

## **AUDIT AND GOVERNANCE COMMITTEE**

**29th July 2019**

**Present:** Councillor Alan Amos in the Chair

Councillors Agar (Vice-Chairman), Barnes,  
S. Hodgson, Laurenson, Roberts and Udall

**Also in Attendance:**

Hassan Rohimun, Ernst & Young LLP  
Natalie Ryan, Ernst & Young LLP

**Officers:** Mark Baldwin – Head of Finance  
Shane Flynn – Corporate Director –  
Finance and Resources  
Sian Stroud – Deputy Director -  
Governance  
Helen Tiffney – Audit Team Leader –  
Internal Audit Shared  
Service

**Apologies:** Councillor Hassan

### **10 Declarations of Interest**

None.

### **11 Public Participation**

None.

### **12 Minutes**

**RESOLVED: That the minutes of the meeting held on 20<sup>th</sup> March 2019 be approved as a correct record and signed by the Chairman.**

### **13 Revised Code of Corporate Governance and Annual Governance Statement**

The Deputy Director of Governance presented the report to the Committee in three parts beginning with the Annual Governance Statement. The Annual Governance Statement is a statutory requirement and is a statement of assurance from the Monitoring Officer about the degree of compliance and need for improvement in governance arrangements. The Annual Governance Statement reflects on themes and priorities identified in the City Plan and records activity from the Audit and Governance Committee as well as the Corporate Governance Board. The Deputy Director of Governance told the Committee the Statement demonstrates a more proactive approach to governance with a commitment to ongoing improvements. Additionally, an overlap with strategic priorities can be seen with Customer Services and property related investment. The Deputy Director of Governance noted that there were no matters to be brought to Members' attention as written in section 5 of the Annual Governance Statement.

Members commented that they were pleased to see functions being brought back in house and that the Council may be more cautious in the future when looking at outsourcing.

The Deputy Director of Governance then presented Appendix 2 Local Code of Corporate Governance 2019/20. The Local Code of Governance has been updated to better reflect the new 7 CIPFA principles however, the processes of what the Council does and how has been left largely unchanged. The Deputy Director of Governance further explained diagrams have been incorporated to better demonstrate how the 7 principles relate to each other. One minor amendment was made to the document which was clarified by the Deputy Director of Governance.

Members complimented the report for its use of clear, easy to understand language.

The Deputy Director of Governance presented Appendix 3 of the report, the Corporate Governance Action Plan 2019/20. The Deputy Director of Governance stressed the importance of the Committee knowing what is happening over a 12 month period and having a realistic but challenging work programme. The Action Plan sets out a series of actions for improvements, identifying the lead officer and which audit department is responsible for the oversight. One area of focus is identified against each of the 7 CIPFA principles.

Members asked questions about the terminology used in the Action Plan, asking for clarification of terms that could have differing definitions. Members also asked about the Corporate Governance Board, who it comprised of and its function. The Deputy Director for Governance responded that it was an Officer led board which reviews policies before they come to Committee and that it is not a decision making board. Members further asked if Minutes from the Corporate Governance Board could be seen by the Audit and Governance Committee and if the "Governance Oversight Body" could be changed from the Corporate Governance Board to the Audit and Governance Committee, as specified on P.33 first row of table.

**RESOLVED: That the Committee:**

- 1. approves the Annual Governance Statement 2018/19 at Appendix 1 for sign off by the Leader of the Council and the Managing Director for Inclusion in the Annual Statement of Accounts; and**
- 2. approves the revised Local Code of Corporate Governance at Appendix 2; and**
- 3. approves the Corporate Governance Action Plan 2019/20 at Appendix 3 and notes that progress will be reported to each meeting of the Committee during the year.**

**14 Corporate Risk Management Report Q4 2018/19**

The Head of Finance presented the report which summarised the position on the Council's corporate risk register. The risk register identifies 13 risks in total. The Head of Finance made a point of explaining to the Committee the reason why two of the items, Health and Safety and ICT Security, are rated 6 on the risk register referring members to the risk matrix shown in the report.

The Chair thanked the Head of Finance for the clarity of the report. Officers then responded to questions from Members on specific aspects of the risk register.

**RESOLVED: That the Committee notes the Corporate Risk Management Report.**

**15 External Audit Report, Letter of Representation and Statement of Accounts**

Mr Hassan Rohimun, Ernst & Young LLP, presented the External Audit Report to the Committee, Appendix 1 of the agenda item. The report covers the key issues arising from the Audit of the Statement of Accounts and the Value for Money conclusion. Mr Rohimun presented the report in sections identifying the key aspects and allowing members the opportunity to ask questions on each section.

Members praised the clarity and structure of the results report Appendix 1. Mr Rohimun responded to Members' questions regarding fees for the external audit service.

The Head of Finance presented the Letter of Representation, Appendix 2. Members had no comments on the letter and agreed the letter would be signed in good faith.

The Head of Finance presented the Statements of Accounts 2018/19, Appendix 3. The Head of Finance commented that the audit team was smaller this year than in previous years, but feels a more thorough job was done as a result of this. Members had no questions for Officers on the Statement of Accounts.

**RESOLVED: That the Committee:**

- 1. considers the findings, recommendations and responses in the external auditors report 'Audit Results Report – ISA (UK and Ireland) 260 for the year ended 31 March 2019'; and**
- 2. reviews the proposed 'Letter of Representation', endorses the content and recommends approval by the Council's statutory officers; and**
- 3. notes the draft audited 'Statement of Accounts' and recommends its formal adoption.**

**16 Internal Audit External Assessment Progress Report**

Helen Tiffney presented the report on behalf of the Head of Internal Audit Shared Service. The report provides an update on the action plan following the Internal Audit External Assessment. The Internal Audit External Assessment Report was brought to the Committee 12 months ago, all actions following the assessment have now been completed which is evidenced in Appendix A of the report. The Internal Audit Shared Service will in future report on their own Internal Audit action plan.

**RESOLVED: That the Committee notes the contents of the report.**

## **17 Internal Audit 2018/2019 Annual Report including the Audit Opinion and Commentary**

Helen Tiffney presented the report on behalf of the Head of Internal Audit Shared Service. The report provides an overall summary of Internal Audit activity during 2018/19 and an overall Internal Audit Opinion. The report identifies 326 days were used against a the budgetary plan of 327 days and provides an update for Key Performance Indicators for the year. Ms Tiffney drew Members' attention to paragraph 3.17 of the report, the Overall Opinion of Internal Audit, and summarised that they were happy with the internal control arrangements for this year. Ms Tiffney commented the risk management system still needs time to embed throughout the whole of the organisation. Ms Tiffney summarised each appendix of the report in turn offering Members the opportunity to ask questions relevant to the appendix.

**RESOLVED: That the Committee notes the contents of the report.**

## **18 Any Other Business**

### Representation on Outside Bodies - St Richards Hospice

Councillor Roberts raised an item regarding the process of Members reporting back to Committee on Outside Bodies. Councillor Roberts proposed that some guidance be created and circulated to Members on what is required.

The Deputy Director of Governance responded saying it would be most helpful to have a discussion and form a toolkit for Members who are appointed to Outside Bodies, to give guidance and best practice advice for delivering outcomes. Initially, it would be helpful to receive a presentation from St Richard's to begin the process.

**Duration of the meeting:** 7.00 pm to 8.20 pm

Chairman at the meeting on  
18th September 2019