

# REPORT TO COUNCIL

**REPORT OF: CHAIRMAN OF GOVERNANCE & AUDIT COMMITTEE**

**REPORT NO: GAC007**

**DATE: 21 May 2015**

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| <b>TITLE:</b>                                     | <b>Governance &amp; Audit Committee Annual Report to Council for year ending 31 March 2015</b>   |                                      |
| <b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b> | N/A  |                                      |
| <b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>    |  |                                      |
| <b>CONTACT OFFICER:</b>                           | Richard Wyles – Corporate Finance Manager<br><a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a><br>01476 406210  |                                      |
| <b>INITIAL IMPACT ASSESSMENT:</b>                 | Carried out and Referred to in paragraph (7) below:  | Full impact assessment Required: N/A |
| <b>Equality and Diversity:</b>                    | N/A  |                                      |
| <b>FREEDOM OF INFORMATION ACT:</b>                | This report is publicly available via the Your Council and Democracy link on the Council's website:<br><a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>                                  |                                      |
| <b>BACKGROUND PAPERS</b>                          | Governance & Audit Committee Agendas and Minutes 2014-15 available via the Your Council and Democracy link on the Council's website:<br><a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a> |                                      |

## 1. RECOMMENDATIONS

1.1 Council is asked to:

- Approve the Annual Report of the Governance & Audit Committee for 2014-15
- Approve the indicative work plan and timetable for 2015-16 which 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 2014-15 and to approve the indicative annual work plan of the Committee for 2015-16.
- 2.2 The Committee's work is key to delivering good governance throughout the authority. 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**

### **2014-15 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 2014-15. 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, risk management and counter fraud). In addition, some items are ad-hoc and cover such matters as the accounting policies and corporate protocols, including partnerships and health and safety.

#### **Governance:**

- Reviewed and approved the Annual Governance Statement for 2013-14 on behalf of Council.

#### **Internal Audit:**

- Considered and reviewed the internal audit plan, progress reports, tracking reports and the annual report and audit opinion.
- Reviewed the status of all outstanding internal audit recommendations to ensure they were implemented within the agreed timeframe.

**External Audit & Inspection:**

- Considered and reviewed external audit (KPMG) annual fee letter, progress reports and audit opinion.
- Considered the Certification of Grant Claims and Returns Annual Report. This included 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:**

- Considered the provisional and final General Fund and Housing Revenue Account Revenue and Capital Outturn 2013-14.
- Approved the draft (pre-audit) and revised (post audit) Statement of Accounts for 2013-14 and the external auditor's Annual Governance Report 2013-14 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 2014-15 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 2013-14 and a mid-year review report on assurance relating to treasury management activity.

**Risk Management:**

- Biannually reviewed the Corporate Risk Register.
- Approved the Risk Management Annual Report that summarised the work of the Risk Management Group.

**Other Reports & Feedback:**

- Reviewed the Local Government Ombudsman's Annual Letter
- Reviewed the Counter Fraud Annual Report
- Reviewed the Health and Safety Annual Report

**3.3 2015-16 Indicative Annual Work Plan & Timetable**

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. The proposed dates of the meetings are included within the draft 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 level 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 Appendix A – 2015-16 Indicative Annual Work Plan and Timetable