

GOVERNANCE AND AUDIT COMMITTEE

Date: 18 April 2016

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30pm

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

External attendees:

Yola Geen (Audit Manager KPMG - the Council's External Auditors)

Rachel Ashley-Caunt (Head of Internal Audit, Welland Internal Audit Consortium)

440. MINUTES

The minutes of the meeting held on 1 February 2016 were approved and signed by the Chairman.

441. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Barbara Jenney.

442. DECLARATIONS OF INTEREST

No declarations of interest were made.

443. QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3

It was reported that no questions had been submitted under Procedure Rule 10.3.

444. WELLAND INTERNAL AUDIT CONSORTIUM – INTERNAL AUDIT PLAN & PERFORMANCE UPDATE 2015/16

The Head of Internal Audit presented a report which 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 94% of the work set out in the Plan had been completed and one report was now outstanding.

The Committee expressed the importance of training for Members, particularly in finance matters, in order that Members were able to make informed decisions and examine and challenge financial proposals appropriately. Members requested further information on attendance at training by Councillors be provided to a future meeting.

RESOLVED:

That the progress and performance of the Consortium and the key findings from audits delivered during the period be noted.

(Reason: To review the performance of Internal Audit against the agreed plan and any key findings regarding the council's risk management and control arrangements in accordance with the Public Sector Internal Audit Standards)

445. WELLAND INTERNAL AUDIT CONSORTIUM – INTERNAL AUDIT CHARTER

The Head of Internal Audit presented a report seeking approval of the Internal Audit Charter which defined the internal audit activity's purpose, authority and responsibility.

An annual review of the Internal Audit Charter had been undertaken to confirm that it remained fit for purpose and compliant with good practice and the Public Sector Internal Audit Standards. No material changes had been made to the document or audit approach following the review, with three minor changes to the Charter being proposed.

RESOLVED:

That the Internal Audit Charter attached to the report be approved.

(Reason: To approve the internal audit activity's purpose, authority and responsibility within the organisation in accordance with the Public Sector Internal Audit Standards)

446. WELLAND INTERNAL AUDIT CONSORTIUM – AUDIT PLAN 2016/17

The Head of Internal Audit presented a report seeking approval of the Internal Audit Plan for 2016/17, in line with the requirements of the Public Sector Internal Audit Standards.

RESOLVED: That

- i) the Internal Audit Plan for 2016/17 attached to the report be approved..

(Reason: To confirm that the planned activities of the Internal Audit service provide the required range of assurances for the year ahead and, in doing so, evidence compliance with the Public Sector Internal Audit Standards)

- ii) the Section 151 Officer, in consultation with the Chairman and Vice-Chairman of the Governance and Audit Committee, be authorised to make amendments to the Plan during the financial year, if required.

(Reason: To enable the Internal Audit service to respond to changes in the risk environment and ensure coverage of key risk areas)

447. EXTERNAL AUDIT PLAN 2015/16

The External Audit Manager presented a report setting out how the Council's External Auditors (KPMG) proposed to deliver the financial statement audit work for ENC, together with the approach to be taken to value for money work for 2015/16 taking into account new guidance issued by the National Audit Office.

RESOLVED:

That the contents of the report and the External Audit Plan 2015/16 be noted.

(Reason: This is an information report which sets out the arrangements for 2015/16 External Audit of the Statement of Accounts)

448. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

The Finance Manager presented a report providing an overview of audit progress and a technical update prepared by the Council's External Auditors (KPMG) in delivering their responsibilities. The report also highlighted the main technical issues currently having an impact on local government.

RESOLVED:

That the contents of the report be noted.

(Reason: This is an information report which sets out the progress that has been made by KPMG in delivering their responsibilities as our external auditors)

449. SECTOR-LED EXTERNAL AUDITOR APPOINTMENT PROPOSAL

The Finance Manager presented a report setting out the proposal by the Local Government Association (LGA) for the appointment of Public Sector Audit Appointments (PSAA) as the Sector-led body for the appointment of external auditors from 2018/19.

The Local Audit and Accountability Act 2014 had included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20.

The LGA had established an independent company (PSAA) to take on the management of the external audit contracts for local public bodies following the closure of the Audit Commission during the interim period.

DCLG had announced that the audit contracts for large local government bodies, including district councils, would be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies would need to appoint their own auditors.

The LGA has been successful in lobbying for legislation to include the provision for the establishment of a sector-led body to procure future audit contracts and proposes to support the appointment of PSAA as the sector-led body for local government.

In order for the LGA to continue progress to secure efficient, cost effective and good quality arrangements, they had requested an expression of interest by 30 April 2016 from each council. This would not be a binding commitment and the LGA would issue formal invitations later in the year.

RESOLVED:

That an expression of interest be submitted to the Local Government Association

(Reason: To ensure that the proposal from LGA for the appointment of external Auditors can be considered as an option and that the council can satisfy its obligations in appointing an external auditor in accordance with the deadline of 31 December 2017).

450. RISK MANAGEMENT UPDATE QUARTER 4 2015/16

The Finance Manager presented a report on the Council's current risk scores for quarter 4 of 2015/16.

It was noted that the item for "loss due to major Court cases" had been revised from a score of 9 to a score of 6 following the recent conclusion of a case.

The new risk included in relation to "inappropriate sharing of personal data with/between Members" had now been assessed and scored 9 on the Risk Register.

The Finance Manager provided the Committee with an update on overdue actions shown in the report. Some actions had now been completed and others were subject to revised completion dates.

RESOLVED:

That the current status of risks included in the report for March 2016 be noted.

(Reason: To ensure the Council has an up to date and effective risk reporting process in place)

451. PURCHASE ORDER STATUS

The Finance Manager circulated a report setting out the current status of purchase orders and the Council's performance in matching purchase orders with creditor payments. The report also proposed actions to improve the Council's performance.

The Finance Manager recommended that a more detailed review should be carried out on those invoices that did not have a purchase order raised in time in order to:

- Establish the reasons why purchase orders had not been raised in time
- Identify any other expenditure which should be excluded from the target
- Identify where further training and guidance was required across the organisation
- Understand the additional resource this work would consume across the Council

RESOLVED: That

- i) the contents of the report be noted and the proposed actions set out above be supported.
- ii) this item be included as a standing item on future Agenda for meetings of the Committee.

(Reason: To ensure the Council is able to manage its resources effectively and efficiently.

452. CUSTOMER AND COMMUNITY SERVICES RISK OVERVIEW

The Interim Head of Customer and Community Services attended for this item, supported by the Executive Director who has current responsibility for part of the service area and outlined the approach to risk management taken within the service; the high, medium and low risks recorded in the Risk Register for Customer and Community Services and future issues which might impact on risk and risk management.

Chairman