

# Minutes

## Governance Committee

12<sup>th</sup> April 2018



Councillors	Present	Councillors	Present
M Dunn	Apologies	Miss V Santomauro	Yes
J Elliott (Chairman)	Yes	Miss M Thorogood	Yes
A Hensman	Yes	R van Dulken	Yes
G Maclure	Yes	Mrs L Walters	Apologies
Mrs J Pell	Yes	Vacancy	
R Ramage	Yes	Vacancy	

### In attendance:

Chloe Glock	Governance Business Officer
Presh Govender	Governance and Members Apprentice
Tracey Headford	Performance and Improvement Manager
Phil Myers	Financial Services Manager
Trevor Wilson	Head of Finance

Kevin Suter	Ernst & Young (External Auditors)
Vicky Chong	Ernst & Young (External Auditors)

### 31 MINUTES

**DECISION:** That the Minutes of the meeting of the Governance Committee held on the 10<sup>th</sup> January 2018 be approved as a correct record and signed by the Chairman.

### 32 PUBLIC QUESTION TIME

**INFORMATION:** There were no questions asked, or statements made.

### 33 DECLARATIONS OF INTEREST

**INFORMATION:** There were no interests declared.

34 **THIRD QUARTER PERFORMANCE MANAGEMENT REPORT 2017-18**

**INFORMATION:** It was reported that as at the end of the third quarter, 17 projects had been completed and a further 42 projects were on track and progressing well.

13 performance indicators had achieved or exceeded target, one had missed target by less than 5% and five had missed target by more than 5%. The performance indicators that had missed target by less than 5% related to the collection rate for business rates which were less than half a percent off target and were expected to be achieved by the end of the year. The performance indicators that had missed target by more than 5% were in relation to the number of affordable homes delivered in the quarter, visits to the local leisure facilities, which included participation levels for the under 16's, the number of passenger journeys on the community transport scheme and the time that had been taken to process housing benefit/council tax benefit new claims.

In respect of financial performance, there was an overall positive variance for the year of £230,000 (1.6%) projected against the budget. Income was projected to be overachieved by £453,000; with an overall overspend of £223,000 forecast on Staffing and Other Expenditure. Compared to the position reported at the second quarter, the overall forecast positive variance had increased by £124,000.

A number of in-year variances were expected to be on-going, and had therefore been included in the budgets proposals for 2018/19, which were considered by Full Council in February 2018.

In Response to a Member question it was clarified that a total of 100 eligible requests were received for the handyman service from April 2017 – March 2018.

**DECISION:** That Members noted the report.

35 **KEY FINANCIAL INDICATORS – 28<sup>th</sup> February 2018**

**INFORMATION:** Members considered a report on Key Financial Indicators which provided information on performance for the financial year to 28<sup>th</sup> February 2018.

**DECISION:** That the report of the Key Financial Indicators as at 28<sup>th</sup> February 2018 was accepted.

**REASON FOR DECISION:** To provide evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues that may arise.

36 **INTERNAL AUDIT – ACTIVITY REPORT FOR THE PERIOD TO 12<sup>th</sup> MARCH 2018**

**INFORMATION:** Members were provided with details of outcomes from the audit assignments completed during the period 15<sup>th</sup> December 2017 to 12<sup>th</sup> March 2018. This included for each assignment, the key controls covered, number of recommended action points and their priority, audit opinion and brief details of the high priority recommendations (if applicable).

Members also considered an update on the Reportable Recommendations.

**DECISION:** That the activity report for the period of 15<sup>th</sup> December 2017 to 12<sup>th</sup> March 2018 be noted.

**REASON FOR DECISION:** To advise Members of the audit assignments completed for the period 15<sup>th</sup> December 2017 to 12<sup>th</sup> March 2018.

37 **INTERNAL AUDIT ANNUAL REPORT 2017-18**

**INFORMATION:** The Public Sector Internal Audit Standards required the Head of Internal Audit to deliver an annual internal audit report and opinion that could be used by the organisation to inform its Annual Governance Statement. The Head of Internal Audit's annual audit opinion provided a conclusion on the overall adequacy and effectiveness of the organisation's control framework of governance, risk management and control during the year.

**DECISION:** That the Internal Audit Annual Report for 2017/18 was received and noted.

**REASON FOR DECISION:** That the Internal Audit Annual Plan was received in support of the Annual Governance Statement.

38 **ANNUAL GOVERNANCE STATEMENT 2017-18**

**INFORMATION:** Members considered a report summarising the Council's Governance, risk management and internal control arrangements that had been undertaken to support the production of Annual Governance Statement for 2017/18.

**DECISION:** That the following was agreed:

- 1) Updated Local Code of Corporate Governance as detailed in Appendix A
- 2) The Annual Governance Statement for 2017/18 to be signed the Leader of the Council and the Chief Executive.

**REASON FOR DECISION:** To evidence that the Council had conducted a review of the effectiveness of its system of internal control for 2017/18, and that it was ensured that the annual governance statement for 2017/18 was correct and in order that it was signed by the Leader of the Council and the Chief Executive.

39 **PROVISIONAL INTERNAL AUDIT PLAN 2018-19**

**INFORMATION:** The Strategic Audit plan for 2018 to 2022 had been produced to advise, and the report was to advise Members of the proposed provisional Internal Audit Plan.

The Provisional Plan would enable the Internal Audit Team to commence audit

assignments prior to the new Audit, Insurance and Fraud Manager commencing in their post.

**DECISION:** Members endorsed the provisional Internal Audit Plan for 2018/19

**REASON FOR DECISION:** That the Public Sector Internal Audit Standards were complied with.

40 **EXTERNAL AUDIT PLANNING REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

**INFORMATION:** The report summarised the work that Ernst & Young LLP proposed to undertake in respect of the audit of Braintree District Council for the 2017/18 financial year.

The Audit Plan covered the area that Ernst & Young planned to perform in order to provide the Council with:

- 1) An audit opinion on whether the financial statements of Braintree District Council give a true and fair view of the financial position as at 31st March 2018 and of the income and expenditure for the year then ended; and
- 2) A conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

The planned fees chargeable for the audit and grant certification work for the 2017/18 totaled £73,484. This would be subject to variation, should additional unplanned work be required.

**DECISION:** That the External Audit Planning Report for year ended 31<sup>st</sup> March 2018 from Ernst & Young LLP was noted.

**REASON FOR DECISION:** That Ernst & Young's proposed audit approach and scope for the 2017/18 audit be reviewed in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

41 **EXTERNAL QUALITY ASSESSMENT OF CONFORMANCE TO THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)**

**INFORMATION:** The report outlined the overall result of the external assessment by CIPFA, who were appointed to carry out the external assessment which was conducted in Early December 2017. The overall result of the external assessment showed that Internal Audit Service partially conformed to the PSIAS.

**DECISION:** That the outcome of External Quality Assessment of conformance to the Public Sector Internal Audit Standards was noted; and

That Action plan included at the end of the assessment report attached at Appendix A was agreed

**REASON FOR DECISION:** That Members were advised of the outcome and action plan in respect of the External Quality Assessment of conformance to the Public Sector Internal Audit Standards.

42 **INTERNAL AUDIT CHARTER - UPDATE**

**INFORMATION:** The Public Sector Internal Audit Standards (PSIAS) came into effect on 1st April 2013 and formed the proper practices for Internal Audit required by the Accounts and Audit Regulations 2015.

The PSIAS required an Audit Charter to be put in place which would be reviewed periodically and presented to the Governance Committee for approval.

The Charter set out the purpose, authority and responsibility of the Council's Internal Audit function.

The Audit Charter was agreed by the Governance Committee on 18<sup>th</sup> September 2013. This had been reviewed and updated and incorporated a number of the recommendations resulted from the external quality assessment of conformance to the PSIAS.

**DECISION:** That the updated Internal Audit Charter was approved.

**REASON FOR DECISION:** In order to ensure the Council had an Internal Audit Charter which complied with the Public Service Internal Audit Standards.

43 **STRATEGIC RISK MANAGEMENT**

**INFORMATION:** The report detailed the review and updating of the Council's strategic Risk Register that was agreed by Council 12<sup>th</sup> March 2018.

The register detailed the risks which had the potential to impact on the delivery of the corporate strategy over the medium-term.

The Strategic Risk Register formed one part of the Council's overall approach to risk management, other facets included:

- 1) processes for identifying recording operational risks
- 2) risk registers for major projects
- 3) Business continuity planning
- 4) Emergency planning

The number of strategic risks identified had increased to 10, following the inclusion of Strategic Investment, which had been assessed as C2 risk rating, and, therefore above the risk tolerance line. Furthermore, two new strategic risks had previously been recorded in the Operational Risk Register and there were: Emergency Planning which had been assessed as D1 risk rating and Information and Cyber Security which had been assessed as C2 risk rating. Both of these risks had a risk rating above the Risk Tolerance Line. The Local Plan, which had previously been divided into three risks, was now shown as one risk.

The number of risks above the Risk Tolerance Line and had therefore required active management was seven.

With effect from the new financial year, changes to the Strategic Risk Register would be reported in the quarterly Performance Management reports to Cabinet, as appropriate.

**DECISION:** That the Strategic Risk Register and the Action Plans for managing the high rated risks were noted and endorsed by Members.

**REASON FOR DECISION:** For members of the Governance Committee to be assured that Council's strategic and operational risks, with a high risk rating, were being actively managed.

#### 44 **FORWARD LOOK – TWELVE MONTHS TO APRIL 2019**

**INFORMATION:** Consideration was given to a schedule of routine audit and accounts reports and governance reports which would be presented to the Governance Committee during the forthcoming 12 months. Ad-hoc reports would be presented to the Committee as required.

**DECISION:** That the Governance Committee report schedule for the next 12 month period was noted.

**REASON FOR DECISION:** To receive a draft programme of the work and reports to be undertaken by and presented to the Governance Committee over the coming 12 months.

The meeting commenced at 7.15pm and closed at 9:04pm

Councillor J Elliott  
(Chairman)