

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 29 May 2019 at the Town Hall, Royal Leamington Spa at 7.30pm.

Present: Councillors; Bartlett, J Dearing, R Dickson, Jacques, Leigh-Hunt, Nicholls, Syson, Tangri, Tracey and Wright.

4. **Apologies and Substitutes**

- (a) there were no apologies; and
- (b) there were no substitutes for the meeting.

5. **Declarations of Interest**

There were no declarations of interest made.

6. **Minutes**

The minutes of the meeting held on 2 April 2019 were taken as read and signed by the Chairman as a correct record.

7. **Internal Audit Quarter 4 2018/19 Progress Report**

The Committee received a report from Finance advising on the progress in achieving the Internal Audit Plan 2018/19, summarising the audit work completed in the fourth quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

The Finance and Audit Scrutiny Committee was the Council's audit committee in the context of receiving and acting upon the report. Guidance on the role and responsibilities of audit committees was available from a number of sources but, essentially, the purpose of an audit committee was:

- to provide independent assurance of the associated control environment; and
- to provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affected the authority's exposure to risk and weakened the control environment;

At the start of each year, Members approved the Audit Plan setting out the audit assignments to be undertaken. An analysis of progress in completing the Audit Plan for 2018/19 was set out as Appendix 2 to the report.

The report informed Members that all 36 of the audits planned for the year had been completed.

The management team was responsible for the system of internal control and should set in place policies and procedures to help ensure that the system was functioning correctly. Internal Audit was responsible for

reviewing, appraising and reporting on the efficiency, effectiveness and economy of financial and other management controls.

Each audit report gave an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands were shown in Section 9.2 in the report.

Seventeen audits were completed in the fourth quarter of 2018/19. Copies of all the reports issued during the quarter were available for viewing on the online agenda for the meeting.

The action plans accompanying all Internal Audit reports issued in the quarter were set out as Appendix 3 to the report. These detailed the recommendations arising from the audits together with the management responses, including target implementation dates.

Responses had been received from managers to all recommendations contained in audit reports issued during the quarter in question.

One audit completed in the quarter was awarded a lower than substantial assurance opinion. This was in respect of the Systems Ownership and Management audit. In line with procedure, the report relating to this audit was set out as Appendix 4 to the report for specific scrutiny.

The state of implementation of low and medium risk recommendations made in the first quarter of 2018/19 and high risk recommendations made in the third quarter of 2018/19 was set out in Appendix 5 to the report.

Councillors had access to any files produced by Internal Audit that might help to confirm the level of internal control of a service, function or activity that had been audited or that help to verify the performance of Internal Audit.

The Audit and Risk Manager introduced the report and answered questions from Members.

Resolved that the report and its appendices be noted.

8. Internal Audit Annual Report 2018/19

The Committee received a report from Finance forming part of the evidence for the Annual Governance Statement, presenting a summary of the internal work undertaken during 2018/19 and providing a conclusion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The Public Sector Internal Audit Standards required that

"The 'chief audit executive' must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must incorporate:

- *the opinion;*
- *a summary of the work that supports the opinion; and*
- *a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.*

The Annual Report was set out as Appendix 1 to the report.

The Audit and Risk Manager introduced the report and answered questions from Members. He advised that the report was part of the evidence supporting the Annual Governance Statement, and that the report followed a standard template used across the country.

The Chairman congratulated the Audit and Risk Manager for the work completed and very positive feedback received from the auditees.

Resolved that the report and appendix be noted.

9. **Annual Governance Statement 2018/19**

The Committee received a report from Finance setting out the Council's Annual Governance Statement for 2018/19 describing the governance arrangements that were in place during the financial year. The Statement would be signed by the Chief Executive and the Leader of the Council and would accompany the Council's Statement of Accounts that was approved by Council.

The production of an Annual Governance Statement was a statutory requirement for local authorities. Regulation 6 of the Accounts and Audit (England) Regulations 2015 required that "*A relevant authority must, each financial year...prepare (and approve) an annual governance statement.*"

The process for completion of the Annual Governance Statement was set in Section 9 of the report, and the Council's Annual Governance Statement had been produced in accordance with the stages set out by CIPFA - 'The Annual Governance Statement – Rough Guide for Practitioners'.

The Audit and Risk Manager introduced the report.

In answer to questions from Councillors, it was clarified that:

- the Annual Government Statement was a statutory requirement for local authorities, and it accompanied the final accounts;
- its layout was set out by CIPFA / SOLACE, and it was much more concise than it used to be;
- the Chairman of the Committee was involved in the process and seeing drafts at an earlier stage;
- with regards to Section 5, page 14 in the report – the only item brought forward was the finalising of accounts from last year. Although this was a previous year's issue, the Senior Management Team brought it forward as it was still relevant;
- there were 25 items on the action plan, and most of these had been addressed;
- if any issue in itself became significant, that would then trigger a set procedure; and

- there was no reason for concern, officers were working hard to make sure the deadlines were met.

Councillor Wright was satisfied that there was significant improvement and emphasised that in no way did he want to be in the same situation as last year.

The Committee requested to see past papers related to Closure of Accounts. Officers clarified that all public papers were available online on the Council's website and access to confidential ones should be given to Members by the end of the week.

The Chairman requested that on the Service Area Plans presented to the Committee, the performance review which was usually presented to the Overview & Scrutiny Committee be also included to the Finance & Audit Scrutiny Committee agenda. This was because it would help the Committee to scrutinise the financial aspect and if a certain service was providing value for money or not.

Resolved that the Annual Governance Statement for 2018/19 for Warwick District Council as set out at Appendix A to the report, be approved.

10. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

11. **Minutes**

The confidential minutes of the meeting held on 2 April were taken as read and signed by the Chairman as a correct record, with an amendment to Page 3, second bullet point, to remove "achieved the" and therefore read "...as they had ~~achieved the~~ exceeded their targets..."

(The meeting ended at 8.02 pm)

CHAIRMAN
9 July 2019