

<b>Subject:</b>	<b>Annual review of the Audit &amp; Standards Committee</b>		
<b>Date of Meeting:</b>	<b>25 July 2017</b>		
<b>Report of:</b>	<b>Executive Director, Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Graham Liddell</b>	<b>Tel: 01273 291323</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report reviews the activity of the Audit & Standards Committee during 2016/17.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee notes that it has many of the characteristics of a good practice audit committee and has built on this strong foundation to make further improvements during 2016/17.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Audit functions of the Committee relate to the Council's arrangements for the discharge of its powers and duties in connection with financial governance and stewardship, risk management and audit. The Committee makes recommendations to the Council, Policy & Resources Committee, Officers or other relevant body within the Council.
- 3.2 The Standards functions of the Committee seek to ensure that the Members, Co-opted Members and Officers of the Council observe high ethical standards in performing their duties. These functions include advising the Council on its Codes of Conduct and administering related complaints and dispensation procedures.
- 3.3 In addition to the Councillors who serve on the Committee, the Committee includes at least two independent persons who are not Councillors. They are appointed under Chapter 7 of the Localism Act, or otherwise co-opted, and act in an advisory capacity with no voting powers.

#### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 During 2016/17 the Committee held five formal meetings and discharged both its audit and standards functions

Function	Summary of how discharged
Audit	<p>External audit and statement of accounts</p> <ul style="list-style-type: none"> <li>• Received reports from the external auditor</li> <li>• Approved the statement of accounts</li> </ul> <p>Internal audit</p> <ul style="list-style-type: none"> <li>• Approved annual internal audit plan</li> <li>• Received reports from internal audit including on contentious issues such as contract overpayments and loss of revenue from car parking</li> <li>• Received annual audit report</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>• Approved Corporate risk assurance framework</li> <li>• Reviewed risk register</li> <li>• Reviewed specific strategic risks in detail</li> </ul> <p>Review and approval of key policies such as counter fraud strategy and framework.</p>
Standards	<p>Approval of revised Member Code of Conduct</p> <p>Training for members on conducting Standards Panel hearings</p> <p>Receiving regular reports on standards-related issues from the Monitoring Officer, including summaries of member related complaints.</p>

4.2 In June 2016 the Committee, supported by the Head of Internal Audit and Ian Young from EY, carried out a self-assessment by comparing its audit function with the key characteristics of good practice and added value set out by CIPFA. Members considered that the committee:

- supported risk management and internal audit
- helped the council to implement values
- promoted good governance.

4.3 Members identified three key areas for development:

- The Audit & Standards Committee has the potential to play a more active role in contributing to a more effective control environment that is trusted by citizens and stakeholders.
- Members would be better placed to discharge their responsibilities if they were supported by more structured information on assurance sources and co-ordinated training

- The effectiveness of the Committee could be improved through a more flexible agenda that focuses on the issues that are most important for the council and considering these issues in more depth.

4.4 A detailed action plan to address these issues was agreed and implemented including the following.

- Full council approved amendments to the Committee’s terms of reference to:
  - set out the Committee’s role in acting as a critical friend to the Council and in helping to build trust in the Council’s arrangements
  - provide assurance on the arrangements to secure value for money
- The Audit Committee supported the development and introduction of a corporate risk assurance framework to set out how the council ensures that it delivers its corporate strategy and manages its risks.
- The Audit Committee revised its forward plan and introduced “deep dives” into specific topics to provide greater insight to inform discussions at full Committee and to ensure that the Committee’s activities are directed towards the areas of most importance. Deep dives during 2016/17 included reviews of
  - Audit & Standards committee effectiveness
  - Proposals to integrate the Internal Audit function with Orbis IA
  - Review of Adult Social Care risks
  - Review of customer feedback.

4.5 On 8 May 2017, Full Council approved changes to membership of the Committee including four new members including a new Chair of the Committee. The new Committee held its first deep dive on 5 July 2017 and identified the following areas to improve further its effectiveness:

- developing the relationship with any new external auditors following the appointment of auditors by Public Sector Audit Appointments Ltd
- greater involvement of members in setting the agenda for the Committee
- enhancing the scrutiny of items presented to the Committee

## 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 None

## 6. CONCLUSION

6.1 The Committee has many of the characteristics of a good practice audit committee and built on this strong foundation to make further improvements during 2016/17.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

7.1 There are no financial implications arising from the recommendation in this report.

*Finance Officer Consulted: James Hengeveld*

*Date: 06/07/17*

Legal Implications:

- 7.2 The Council's Audit & Standards Committee plays a key role in ensuring the ongoing effectiveness of the Council's financial governance, risk management and audit arrangements, as well as in discharging the statutory duty imposed by the Localism Act 2011 to promote high standards of conduct by members. The actions reported here will inform how the Committee discharges its functions going forward.

Lawyer Consulted: Victoria Simpson

Date: 27.6.17

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. None

**Documents in Members' Rooms**

1. None

**Background Documents**

1. None