Date: 26 April 2017
Venue: East Northamptonshire House, Cedar Drive, Thrapston
Time: 7.30pm
Present: Councillors: Colin Wright (Chairman)  
Peter Wathen (Vice-Chairman)  
Robin Underwood

External attendee: Rachel Ashley-Caunt (Head of Internal Audit)

542. APOLOGIES FOR ABSENCE
An apology for absence was received from Councillor Alex Smith.

543. MINUTES
That subject to “if” being amended to “of” in minute 467, the minutes of the meeting held on 20 March 2017 were approved and signed by the Chairman.

544. DECLARIATIONS OF INTEREST
No declarations of interest were made.

545. QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3
No questions were submitted under Procedure Rule 10.3.

546. FUTURE OF INTERNAL AUDIT
The Chief Finance Officer presented a verbal report on the current position regarding the internal audit service. Staff had transferred to LGSS on TUPE arrangements on 1 April 2017 and the audit team were operating as before and clients would not notice any appreciable difference in their audit arrangements.

Now that the new arrangements were in place, it would no longer be necessary to have the future of Internal Audit as a standing Agenda item.

RESOLVED:

That the report be noted.
547. 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.

It was confirmed that since the Committee report had been prepared, all assignments had been completed and reports issued. No significant control weaknesses or issues of concern had been identified.

With reference to the Debtors function report, the Committee noted that an annual report on debt write-off was submitted to the Policy and Resources Committee and quarterly reports were submitted to the Finance Sub-Committee as part of the budget monitoring reports.

The Committee expressed concern at the period of time some of the overdue actions arising from Internal Audit recommendations had over-run their completion date, particularly in relation to the Data Management report which was originally due for completion on 31 August 2014 and now had a revised completion date of 31 March 2017. It was agreed that a report on progress on this item would be submitted to the next meeting of the Committee.

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)*

548. NATIONAL SCHEME FOR APPOINTMENT OF EXTERNAL AUDITORS – UPDATE

The Finance Manager reported that on 12 December 2016 the Council had decided to opt into the Public Sector Auditor Appointments (PSAA) national scheme for the appointment of external auditors following a recommendation from this Committee.

The period for applications to join the PSAA national scheme for auditor appointments had closed in early March 2017 and 483 eligible bodies (over 98%) had opted to become members of the scheme. As a result, PSAA had confirmed their commitment to put in place arrangements to assure the provision of quality audit services by qualified suppliers at affordable fee scales.

A number of critical next steps would be taken by PSAA which were outlined to the Committee. In view of the ongoing developments, it was considered that this should form a standing item on future Agenda for the Committee.

It was noted that from 2018/19 there would be no provision in legislation for PSAA to make arrangements for housing benefit subsidy certification work on behalf of the Department for Work and Pensions. PSAA would assist the Department to develop appropriate successor arrangements and the Committee would be kept informed of these developments.
RESOLVED:

That the update be noted.

*(Reason: To provide assurance that 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).*

549. **PROGRESS ON EXTERNAL AUDIT**

The Chief Finance Officer presented a letter which had been received from the Council’s External Auditors, KPMG, outlining progress made with their audit. No significant issues had been identified for the current year and the final ISA260 report would be submitted to the Committee in July 2017.

RESOLVED:

That the content of the letter be noted.

550. **ANNUAL REPORT OF GOVERNANCE AND AUDIT COMMITTEE**

The Finance Manager reported that Chartered Institute of Public Finance and Accountancy (CIPFA) in their guidance note ‘Audit Committees – Practical Guidance for Local Authorities’, recommended that an Audit Committee should undertake an annual review of its effectiveness and produce an annual report on its activity. The Committee had not undertaken these tasks previously, but had agreed that it would be useful to do so.

The effectiveness review had been undertaken using a self-assessment checklist produced by CIPFA and the results were included within the draft annual report covering the Committee’s activities during 2016/17.

RESOLVED:

That subject to the necessary grammatical amendments being made, the annual report of the Governance and Audit Committee attached at Appendix A, be approved.

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


The Finance Manager presented a report setting out the Council’s risk scores for the period ended 31 March 2017. There were currently no overdue actions arising from the Risk Register.

In response to issues raised by the Committee regarding ENC, rather than its contractors, not complying with Health and Safety legislation for which there was not an item included in the risk report, the Finance Manager undertook to provide Members with a response after consulting the Head of Environmental Services.
RESOLVED:

That the current status of risks included in the report for period to March 2017 be noted.

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

552. CHAIRMAN’S ANNOUNCEMENT

The Chairman announced that this would be his last meeting as Chairman of the Committee before taking office as Chairman of the Council. Councillor Wright thanked those Members who had served on the Committee, together with officers, for their support since the Committee had been established in 2014.

Chairman
ANNUAL REPORT OF THE GOVERNANCE AND AUDIT COMMITTEE

1. **Background**

The purpose of the Governance and Audit Committee is to oversee and provide independent assurance of the adequacy of the risk management framework and control environment, scrutiny of the authority’s financial and non-financial performance in that context, and oversee the financial reporting process, including:

- To review summary internal audit reports and actions arising from them
- To consider reports of external audit and inspection agencies and monitor action arising from them
- To monitor the effective development and operation of risk management and corporate governance
- To monitor the effectiveness of the whistleblowing and anti-fraud and anti-corruption policies
- To approve the annual governance statement
- To approve the annual statement of accounts for publication

The Terms of Reference can be found in the Constitution.

This report, in line with best practice, sets out the committee’s work and performance during the year, including how it has met its terms of reference.

2. **Membership of the Committee and meetings**

The Committee comprises 7 members which are appointed by the Council at its Annual Meeting each year. The following Councillors were appointed for the municipal year 2016/17:

- Cllr C Wright (Chairman)
- Cllr P Wathen (Vice-Chairman)
- Cllr J Farrar
- Cllr L Jones
- Cllr V Raven-Hill
- Cllr A Smith
- Cllr R Underwood

The Committee met on the following dates:

- April 18th 2016
- July 6th 2016
- Sept 7th 2016
- Nov 30th 2016
- Feb 1st 2017
- Mar 20th 2017
Senior Officers from the Council are also present, including the Monitoring Officer, Section 151 Officer, Finance Manager, Internal Audit Manager and, where appropriate, the External Auditor (KPMG) will also attend. The Chair and Vice Chair of the Committee also meets in private with Internal Audit and the Finance Manager on a regular basis.

3. **Governance and Audit Committee business**

During the year the Committee conducted the following business:

- Received the annual internal audit report for 2015/16
- Approved the internal audit plan for 2016/17
- Received internal audit updates of progress against the audit plan for 2016/17
- Monitored the implementation of actions recommended by internal audit
- Received limited assurance reports across a number of areas and requested follow up work to assess the implementation of agreed actions
- Considered proposals for the internal audit plan for 2017/18
- Considered and recommended the arrangement for future delivery of Internal Audit service
- Received the external audit plan for 2015/16
- Reviewed and contributed to a draft of the Annual Governance Statement
- Approved the Statement of Accounts for 2015/16
- Received the external auditors Annual Governance Report (ISA260)
- Received technical updates from external auditors
- Considered and approved the future appointment of External Auditors
- Considered its training requirements
- Received and scrutinised the risk register
- Received the annual letter from the Local Government Ombudsman
- Completed an assessment of its own effectiveness

4. **The Committee’s main achievements**

The Committee believes its key achievements during the year were:

- Effective challenge and questioning of officers in respect of audit reports
- Development of a process for follow up on specific audit reports to provide further assurance that control weaknesses are being addressed
- Improving its knowledge base through attendance at various training sessions throughout the year (as detailed in section 5)
- Review of Risk Register in order to seek assurance that key risks are being appropriately mitigated. Thereby, providing additional assurance through a process of independent review
- Satisfying itself that appropriate investigation was undertaken and action taken in relation to the Health and Safety audit
- Satisfying itself that appropriate investigation was undertaken and action taken in relation to purchase order process
- Scrutinising the Statement of Accounts prior to approval
- Review of Code of Conduct and Constitution
5. **Training events**

The Committee have received training on the following during the last year:

Assurance and the Assurance Framework  
The Statement of Accounts 2015/16

6. **Result of Audit Committee effectiveness review**

The Committee completed an effectiveness review based on CIPFA guidance. The conclusion of the review is that the Committee is effective in its role but the following action points were noted:

- In order to ensure the role and purpose of the Committee is understood across the authority, an Annual Report of the Governance and Audit Committee will be presented to Council each year.
- The Committee will review its terms of reference to ensure they are still fit for purpose.
- The Committee will carry out an annual evaluation to assess whether it is fulfilling its terms of reference and consideration is being given across all core areas.
- The Annual Report will include an action plan to address any areas of weakness highlighted in the annual evaluation.
- Whilst the Committee has not formally completed a skills assessment, the Chair is satisfied that the individual experience and knowledge of Committee members allows the Committee to adequately discharge its duties.
- The Committee will continue to work with the Joint Standards Complaints Committee to support ethical values and review the Code of Conduct and the Constitution to achieve those values.

7. **Conclusion**

The Committee was able to confirm:

- That the system of internal control, governance and risk management in the authority was adequate in identifying risks and allowing the authority to undertake the appropriate management of these risks.
- That there were no areas of significant duplication or omission in the systems of internal control, governance and risk management that had come to the Committee’s attention, that had not been adequately resolved or were in the process of being resolved.

The Committee’s conclusion is based on assurance gained from its own work and the work of Internal Audit and External Audit.