

**GOVERNANCE & AUDIT COMMITTEE**  
**29 JUNE 2016**  
**7.30 - 8.21 PM**



**Present:**

Councillors Allen (Chairman), King OBE (Vice-Chairman), McLean, Mrs Temperton, Thompson and Worrall

**Apologies for absence were received from:**

Councillor Heydon, Ms Miller and Mr G S Anderson

**4. Apologies for Absence**

There were no apologies for absence.

**5. Declarations of Interest**

There were no declarations of interest.

**6. Minutes - 30 March 2016**

**RESOLVED** that the minutes of the meeting of the Committee held on 30 March 2016 be approved as a correct record and signed by the Chairman.

**7. Urgent Items of Business**

There were no items of urgent business.

**8. External Audit Matters**

Helen Thompson, Ernst and Young, presented a report from the External Auditors, which set out the Audit Progress Report and the Annual Audit and Certification Fees 2016/17.

The Audit Progress Report set out the work that had been completed since the External Audit Plan had been presented to the Committee at the meeting on the 30 March 2016. Members were informed that the plan was currently on track and that there were no issues at present to bring to the Committee.

The Year End audit visit was planned to start the week commencing 4 July 2016, with the completed report due to come to the Committee at the September meeting.

Members were also reminded of the change in the regulations for the financial close arrangements from the 2017/18 financial year. The time table for the preparation and approval of accounts would be brought forward to a draft accounts deadline of 31 May and Audit deadline of 31 July. It was also highlighted that future Committee meetings would need to reflect the new timeframe.

The Committee noted the Annual Audit and Certificate Fees for 2016/17 had been set. There had been no increase in the fees for 2016/17, however this may change in 2018/19 when Local Authorities could appoint their own External Auditors.

Helen confirmed that for continuity she would be continuing to act as the key contact during the completion of the 2015/16 audit, however there is a vacant position and reallocation could occur next year.

RESOLVED that the Governance and Audit Committee note the Audit Progress Report and the Annual Audit Certification Fees 2016/17.

#### 9. **Internal Audit Annual Assurance Report 2015/16**

The Borough Treasurer presented the Internal Audit Annual Assurance Report 2015/16 on behalf of Sally Hendrick, Head of Audit and Risk Management, who was unable to attend the meeting.

The report, a requirement for Internal Audit, set out the Head of Internal Audit's Opinion for 2015/16, summarised the results and conclusions of Internal Audit's work for 2015/16 and provided statement on compliance with the PSIAS which would support the Annual Governance Statement.

Internal Audit had been subject to an independent assessment earlier in the year which resulted in four recommendations of improvement, these recommendations had been subsequently implemented.

The Payroll software issue, which had received Limited Assurance in the 2014/15 Internal Audit had been due to a firewall problem which had since been resolved however the Creditors Software issue was still ongoing. The issue should be resolved through a software upgrade. Subject to user acceptance testing the upgrade had been expected to go live in September 2016.

It was explained to the Committee that a report had been sent to the National Crime Agency (NCA) due to a member of the public paying a large amount in cash for an event at Easthampstead House and it had been felt that this was an indication of tax avoidance.

The Fraud Management Plan, which had been a key priority for 2015/16, was currently in draft and would be finalised over the Summer. There had also been limited testing of the Disaster Recovery Plans, which had been another of the key priorities for 2015/16.

The Committee raised their concerns about the number of Limited Assurance Level's that appeared against many of the schools, especially as the schools had been re audited with many of the same occurring issues. The Committee were informed that a testing exercise within the schools had happened earlier this year and findings showed that expenditure had not been correctly authorised in many schools.

The Committee recommended that number of Limited Assurance Level's occurring on Internal Audit Reports be an item on the Governors Annual Conference in February 2017.

RESOLVED that the Governance and Audit Committee note the Head of Audits and Risk Management's Annual Report, setting out the Head of Internal Audit's Opinion for 2015/16.

## 10. **Annual Governance Statement**

The Committee received a report requesting approval of the Annual Governance Statement (AGS) 2015/16 and to update the Committee on progress against the Action Plan which had been agreed in June 2015.

The primary source of assurance for the AGS were the Compliance Assessments completed by:

- The Assistant Chief Executive and each Director on compliance with internal controls and governance arrangements across their departments;
- The Monitoring officer in respect of legal and regulatory functions;
- The Borough Treasurer in respect of financial controls; and
- The Borough Treasurer and Head of Audit and Risk Management in respect of risk management.

The Action Plan attached to last years AGS addressed identified a number of areas for improvement. In particular communicating with and raising staff awareness of information management policies, taking a proactive approach to counter fraud and updating the Council's website to comply with the requirements of the revised Data Transparency Code. Considerable progress had been made during 2015/16 on implementing those actions. Where those issues were ongoing they had again been included in the Action Plan for 2016/17.

### **RESOLVED**

- 1 That the draft Annual Governance Statement (AGS) show in Appendix 1 to the report be approved.
- 2 Note the progress made on the Action Plan for 2015/16.
- 3 That the Action Plan for 2016/17 show in Appendix 3 to the report be approved.

## 11. **Strategic Risk Management Update**

The Committee considered a report presenting the Strategic Risk Register for review.

In accordance with the Risk Management Strategy, the Strategic Risk Register had been reviewed quarterly by the Strategic Risk Management Group and every six months by the Corporate Management Team. An update of changes to the assessment of risk and any mitigating actions was shown.

The Committee commented that reference 11 and 6b on the Strategic Risk Register should be removed from the register due to the current residual risk score being so low. The Borough Treasurer would take the Committee's comments to the Strategic Risk Management Group.

RESOLVED that the Committee noted the Strategic Risk Register set out in Appendix 1 to the report.

## 12. **Employee Code of Conduct Amendment**

The Committee considered a report seeking the endorsement of an amendment to the Employees Code of Conduct to introduce a requirement for all Council employees to declare the existence of criminal charges, cautions and convictions to their line manager. It was originally proposed to the Committee on 23 September 2016 and more recently the Employment Committee in March and May 2016, with a final decision to be taken by the Council in July 2016.

The proposed change followed a decision by Corporate Management Team to review and amend the practice of carrying out three yearly Disclosure and Barring Service (DBS) rechecks to posts where there is no statutory duty to do so. The imposition of a requirement on employees to disclose new convictions was expected to mitigate any risks which might arise

### **RESOLVED** that

- 1 The provision outlined in paragraph 5.5 is added to the Employees Code of Conduct.
- 2 As a consequence to the proposed changes above, an additional offence (failing to disclose) as detailed in 5.8 is added to the Disciplinary Procedure as an instance of potential serious misconduct.
- 3 That recommendation 2.1 and 2.2 have retrospective effect from 1 July 2015 (ie from the point which DBS rechecks ceased to be undertaken)

NB – Cllr Worrell asked to be recorded as voting against the decision to endorse the proposed changes.

**CHAIRMAN**