- Assessment of Audit Effectiveness</li> <li>• Development of Audit Committee Work Plan</li> </ul>	Pre-committee meeting session
Assurance and Independent Assurance	<ul style="list-style-type: none"> <li>• Need for Assurance</li> <li>• Assurance Frameworks</li> <li>• Assurance Mapping</li> <li>• Reporting of Assurances</li> </ul>	Pre-committee meeting session
Audit Planning	<ul style="list-style-type: none"> <li>• Introduction to Internal Audit</li> <li>• Audit Planning Process</li> <li>• Assurances required</li> <li>• Balance of Audit work</li> <li>• What is the right level of Internal Audit?</li> </ul>	Pre-committee meeting session
Corporate Governance and Risk	<ul style="list-style-type: none"> <li>• Good Governance Background</li> <li>• CIPFA/ SOLACE Principles</li> <li>• Code of Corporate Governance</li> <li>• Annual Governance Statement process</li> <li>• Risk Management</li> <li>• Internal Audit Role</li> </ul>	Training session to be held on 11 February 2015