

## AUDIT AND GOVERNANCE COMMITTEE MINUTES - 28 JANUARY 2016

**Present:** Councillor Stevens (Chair), Debs Absolom, Lovelock, McElligott, Page, Steele & Terry.

**Also in attendance:**

|                 |                                    |
|-----------------|------------------------------------|
| Alan Cross      | Head of Finance                    |
| Russell Dyer    | Corporate Finance Business Partner |
| Paul Harrington | Chief Auditor                      |
| Ian Wardle      | Managing Director                  |
| Paul King       | Executive Director, EY LLP         |
| Alan Witty      | Engagement Senior Manager, EY LLP  |

### 11. MINUTES

The Minutes of the meeting of 24 September 2015 were confirmed as a correct record and signed by the Chair.

### 12. INTRODUCTION OF EY LLP, APPOINTED EXTERNAL AUDITOR FROM 2015/16

Alan Cross, Head of Finance, submitted a report introducing the new external auditor EY LLP to the Committee. EY's local government sector briefing was attached to the report at Appendix 1 and their 2015/16 Audit Plan was attached to the report at Appendix 2.

The Audit Plan submitted by EY set out a current assessment of the financial statement risks facing the Council, their approach to the requirement for the audit to assess value for money (economy, efficiency and effectiveness), the proposed audit process and strategy, and an explanation of auditor independence. Information on audit fees and required communication was appended to the Plan. The cover report included Council officer comments on a number of the risks identified in Audit Plan.

The Committee noted the external audit reporting timetable, which would include submission of a progress report to the April 2016 meeting and the final audit report to the September 2016 meeting.

Paul King and Alan Witty from EY attended the meeting and answered questions from the Committee.

**Resolved:**

That EY's Audit Plan and reporting timetable be noted.

### 13. AUDIT & INVESTIGATIONS QUARTERLY PROGRESS REPORT

Paul Harrington, Chief Auditor, submitted a report providing the Committee with an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report in September 2015.

The report set out a summary of the audit reports and an assurance finding for an audit of Adult Social Care Income and four School reviews, and a summary of follow-up reviews of the following services where an audit had resulted in limited assurance: Licensing, Deferred Payment Scheme, Phoenix College, Special Education Needs (SEN), Home to School Transport. The report also set out information on other audit

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and investigations activity including investigations into benefit and housing tenancy fraud.

At the meeting it was proposed that a follow-up review of Adult Social Care Income be reported to a future meeting, and that the Adult Social Care, Children's Services and Education Committee be requested to look at whether actions implemented following the audit of Special Education Needs had been successful in addressing the increase in the number and cost of SEN statements.

### Resolved:

- (1) That the report be noted;
- (2) That a follow-up review of Adult Social Care Income be carried out and reported to a future meeting of the Committee;
- (3) That, further to the audit and follow-up review of Special Education Needs (SEN) services, the Adult Social Care, Children's Services and Education Committee be requested to consider the effectiveness of the actions implemented following the audit in reducing the number and related costs of SEN statements.

## 14. STRATEGIC RISK REGISTER

Further to Minute 5 of the meeting held on 8 July 2015, the Head of Finance submitted a report updating the Committee on the Q3 status of the Council's 2015/16 Strategic Risk Register, in line with the requirements of the Council's risk management strategy.

The report explained that the Strategic Register was compiled from risks identified at directorate level which had been escalated, along with high-level generic risks which required strategic management. Entries within the Register reflected the risks identified by the Council Management Team thereby strengthening their strategic perspective, management response and controls. The inclusion of risks within any level of risk register did not necessarily mean there was a problem but reflected the fact that officers were aware of potential risks and had devised strategies for the implementation of mitigating controls.

The report explained that each entry within the register had been scored to provide an assessment of the residual level of risk, based on an assessment of their impact and likelihood. These assessments were made at two points, before any actions were in place (inherent risk) and after identified controls were in place (residual risk). Whatever level of residual risk remained, it was essential that the controls identified were appropriate, working effectively and kept under review.

The Strategic Risk Register was attached to the report at Appendix 1 and set out the inherent risk, mitigation and residual risk for 10 risks covering the following areas:

- Budget Risk
- Data Protection
- Property Risk
- Safeguarding (children)

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- Safeguarding (adults)
- School attainment
- Impact on staff resilience of organisational change
- Impact of Better Care Fund
- Homelessness and Temporary Accommodation
- Health & Safety Training

Further to the mitigating actions for the Safeguarding (children) risk, it was suggested that the Committee consider a refreshed Quality Assurance Framework for the Directorate of Children, Education and Early Help (DCEEH), which would include an audit programme for the Directorate, and would be submitted to the forthcoming meeting of the Adult Social Care, Children's Services and Education Committee.

**Resolved:**

- (1) That the Q3 status of the Council's 2015/16 Strategic Risk Register be noted;
- (2) That the DCEEH Quality Assurance Framework be submitted to the next meeting of the Committee.

### 15. DRAFT TREASURY STRATEGY & INVESTMENT STATEMENT FOR 2016/17

The Head of Finance submitted a report presenting the draft Treasury Strategy & Investment Statement, which the Chartered Institute of Public Finance and Accountancy recommended should be considered by Audit Committee prior to approval by Council, as part of the overall governance arrangements. The draft statement, which was attached to the report at Appendix 1 would be submitted to the Council meeting on 23 February 2016 as part of the overall budget proposals.

Alan Cross, Head of Finance, gave a presentation at the meeting on key treasury issues including the current lending and borrowing positions, the outlook for the next few years and some recent developments in treasury management.

**Resolved:** That the draft Treasury Strategy & Investment Statement for 2016/17 be noted.

### 16. BUDGET MONITORING 2015/16

Alan Cross, Head of Finance, submitted a report setting out the budget monitoring position for the Council to the end of November 2015.

The Committee requested that for future reports the Directorate and total budget variances shown in the report also be given in percentage terms.

**Resolved:** That the budget monitoring position for 2015/16 as at the end of November 2015, and that the Council were currently forecast to be at the minimum General Fund Balance level, be noted.

(The meeting started at 6.30pm and closed at 7.51pm).