

GOVERNANCE AND AUDIT COMMITTEE

Date: 28 September 2015

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30pm

Present: Councillors: Colin Wright (Chairman)
Peter Wathen (Vice-Chairman)
John Farrar Alex Smith
Barbara Jenney Robin Underwood

External attendees:

Yola Geen (External Auditors – KPMG) for Agenda item Report of External Audit and Final Statement of Accounts 2014/15

Nicola Scott (Internal Audit Manager) for Agenda item Welland Internal Audit Consortium – Internal Audit Progress and Performance Update 2015/16

160. MINUTES

The minutes of the meeting held on 15 July 2015 were approved and signed by the Chairman.

161. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Lance Jones and John Gorrie (External Auditors, KPMG).

162. DECLARATIONS OF INTEREST

No declarations of interest were made.

163. QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3

No questions were submitted under Procedure Rule 10.3.

With the consent of the Committee, the Chairman varied the published order of the Agenda.

164. PLANNING RISK OVERVIEW

The Council's Head of Planning Services, David Reed, attended for this item and outlined the significant risks for the Council in operating its Planning service.

One of the significant risks identified was the loss of local authority whereby planning decisions affecting the District could be determined other than by ENC. This could arise from not having up to date Local Plan coverage or a five-year land supply available leading to planning appeals being lost or an ineffective development management service where the timescales for determining planning applications did not meet national targets leading to designation of the Council as one where applicants could apply for planning permission directly to the Planning Inspectorate.

Other risk factors set out by the Head of Planning Services included ensuring that the Council maintained relationships with its various partners in the planning process. This included other neighbouring Authorities through the Joint Planning Unit and Committee and the Joint Delivery Unit and Committee; those developers implementing major developments in the District which were vital in maintaining the five-year land supply as well as the statutory bodies involved in the planning process, such as the Highways Authority.

The Committee noted the importance of maintaining continuity and local knowledge of planning staff to the service and the potential risks a high turnover of staff might cause. The Committee considered that the issue of staff recruitment and retention across the Council could be explored with the Head of Resources and Organisational Development when the opportunity arose.

165. REPORT OF EXTERNAL AUDIT AND FINAL STATEMENT OF ACCOUNTS 2014/15

The Committee received the Annual Governance Report from the Council's External Auditors and the Final Statement of Accounts, including the Annual Governance Statement, for the year ended 31 March 2015.

The Committee noted that the External Auditors had made some changes to the explanatory notes on the Property, Plant and Equipment section of the Accounts and some minor presentational matters, but subject to a final review, an unqualified audit opinion was expected to be issued and the External Auditors would report that the Annual Governance Statement complied with guidance issued by CIPFA/SOLACE.

RESOLVED: That

- i) the contents of the Annual Governance Report of KPMG be noted
- ii) the Council's Letter of Representation tabled at the meeting be approved
- iii) the Statement of Accounts and Annual Governance Statement for the year ended 31 March 2015 be approved
- iv) the Chief Finance Officer, in consultation with the Chairman and Vice-Chairman of the Governance and Audit Committee be authorised to make any minor amendments necessary to the Statement of Accounts 2014/15 prior to publication.

(Reason – to comply with the requirements of the Accounts and Audit Regulations)

The Council's Letter of Representation and Statement of Accounts were circulated and signed by the Chairman and Chief Finance Officer.

166. WELLAND INTERNAL AUDIT CONSORTIUM – INTERNAL AUDIT PROGRESS AND PERFORMANCE UPDATE 2015/16

The Internal Audit Manager provided Members with information on the progress made by the Consortium on the delivery of the Annual Internal Audit Plan for 2015/16 and associated measures of performance.

It was noted that since the report had been prepared, the reports on “Payroll – Non-standard Payments and Deductions” and “IT Service Desk, Software Licensing and Asset Management” shown in the report as being issued in draft had now been finalised.

It had been agreed with the Council’s Management Team to defer the report on Community Infrastructure Levy/S.106 Agreements until the new Head of Planning Services was in post.

RESOLVED: That

- i) the proposed changes to the 2015/16 Internal Audit Plan be approved, including the deferment of the report on Community Infrastructure Levy/S.106 Agreements until Quarter 1 of 2016/17.
- 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).

167. RISK MANAGEMENT UPDATE – SEPTEMBER 2015

The Finance Manager provided Members with an update on the Council’s current risk scores.

As previously reported to the Committee, following the approval of the risk strategy, a new risk management system had been implemented and the risk report produced for September 2015 was reviewed by the Committee.

RESOLVED: That

the current status of risks included in the report for September 2015 be noted

(Reason – to ensure the council has an up to date and effective risk report process in place)

168. RISK MANAGEMENT STRATEGY – AMENDMENT

The Finance Manager reported that the Council’s Risk Management Strategy measured risks for impact as well as likelihood and each were scored in order to identify whether the risk to the Council was low, medium, high or very high. This formed the risk assessment matrix in Appendix 2 of the strategy.

Appendix 2 of the strategy stated that the financial impact of each risk should be scored on the following basis:

	Low	Medium	High	Very High
Financial	Up to £50k	Up to £100k	Up to £250k	Over £250k

Since the strategy had been approved in September 2014, it had become clear that when applying the financial impact thresholds set out above, the outcome had not appropriately reflected the low to very high score as intended.

In order to ensure that the score reflected an appropriate level of risk, a higher threshold was deemed to be required at each level. The following thresholds had been incorporated within the new risk management system and had been effective in the scoring of financial impact:

	Low	Medium	High	Very High
Financial	Up to £100k	Up to £250k	Up to £500k	Over £500k

RESOLVED: That

the amendment to Appendix 2 of the Risk Management Strategy set out above be approved.

(Reason – to ensure the council has an up to date and effective Risk Management Strategy which supports the implementation of a new risk management system.

Chairman