

REPORT TO COUNCIL

REPORT OF: CHAIRMAN OF GOVERNANCE AND AUDIT COMMITTEE

REPORT NO: GAC005

DATE: 18th April 2013

TITLE:	GOVERNANCE & AUDIT COMMITTEE – ANNUAL REPORT TO COUNCIL FOR YEAR ENDED 31ST MARCH 2013	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Corporate Governance and Housing Portfolio Resources and Assets Portfolio	
CONTACT OFFICER:	Richard Wyles – Head of Finance r.wyles@southkesteven.gov.uk 01476 406210	
INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required: N/A
Equality and Diversity:	N/A	
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	Governance & Audit Committee Agendas and Minutes 2012/13 - available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	

1. RECOMMENDATIONS

1.1 Council is asked to:

- Approve the Annual Report of the Governance & Audit Committee for 2012/13
- Approve the indicative work plan and timetable for 2013/14 that reflect the terms of reference of the Committee

2. PURPOSE OF THE REPORT

- 2.1 The purpose of this report is to advise Council of the key outcomes arising from the work of the Governance & Audit Committee for 2012/13 and to approve the work plan of the Committee for 2013/14.
- 2.2 The Committee's work is key to delivering good governance throughout the authority because it provides independent assurance and challenge on the effectiveness of the Council's overall arrangements for corporate governance and internal control, including risk management. It is good practice to publicise the work of the Committee in order to ensure a greater understanding of governance and audit issues. It is also important for the Committee to demonstrate the impact of its work to Members, partners, stakeholders and the wider community.

3. DETAILS OF THE REPORT

2012/13 – Key Outcomes

- 3.1 The following is a summary of the key outcomes arising from the work of the Committee that have helped to improve and strengthen the Council's overarching control environment and governance arrangements.
- 3.2 The Committee met five times during 2012/13. The work programme takes account of the nature of the items included and the frequency with which Members require to be kept informed. Some of the items are a statutory requirement (Statement of Accounts, Annual Governance Statement, Annual Audit Letter) whereas others are included because they meet professional guidance and recommended best practice (reports covering internal audit and risk management). In addition, some items are ad-hoc and cover such matters as the accounting policies and corporate protocols, including partnerships and health & Safety.

Governance:

- Review and approval of the Annual Governance Statement for 2011/12 on behalf of Council.

Internal Audit:

- Consideration and review of internal audit plan, progress reports and Annual Report & Audit Opinion.
- The Committee reviewed the status of all outstanding internal audit recommendations to ensure that they were implemented within the agreed time-frame.

- The Committee undertook a self assessment to determine their effectiveness and ensure their ability to fulfil their terms of reference. This assessment was facilitated by internal audit and has resulted in an action plan that will be implemented during 2013/14.

External Audit & Inspection:

- Consideration and review of external audit (KPMG) annual fee letter, progress reports and Audit opinion.
- Consideration of the Annual Report on the Certification of Claims and Returns. This includes the outcome of the audit of the Housing and Council Tax Benefit Grant claim and the Housing Subsidy claim which were all unqualified.

Financial Reporting:

- Consideration of provisional and final General Fund and HRA Revenue and Capital Outturn 2011/12.
- Approval of draft (pre-audit) and revised (post audit) Statement of Accounts for 2011/12 and the external auditor's Annual Governance Report detailing adjustments to the Financial Statements and the Value for Money Conclusion.
- During the year, the Committee received reports on the pension fund assumptions and accounting policies to be used in the closedown of the 2012/13 accounts.

Treasury Management:

- The Governance & Audit Committee is responsible for monitoring treasury management performance. Specifically, this covered the review of the Treasury Management Annual report for 2012/13 and the formation of the 2013/14 strategy. In addition, the Committee received a mid-year report on assurance relating to treasury management activity. As part of the Committee's ongoing development, external Treasury training was undertaken by the Council's external treasury advisors.

Risk Management:

- Regular review of Council's Corporate Risk Register and associated Risk Management Improvement Plan.
- The Committee also approved the Risk Management Annual Report that summarised the work of the Risk Management Group and detailed what training had been undertaken.
- Approval of the updated Risk Management Strategy for 2013/14.

Internal Control Policies and Procedures:

- In December 2012, the Committee received a proposal to include the use of local suppliers within the Contractual Procurement and Procedure Rules. This was recommended and approved by Council in March 2013.

- The committee also approved an update to the Councils whistle-blowing policy contained within the Counter Fraud, Corruption and Bribery Framework.

Other Reports & Feedback:

- Review of Local Government Ombudsman's Annual Letter.
- Review of the Health and Safety Annual Report
- Review of Partnerships Annual Report
- Review of Business Continuity Annual Report

2013/14 - Annual Work Plan & Timetable

- 3.3 In line with best practice, an indicative annual work plan and timetable has been developed and this is attached as Appendix A. The existence of an annual work plan and timetable will assist Members in planning the work of the Committee and ensure that they are better informed and therefore engaged in the wide spectrum of audit, governance and financial issues. It will also ensure that the focus of the Committee's work is correctly balanced in terms of the degree of emphasis and the timing and frequency of reviews.
- 3.4 Looking forward, it is important to ensure that all Members are appraised of the work of the Committee and are actively engaged in helping to improve and strengthen the Council's governance arrangements in all areas of their work for the local community. It is also important to recognise that the Council's developing governance agenda is not the sole responsibility of the Governance & Audit Committee. It is also proposed to increase the number of meetings for the Committee to 6 for the 2013/14 municipal year as it has become evident that the agendas have become too large on occasion which can have a detrimental impact on the time available for a debate of each item. The proposed dates of the meetings are included within the suggested municipal calendar which is featured elsewhere on the Council agenda.
- 3.5 To assist in heightening awareness and promoting engagement, every effort will be made to ensure that reports continue to be written in a format that is understandable to all Members of the Council.

4. OTHER OPTIONS CONSIDERED

- 4.1 None

5. RESOURCE IMPLICATIONS

- 5.1 None.

6. RISK AND MITIGATION

6.1 Risk has been considered as part of this report and no high levels risks have been identified.

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

7.1 None

8. CRIME AND DISORDER IMPLICATIONS

8.1 None

9. COMMENTS OF FINANCIAL SERVICES

9.1 There are no specific financial comments.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

10.1 Each year, it is important that all Members are informed of the work of the Committee and given the opportunity to comment on the work plan and timetable for the ensuing year.

11. COMMENTS OF OTHER RELEVANT SERVICES

11.1 None

12. APPENDIX

12.1 2013/14 - Indicative Work Plan and Timetable (Appendix 1 attached)

Appendix 1

GOVERNANCE & AUDIT COMMITTEE – INDICATIVE ANNUAL WORK PLAN

	Jun	Jul	Sep	Nov	Jan	Mar	Comments/ Frequency
Governance							
Annual Governance Statement (AGS)		√					Annually
Review Code of Corporate Governance	√						Review biennially
Internal Audit							
Appointment of Internal Auditors	■	■	■	■	■	■	As required
Annual Audit Plan						√	
Progress Report	√		√	√	√	√	
Tracking Recommendations	√			√		√	
Annual Report	√						
Private meeting with internal audit				√			
Review effectiveness of internal audit and external audit relationship				√			By ref to Joint Working Protocol
External Audit (KPMG)							
External Audit Plan (inc fees)						√	
Progress Report	■	■	■	■	■	■	As required
Annual Audit Letter					√		
Annual Governance Report			√				
Private meeting with external audit				√			
Claims & Returns – Annual Report						√	
Internal Control Policies							
Counter Fraud & Corruption Framework						√	Review biennially
Review Other Policies as required eg Contract Procedure Rules, Codes of Conduct	■	■	■	■	■	■	
Risk Management							
Revised Strategy						√	Review biennially
Annual Report	√						
Risk Register Update			√			√	Review bi-annually
Insurance Annual Report			√				
Finance							
Draft/Final Financial Outturn	√						
Statement of Accounts		√	√				
Treasury Management Strategy	■	■	■	■	■	■	Review as required
Treasury Management Annual Report	√						
Treasury Management mid-year review				√			
Review of Financial Regulations	■	■	■	■	■	■	Review as required
Accounting Policies						√	
Pension Assumptions						√	
G&A Committee							
Review of Effectiveness & TOR				√			Review biennially
Other Reports							
Review Business Continuity Annual Report			√				
Review Health & Safety Annual Report	√						
Ombudsman Annual Report			√				
Review of various protocols – Partnerships, Sponsorship	■	■	■	■	■	■	Review as required

- These items may occur at any time during the course of the municipal year