

HARBOROUGH DISTRICT COUNCIL  
MINUTES OF THE GOVERNANCE AND AUDIT COMMITTEE MEETING

Held in The Symington Building, Adam and Eve St, Market Harborough

held on 26<sup>th</sup> July 2017

commencing at 6.30 p.m.

Present:

Chair: Councillor Rook

Councillors: Champion, Hadkiss, Johnson and Liquorish

Officers: S.Hamilton, B. Jolly and S. Riley

Welland Internal Audit Consortium: R. Ashley-Caunt and T. Croote

ELECTION OF CHAIRMAN FOR THE YEAR 2017/18

Councillor Rook was elected as Chairman for the year 2017/18.

ELECTION OF VICE-CHAIRMAN FOR THE YEAR 2017/18

Councillor Hadkiss was appointed as Vice-Chairman for the year 2017/18.

APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTIONS

An apology was received from Councillor Elliott.

MINUTES

RESOLVED that the Minutes of the Meeting of the Governance and Audit Committee held on the 8<sup>th</sup> March 2017 be taken as read and signed by the Chairman as a true record.

DECLARATIONS OF MEMBERS' INTERESTS

There were none.

INTERNAL AUDIT ANNUAL REPORT AND ASSURANCE OPINION 2016/17

R. Ashley-Caunt from the Welland Internal Audit Consortium presented the Committee with the Annual Internal Audit report and Assurance Opinion for 2016/17.

Based upon the work undertaken by Internal Audit during 2016/17, the Head of Internal Audit's overall opinion on the Council's control environment is that Sufficient Assurance can be given that there is generally a sound system of internal control, designed to meet the organisation's objectives and that controls are generally operating effectively in practice.

Details of the delivery of the Internal Audit Plan for 2016/17 and achievement of the service's performance indicators were reported. The Internal Audit team had delivered 100% of the assignments from the agreed Internal Audit Plan for 2016/17. Also reported to the Committee was an assessment of the Internal Audit service against the Public Sector Internal Audit Standards. This concluded that the Internal Audit Consortium operates in general conformance with the Standards.

RESOLVED that the Annual Internal Audit Report and Assurance Opinion 2016/17 be received and noted.

#### INTERNAL AUDIT CHARTER AND STRATEGY

R. Ashley-Caunt from the Welland Internal Audit Consortium provided the Committee with the Internal Audit Charter, which reflects the requirements of the Public Sector Internal Audit Standards. The Charter will be adhered to in the delivery of the Internal Audit service for 2017/18.

Since 1<sup>st</sup> April 2017, the Council's Internal Audit service has been formally delegated to Local Government Shared Services (LGSS), and the Head of Internal Audit has undertaken a review of the Internal Audit Charter and Strategy, and has updated this to reflect best practice and the standard approach adopted across the LGSS client base.

The Committee noted that the key changes introduced by the updated Charter are in relation to five assurance ratings for the design and compliance with controls, namely; substantial assurance, good assurance, satisfactory assurance and limited assurance.

In addition, under the proposed approach, an assurance rating will be given in relation to the control environment, compliance and the organisational impact.

RESOLVED: that the Annual Internal Audit Report and Assurance Opinion for 2016/17, attached as Appendix A to the report, be received and noted.

#### INTERNAL AUDIT – PROGRESS AND PERFORMANCE UPDATE

T. Croote from the Welland Internal Audit Consortium presented the Committee with the current progress against the 2017/18 Plan up to the 5<sup>th</sup> July 2017.

The Committee noted that:

- (i) The 2016/17 plans has now been completed and had been reported under the item "Internal Audit – Annual Report and Assurance Opinion 2016/17", above
- (ii) 57% of the Plan is either complete or in progress.
- (iii) There are currently 27 overdue recommendations, of which 20 (74%) are overdue by more than three months. Of these 13 are classified as high or medium risk.
- (iv) Five internal audit reports have been finalised since the last committee, these being Financial System Key Controls; Procurement compliance, Assurances from Third Parties; S106 Follow Up and Local Plan Project – embedded assurance. The assurance level for all five audits was sufficient assurance. Each of the audit reports had a number of recommendations based on the findings.

The Committee noted that with regard to the issue with MyView, Head of Finance and Commercial Services informed the Committee that the issue had been discussed at a recent Scrutiny Board meeting. The Head of Finance and Commercial Services informed the Committee that he had participated in a series of meetings with Leicester City Council (LCC) and had asked for a number of written assurances including a request for an internal audit to be undertaken.

RESOLVED that:

- (i) the Internal Audit Update, attached as Appendix A to the report, be noted.

(ii) a request be made for R.Ashley-Caunt from the Welland Internal Audit Consortium to discuss the internal audit plans for the MyView issue with the Head of Internal Audit of Leicester City Council.

(iii) the Head of Finance and Commercial Services meet with the Director of Finance at Leicester City Council to discuss the MyView issue.

### ANNUAL GOVERNANCE STATEMENT

The Committee considered a draft of the Council's Annual Governance Statement for the 2016/17, included as Appendix A to the report.

The Committee noted that:

- (i) the Council is required to produce an Annual Governance Statement each year.
- (ii) the Council's arrangements for delivering good governance are based on the seven core principles set out in the CIPFA/Solace guidelines; these being:
  - behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
  - ensuring openness and comprehensive stakeholder engagement
  - delivering outcomes in terms of sustainable economic, social and environmental benefits
  - determining the interventions necessary to optimise the achievement of the intended outcomes
  - developing the Council's capacity including the capability of its leadership and the individuals within it
  - managing risks and performance through robust internal control and strong public management
  - implementing good practice in transparency, reporting and audit to deliver effective accountability.
- (iii) The Annual Governance Statement summarises the internal control frameworks across the Council and provides an opinion of the standards achieved. In essence, the Annual Governance Statement includes:
  - details of responsibilities for ensuring there is a sound system of governance (incorporating the system of internal control)
  - a brief description of the key elements of the governance framework
  - an indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide
  - an outline of the actions taken, or proposed to deal with in 2017/18 with 'significant' governance issues, including an agreed action plan.

RESOLVED that the Annual Governance Statement 2016/17, attached as Appendix A to the report, be reviewed and subsequently be passed for formal signature by the Leader, the Corporate Director (BJ) and S151 Officer for inclusion in the 2016/17 Statement of Accounts.

### DRAFT STATEMENT OF ACCOUNTS

It was reported that the Accounts and Audit Regulations require the Statement of Accounts to be produced and signed off by the S151 Officer by the 30<sup>th</sup> June 2017. Whilst the accounts are not formally signed off by the Governance and Audit Committee until late September, a review of the draft accounts allow any issues raised by the Committee to be considered alongside the External Audit and public inspection of the Accounts.

There were no significant changes in the Council's Accounting policies that were required for the 2016/17 Accounts. The CIPFA Code of Practice required changes to the format of the Comprehensive Income and Expenditure Statement and some notes, but still allows for broad comparisons to be made between the two financial years.

RESOLVED that the 2016/17 draft Statement of Accounts issued on the 30<sup>th</sup> June 2017 be noted.

The meeting closed at 8.01 p.m.