

HARBOROUGH DISTRICT COUNCIL

MINUTES OF THE MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE

Held in

The Council Chamber, The Symington Building, Adam and Eve Street, Market Harborough

14 July 2015

Commencing at 6.30p.m.

Present:

Councillor Spendlove-Mason, Chairman.

Councillors: Bilbie , Burrell, Elliott, Hall, Modha, Nunn,

T. Croote (Welland Internal Audit Consortium), R. Ashley-Caunt (Welland Internal Audit Consortium),

Sundeep Gill and Deborah Stokes from KPMG

Officers: B. Murgatroyd and S. Riley.

100 ELECTION OF CHAIRMAN FOR THE YEAR 2015/2016

It was proposed by Cllr Hall ,seconded by Cllr Bilbie and

RESOLVED that Cllr Spendlove-Mason be elected Chairman for the year 2015/2016

Cllr Spendlove-Mason assumed the Chair

101 APPOINTMENT OF VICE-CHAIRMAN FOR THE YEAR 2015/2016

It was proposed by Cllr Bilbie ,seconded by Cllr Hall and

RESOLVED that Cllr Nunn be appointed Vice- Chairman for the year 2015/2016

102 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES

An apology for absence had been received from Cllr Ackerley . Cllr Modha was substituting for Cllr Ackerley at this meeting

103 MINUTES

RESOLVED that the minutes of the meeting of the Governance and Audit Committee held on 12 March 2015 be noted

104 DECLARATIONS OF MEMBERS' INTERESTS

None received.

105 ANNUAL GOVERNANCE STATEMENT

The Committee considered the Council's Annual Governance Statement for the 2014/15 year.

The Committee NOTED that:

- (i) the Council is required to produce an Annual Governance Statement each year.

- (ii) Under the Accounts and Audit (England) Regulations 2011 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee (those charged with governance). The Annual Governance Statement outlines that the Council has been adhering to its Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.
- (iii) the CIPFA/SOLACE guidance makes it clear that the governance framework should include six core principles, these being:
  - Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
  - Councillors and Officers working together to achieve a common purpose with clearly-defined functions and roles.
  - promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
  - taking informed and transparent decisions, which are subject to scrutiny and managing risk.
  - developing the capacity and capability of councillors and officers to be effective.
  - engaging with local people and other stakeholders to ensure robust public accountability.

iv) The Internal Audit service undertaken by the Welland Internal Audit consortium delivered 198 days (93% of the Internal Plan during the year). Their work concluded there was a sound system of Internal Control in place during 2014/15

iv) The External Auditors Annual Letter from the Council's appointed External Auditors, KPMG for the financial year 2013/14 concluded that

- Audit Opinion: it had issued an unqualified opinion on the financial statement on 26th September 2014. This means that the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year
- VFM conclusion: it issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 26th September 2014. This meant that it is satisfied that the Council has proper arrangements for securing financial resilience and challenging it secures economy, efficiency and effectiveness.

RESOLVED that: the Annual Governance Statement be approved.

#### 106 DRAFT STATEMENT OF ACCOUNTS

It was reported that the Accounts and Audit Regulations require the Statement of Accounts to be produced and signed by the S151 Officer by the 30th June 2015. 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 .

The Committee asked for an explanation of the write-off of debts policy which was provided by the Council's s151 officer

RESOLVED that the 2014/15 Statement of Accounts issued on 30 June 2015 be noted

#### 107 INTERNAL AUDIT ANNUAL REPORT 2014/2015

It was reported that based upon the work undertaken by Internal Audit during 2014/15, 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 2014/15 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 2014/15. The Contract Management assignment was being delivered as an 'embedded assurance' review and would continue in 2015/16 to coincide with and support the Council's waste management review.

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 for 2014/15 be received and noted.

#### 108 INTERNAL AUDIT –PROGRESS AND PERFORMANCE UPDATE

The performance of internal audit was reported including key findings of audits completed and status of outstanding recommendation Internal Audit reviews are completed in accordance with the annual Internal Audit Plan, previously agreed by this committee. Progress against the plan up to 19th June 2015 was reported

The 2014/15 audit plan was now complete. All audits have been delivered with the exception of the Contract Management review, which has been carried forward into 2015/16 at management's request to coincide with the timetable for renewal of the waste management contract. The audit of Financial Systems Key Controls was issued to officers in draft on 30th March 2015 but has not yet been finalised as management responses to the action plan remain outstanding.

Progress against the 2015/2016 plan together with the latest available performance information was reported. At the time of writing 23% of the plan has been delivered to draft report stage and fieldwork was underway for a further two audits in the plan.

Five audit reports had been finalised since the last committee and the Committee was supplied with copies of the relevant executive summaries

The Public Sector Internal Audit Standards require the Governance and Audit Committee to undertake the "gate keeper" role approving changes to the audit plan only when it is satisfied that such changes do not compromise the range and level of assurance originally commissioned. The Committee has previously agreed that any proposed changes could be approved by the Head of Finance and Commercial Services (s151 Officer), in consultation with the Chairman. No changes have been made to the plan since the last meeting.

The Committee noted that basic refresher training was provided to Members at the meeting in November 2014 and it was agreed that the Committee training schedule would be reviewed following the elections in May 2015.

Training sessions on key areas such as an Introduction to Internal Audit, Audit Committee effectiveness, Assurance and Independent Assurance and Corporate Governance could be provided as either pre-committee meeting sessions or at convenient times for Members. A schedule of training can be developed and delivered during the year, based on Members' training requirements and preferred timings. The Committee expressed a preference for 30 minute training sessions prior to Committee meetings

RESOLVED that

- i) the internal audit performance, key findings of audits completed and outstanding audit recommendations be noted
- ii) no amendments be made to the audit plan at this meeting
- iii) the proposed schedule of training be approved and sessions take place before Committee meetings

109 EXTERNAL AUDIT PLAN 2014/2015

Representatives from KPMG attended the meeting to present the external audit plan for 2014/2015

The plan identified the focus of the external audit for this year ,namely management override of controls , fraudulent revenue recognition and bank reconciliations. The audit timeline was set out with the interim audit scheduled for early March and the main financial statement audit scheduled to commence on 20 July 2015

The planned fee for the 2014/2015 audit was £55 882 including a £900 supplement for additional audit work on business rates

RESOLVED that the report be received and noted

110 URGENT ITEM –SPECIAL MEETING OF THE COMMITTEE

The Committee was notified that following discussion with the auditors about scheduling, there would be a special meeting of the Governance and Audit Committee held on 24 September 2015 . The planned meeting of the Committee due to be held on 29 September 2015 would be cancelled.

The meeting closed at 8.30pm