

# GOVERNANCE AND AUDIT COMMITTEE

**Date:** 6 July 2016

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

**Time:** 7.30pm

**Present:** Councillors: Peter Wathen (Vice-Chairman in the Chair)

John Farrar Alex Smith  
Valerie Raven-Hill Robin Underwood

## **External attendees:**

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

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

## **69. MINUTES**

The minutes of the meeting held on 18 April 2016 were approved and signed by the Vice-Chairman.

The Committee noted that the submission of further information on Member attendance at training events (Minute 444) and the detailed review of purchase order status (Minute 451) recorded in the minutes were awaited.

## **70. APOLOGIES FOR ABSENCE**

Apologies for absence were received from the Chairman of the Committee, Councillor Colin Wright and John Gorrie (KPMG).

## **71. DECLARATIONS OF INTEREST**

No declarations of interest were made.

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

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

**73. WELLAND INTERNAL AUDIT CONSORTIUM – ANNUAL INTERNAL AUDIT REPORT AND OPINION**

The Head of Internal Audit presented a report setting out the Annual Report for 2015/16 which contained the Head of Internal Audit's annual opinion on the Council's control environment and the basis for this opinion.

Based upon the work undertaken by Internal Audit during 2015/16, the Head of Internal Audit's overall opinion on the Council's control environment was that "Sufficient Assurance" could be given that there was generally a sound system of internal control, designed to meet the organisation's objectives and that controls were generally operating effectively in practice. No areas of significant weakness had been identified.

The implementation of audit recommendations during the year had been weaker than expected with 75% of actions from 2015/16 reports due for implementation being completed. A revised timetable had been agreed with the Council's Management Team.

Following the next scheduled performance clinic, the Head of Internal Audit would report to the next meeting of the Committee detailing overdue actions, particularly those which were over three months overdue.

**RESOLVED:**

That the Annual Internal Audit Report and Opinion for 2015/16 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)*

**74. WELLAND INTERNAL AUDIT CONSORTIUM – INTERNAL AUDIT PROGRESS AND PERFORMANCE**

The Head of Internal Audit presented a report outlining the progress made by the Consortium on the delivery of the Annual Internal Audit Plan for 2016/17 and associated measures of performance. No areas of significant risk or control weaknesses had been identified in the work completed to date.

**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)*

**75. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE**

On behalf of the Council's External Auditors, KPMG, the Audit Manager presented a report providing an overview of audit progress and a technical update, highlighting the main technical developments which were currently having an impact on local government.

Particular reference was made to the implications of the Modern Slavery Act 2015 which applied to commercial organisations having a turnover of at least £36m per year. KPMG would provide clarification on how this was calculated and the potential implications for the Council contracting out work once this was known.

It was noted that the Council did not respond to the DCLG consultation on pension fund investment returns, but the Northamptonshire Local Government Pension Scheme would have done so.

**RESOLVED:**

That the contents of the report be noted.

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

**76. DRAFT STATEMENT OF ACCOUNTS 2015/16**

The Committee considered the Draft Statement of Accounts 2015/16, which formed the financial representation of every activity that the Council had been directly or indirectly involved with over the course of the 2015/16 financial year. A revised narrative was circulated to the Committee to replace the copy distributed with the Agenda.

The Draft Statement of Accounts would be subject to audit by the Council's external auditors and submitted to the Committee in September 2015 for sign-off, together with the Annual Governance Report.

**RESOLVED:**

That the Draft Statement of Accounts 2015/16 be endorsed prior to KPMG auditing the financial statements.

*(Reason: To provide Members with a copy of the Draft Statement of Accounts prior to external audit in accordance with best practice)*

**77. RISK MANAGEMENT UPDATE – QUARTER 1 (2016/17)**

The Finance Manager presented a report on the Council's current risk scores for Quarter 1 of 2016/17.

It was noted that the actions listed as overdue in respect of the review of the media management protocol and the review of the publicity code of conduct had now been completed.

It was reported that some of the action due dates for overdue actions would need to be revised. This was partly as a result of the members of staff responsible for carrying out the actions being unable to complete them due to pressures arising from covering long-term absences and vacant posts. Some actions would also need to be re-allocated following the departure of staff from the Council.

The Committee considered that risks existed as a consequence of these circumstances and requested that a report be submitted to the next meeting of the Committee setting out the measures being taken to address these risks.

**RESOLVED:**

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

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

**78. PURCHASE ORDER STATUS**

Further to the Committee considering this issue at its previous meeting, the Finance Manager provided a verbal update on the Purchase Order status. With the exception of one service area, the Council was generally performing well and achieving the 70% target rate of having a purchase order raised on time. A further report would be submitted to the next meeting of the Committee.

**79. SELF ASSESSMENT**

The Vice-Chairman reminded Members of the Committee of the CIPFA recommendation for them to complete a self-assessment regarding governance and audit activities. Members had been supplied with a self-assessment form for completion over the next two weeks.

**80. EXCLUSION OF PUBLIC AND PRESS**

That the public and press be excluded from the meeting during consideration of the following item of business because exempt information, as defined under paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972, may be disclosed.

**81. FUTURE OF INTERNAL AUDIT**

The Finance Manager presented a report proposing options for the future delivery of the Internal Audit service.

**R.2 RESOLVED TO RECOMMEND TO FULL COUNCIL:**

That the transfer of the delegation agreement from Rutland County Council to the Local Government Shared Service (LGSS) for delivery of internal audit services from 2017/18 be approved.

*(Reason: To formally approve future internal audit arrangements from 2017/18)*

**Chairman**