

GOVERNANCE AND AUDIT COMMITTEE

Date: 30 November 2016

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30pm

Present: Councillors: Colin Wright (Chairman)

John Farrar
Lance Jones

Robin Underwood

External attendees:

Yola Geen
(External Auditors – KPMG)

For Agenda items External Audit Progress Report and Technical Update & Annual Audit Letter 2015/16.

Rachel Ashley-Caunt
(WIAC Head of Internal Audit)

For Agenda items Welland Internal Audit Consortium – Internal Audit Planning 2017/18 & Welland Internal Audit Consortium – Internal Audit Progress and Performance

277. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Valerie Raven-Hill, Alex Smith and Peter Wathen and Jon Gorrie (KPMG)

278. MINUTES

The minutes of the meeting held on 7 September 2016 were approved and signed by the Chairman.

It was noted that the minutes should refer to Jon Gorrie rather than John Gorrie.

279. DECLARATIONS OF INTEREST

No declarations of interest were made by members of the Committee.

280. QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3

No questions were submitted under Procedure Rule 10.3.

281. VARIATION OF ORDER OF BUSINESS

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

282. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

Yola Geen presented a report providing an overview of audit progress and a technical update prepared by the Council's External Auditors, KPMG.

It was noted that since the report had been prepared, an unqualified certificate had been issued on the Council's Housing Benefit claim.

RESOLVED:

That the report be noted.

(Reason: This is an information report which sets out the progress by the external auditors and technical updates)

283. ANNUAL AUDIT LETTER 2015/16

Yola Geen presented the Annual Audit letter setting out the key findings of the 2015/16 External Audit.

The External Auditors had issued an unqualified value for money (VFM) conclusion and an unqualified opinion of the financial statements on 28 September 2016. KPMG therefore believed that 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's understanding.

The audit had identified that the short term debtors and creditors figures stated in the accounts were understated due to netting off of some of the short term debtors and creditors figures against each other. It also identified a number of minor presentational misstatements in the financial statements which were discussed with ENC management and amended.

RESOLVED:

That the Annual Audit Letter be noted.

(Reason: To ensure Members and key stakeholders are made aware of the findings of the 2015/16 External Audit)

284. RETIREMENT OF YOLA GEEN

Yola announced that she would be retiring in 2017 and this was likely to be the last meeting of the Committee she would attend. Yola thanked the Council's officers who she had worked with over the years and the Committee for the warm welcome it had given to her when attending meetings.

On behalf of the Committee, the Chairman thanked Yola for the work she had carried out with the Council and wished her well in her retirement.

285. HEALTH AND SAFETY AUDIT ACTION PLAN

The Environmental Protection Manager presented the Health and Safety Audit Action Plan, including progress on actions taken to implement the audit recommendations. A copy of the Plan was circulated to the Committee.

It was noted that approximately 95% of Display Screen Equipment Assessments had been completed. These would, in future, be carried out annually or more frequently if a member of staff was relocated to another workspace.

The Plan would be reviewed again at the next meeting of the Committee.

RESOLVED:

That the report be noted.

286. CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS

The Finance Manager presented a report providing an update on the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

Three options were available to the Council, namely to make a stand-alone appointment; to set up a Joint Auditor Panel/local joint procurement arrangements or to opt-in to a sector led body. The advantages and disadvantages of each option were outlined, together with an estimated timetable for the new arrangements.

R.15 RESOLVED TO RECOMMEND TO FULL COUNCIL: That

- i) the preferred option is to join the national scheme proposed by the LGA where external auditors will be appointed through a Sector Led Body arrangement.
- ii) formal acceptance to "opt-in" to this scheme be submitted by the deadline of 9 March 2017.

(Reason: To ensure the Council has appropriate arrangements in place and can satisfy its obligations in appointing an external auditor in accordance with the deadline of 31 December 2017)

287. MEMBER TRAINING

The Executive Director provided an update on the responses received from Members on the induction training carried out in 2015. A further 14 responses had been received since the last meeting of the Committee bringing the total to 21.

A summary of the data obtained from the survey was circulated to the Committee and would be distributed to Members via a Member Briefing in the near future. The information gathered would be used to inform the development of the Member training and induction programmes over the next 3 years.

RESOLVED:

That the report be noted.

288. RISK MANAGEMENT UPDATE – QUARTER 3 (2016/17)

The Finance Manager presented a report setting out the Council's risk scores for quarter 3 of 2016/17. It was noted that there was one overdue action.

The Committee noted the increased risk score for "Failure to maintain effective relationships with partners" and queried what plans were in place to mitigate risks. The Committee wished to see any increasing risks identified for this item on the Register reported to the appropriate Committee at the appropriate time in future.

RESOLVED:

That the the current status of risks included in the report for the period to December 2016 be noted.

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

289. PURCHASE ORDER UPDATE

The Finance Manager presented a report setting out the current status of purchase orders and performance.

At the last meeting it had been reported that the Council had achieved the cumulative target of 70% overall whilst there was still a requirement for some service areas to make further improvements to reach the 70% target individually. Since then, following a number of training events as well as other improvements to processes, the Council was now achieving a cumulative performance of 80% and each service area was now exceeding the target of 70% individually.

RESOLVED:

That the contents of the report and the improved performance as a result of the processes implemented to date be noted.

(Reason: This report is for information only).

290. FUTURE OF INTERNAL AUDIT

The Council's Section 151 Officer presented a verbal report on the future of Internal Audit. Following a recommendation made by this Committee (minute 81), the Council had approved the transfer of the delegation agreement from Rutland County Council to the Local Government Shared Services (LGSS) for delivery of internal audit services from 2017/18 at its meeting on 18 July 2016.

Melton Borough Council and Rutland County Council were taking the lead on preparing service level agreements with a view to producing one agreement to be used by all authorities in the consortium, although ENC would have an opportunity to adapt the proposed agreement to meet its own needs.

A further report would be submitted to the next meeting of the Committee.

RESOLVED:

That the report be noted.

291. RESULTS OF SELF-ASSESSMENT EXERCISE ON GOOD PRACTICE AND EFFECTIVENESS

Further to consideration of this matter at the meeting of the Committee held on 6 July 2016, the Finance Manager presented a report providing a summary of the responses received to the self-assessment exercise.

Four responses had been received and where a “yes” response of less than 4 had been received, these areas would form part of an action plan for the Committee.

RESOLVED:

That the contents of the recent self-assessment of good practice and effectiveness exercise be noted.

(Reason: To ensure the Governance & Audit Committee are following good practice guidelines on performance and effectiveness)

292. WELLAND INTERNAL AUDIT CONSORTIUM – INTERNAL AUDIT PLANNING 2017/18

The Head of Internal Audit presented a report providing an overview of the proposed approach to the development of the Internal Audit Plan for 2017/18 and consulting the Committee on risk areas where assurance was required.

RESOLVED:

That the proposed approach to developing the Audit Plan for 2017/18 be agreed.

293. WELLAND INTERNAL AUDIT CONSORTIUM – INTERNAL AUDIT PROGRESS AND PERFORMANCE

The Head of Internal Audit provided Members with information on the progress made by the Consortium on the delivery of the Annual Internal Audit Plan for 2016/17 and associated measures of performance.

Final reports had been issued for five assignments; draft reports had been issued for a further two audits and work or planning was underway on six assignments. As at the end of week 32, the Consortium had delivered 112 of the commissioned 230 days.

A revised date of 31 March 2016 had been agreed for the implementation of recommendations for the recording of mandatory training for temporary staff.

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)

294. QUESTION UNDER PROCEDURE RULE 10.3

The Executive Director reported that the following question had been submitted to the Chairman of the Scrutiny Committee by Councillor Dorothy Maxwell at the meeting held on 9 November 2016:

“Last Saturday I received a letter regarding the Boundary Commission which was to be discussed at P&R last night. Unfortunately I was unable to speak due to the letter turning up on Saturday and I would have been required to submit my request on Friday by 5pm, my question is how in future can this be resolved?”

The Scrutiny Committee had agreed that the issue raised should be referred to the Governance and Audit Committee, as this fell within the remit of this Committee, to consider whether the relevant part of the Council's Constitution should be revised.

The Executive Director informed the Committee that provision could be included in the next review of the Constitution report to enable Committee Chairmen to have the discretion to extend the deadline for registering to speak where consent had been given to add urgent items of business to an Agenda. Any extension would only apply to these urgent items of business.

The Committee endorsed this proposal.

Chairman