

Audit and Governance Committee

Thursday 28 February 2013

7.00 pm

Ground Floor Meeting Room G02B - 160 Tooley Street, London SE1 2QH

Membership

Councillor Mark Glover (Chair)
Councillor Toby Eckersley (Vice-Chair)
Councillor James Barber
Councillor Nick Dolezal
Councillor Renata Hamvas
Councillor Jeff Hook
Councillor Martin Seaton

Reserves

Councillor Chris Brown
Councillor Sunil Chopra
Councillor Patrick Diamond
Councillor Michael Mitchell
Councillor Nick Stanton

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

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Contact

Virginia Wynn-Jones on 020 7525 7055 or email: virginia.wynn-jones@southwark.gov.uk
Webpage: <http://www.southwark.gov.uk>

Members of the committee are summoned to attend this meeting

Eleanor Kelly

Chief Executive

Date: 19 February 2013



Audit and Governance Committee

Thursday 28 February 2013
7.00 pm
Ground Floor Meeting Room G02B - 160 Tooley Street, London SE1 2QH

Order of Business

Item No.	Title	Page No.
	PART A - OPEN BUSINESS	
1.	APOLOGIES	
	To receive any apologies for absence.	
2.	CONFIRMATION OF VOTING MEMBERS	
	A representative of each political group will confirm the voting members of the committee.	
3.	NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT	
	In special circumstances, an item of business may be added to an agenda within five clear days of the meeting.	
4.	DISCLOSURE OF INTERESTS AND DISPENSATIONS	
	Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.	
5.	MINUTES	1 - 3
	To approve as a correct record the minutes of the open section of the meeting held on 9 January 2013.	

Item No.	Title	Page No.
6.	DEPARTMENTAL GOVERNANCE	
	As part of the rolling programme whereby strategic directors attend a meeting of the committee to discuss governance arrangements, the strategic director of housing and community services is attending this meeting. Information on departmental risks and performance reporting and a governance assurance assessment statement have been circulated separately to members for information.	
7.	CONTROL FRAMEWORK FOR POSTAGE AND FRANKING FACILITIES	4 - 14
8.	ANNUAL REPORT TO COUNCIL ASSEMBLY ON WORK AND PERFORMANCE IN 2012/13	15 - 27
9.	DRAFT WORK PROGRAMME FOR 2013/14	28 - 39

ANY OTHER OPEN BUSINESS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT.

EXCLUSION OF PRESS AND PUBLIC

The following motion should be moved, seconded and approved if the sub-committee wishes to exclude the press and public to deal with reports revealing exempt information:

“That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1-7, Access to Information Procedure rules of the Constitution.”

PART B - CLOSED BUSINESS

ANY OTHER CLOSED BUSINESS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT.

Date: 19 February 2013

Audit and Governance Committee

MINUTES of the OPEN section of the Audit and Governance Committee held on Wednesday 9 January 2013 at 7.00 pm at Ground Floor Meeting Room G01B - 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Mark Glover (Chair)
Councillor Toby Eckersley
Councillor James Barber
Councillor Nick Dolezal
Councillor Renata Hamvas
Councillor Jeff Hook
Councillor Martin Seaton

OTHERS PRESENT: Jennifer Seeley, Deputy Finance Director
Jo Anson, Head of Financial Governance
Mike Pinder, Head of Anti-Fraud and Internal Audit
Deborah Collins, Strategic Director of Environment and Leisure
Stuart Robinson-Marshall, Head of Service Development
Liz Olive, Audit Commission
David Foley, RSM Tenon
Andrew Hamilton, RSM Tenon
Chris Harris, RSM Tenon
Virginia Wynn-Jones, Constitutional Team

1. APOLOGIES

Apologies for absence were received from Sue Exton. Apologies for lateness were received from Councillor Renata Hamvas.

2. CONFIRMATION OF VOTING MEMBERS

The members present were confirmed as the voting members.

3. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

Officers undertook to bring a report on the control framework for postage and franking facilities to the committee

The chair announced that the committee will meet five times a year rather than six from 2013/14.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

5. MINUTES**RESOLVED:**

That the minutes of the meeting of 13 November 2012 be agreed as a correct record and signed by the chair.

6. DEPARTMENTAL GOVERNANCE

The strategic director of environment and leisure, Deborah Collins, presented the departmental governance framework to the committee. The committee had questions of the strategic director.

It was noted that the strategic director of housing and community services would attend the committee meeting on 28 February 2013. Members noted that they would appreciate information on the implementation of audit recommendations following the audit of the management of tenants and residents associations.

7. ANNUAL AUDIT LETTER 2011/12

The Audit Commission introduced the report.

Members had questions of the auditors and officers.

RESOLVED:

That the audit and governance committee noted the annual audit letter.

8. GRANT THORNTON - CERTIFICATION WORK REPORT 2011/12

Grant Thornton introduced the report.

Members had questions of the auditors and officers.

RESOLVED:

That the audit and governance committee noted Grant Thornton's certification work report 2011/12.

9. GRANT THORNTON - AUDIT PROGRESS REPORT DECEMBER 2012

Grant Thornton introduced the report.

Members had questions of the auditors and officers.

Officers undertook to circulate to the committee a copy of Grant Thornton's report on addressing the risks arising from the council's capital and modernisation programmes.

RESOLVED:

1. That the audit and governance committee noted Grant Thornton's audit progress report.
2. That the audit and governance committee noted Grant Thornton's audit fee letter for 2012/13 work.

10. PROGRESS REPORT ON THE WORK OF INTERNAL AUDIT AND ANTI-FRAUD TEAMS FOR THE PERIOD 1 SEPTEMBER 2012 TO 30 NOVEMBER 2012, DRAFT INTERNAL AUDIT PLAN FOR 2013/14 AND REVISED INTERNAL AUDIT STRATEGY 2013/14 - 2017/18

The internal auditors introduced the report.

Members had questions of the internal auditors and officers.

Officers undertook to:

- send a briefing note on council tax discounts and contact details of officers to whom councillors can direct enquiries to all councillors.
- bring back further detail to the committee on whether it is possible and cost-effective to data match historical records for signs of possible council tax fraud.
- circulate to all councillors and to local housing officers the central fraud and housing hotline phone numbers and contact details.
- bring an update on the results of the CareFirst audit currently in progress to the committee by the end of April.

RESOLVED:

1. That the audit and governance committee noted the progress report on the work of internal audit and anti-fraud teams for the period 1 September 2012 to 30 November 2012.
2. That the audit and governance committee approved the draft internal audit plan for 2013/14 and the revised internal audit strategy 2013/14 – 2017/18.

The meeting closed at 8.30pm.

CHAIR:

DATED:

Item No. 7.	Classification: Open	Date: 28 February 2013	Meeting Name: Audit and Governance Committee	
Report title:		Control Framework for Postage and Franking Facilities		
Ward(s) or groups affected:		All		
From:		Director of Legal Services		

RECOMMENDATION

1. That the audit and governance committee note the arrangements in place for use of postage and franking facilities and consider whether it would wish to make any proposals to improve the control framework.

BACKGROUND INFORMATION

2. Following concerns expressed at the committee's meeting on 9 January 2013 about the use of council resources in relation to mailshots sent out on behalf of members and the possible wider misuse of facilities, the committee asked officers for a report on the control framework for postage and franking facilities.

KEY ISSUES FOR CONSIDERATION

Operation of post and franking facilities

3. Within Tooley Street, there are designated mail collection points on all floors and collections from these hubs are made six times each week day, with the last collection at 15:30 to ensure that mail is sorted in the post room and is franked ready to be collected by Royal Mail at approximately 17:00.
4. The post room at Tooley Street deals with all outgoing mail from Tooley Street and 11 other core buildings, including the Queens Road office. It offers a folding and inserting service which often includes franking and, where possible, mail is sent at the second class rate.
5. All franking costs are recharged to departments, with charges being based on an exercise undertaken once Tooley Street was fully occupied in early 2010 and which reviewed outgoing post during a one-week period. Costs relating to members' use of the facilities are included within the chief executive's costs.
6. A high level summary showing volumes of mail and costs for 2011/12 and for the first nine months of 2012/13 (April to December) is set out in the table below:

	2011/12		2012/13 (April – December)	
	Number of items	Cost (£)	Number of items	Cost (£)
Second class	457,890	142,678	331,720	115,914

	2011/12		2012/13 (April – December)	
	Number of items	Cost (£)	Number of items	Cost (£)
First class	187,862	80,778	124,153	65,055
Specials	5,564	13,124	5,038	16,524
Total	651,316	236,580	460,911	197,493

7. The average number of items sent per month in 2011/12 was 54,276, with the lowest being 40,641 in May 2011 and the highest being 66,910 in February 2012. In 2012/13 the average sent per month (April to December 2012) is 51,212, with the lowest being 39,167 in December 2012 and the highest being 58,761 in September 2012.
8. In terms of the split between second and first class, the figures are 70.3% and 28.8% respectively in 2011/12 and 72.0% and 26.9% respectively in 2012/13 to date. The balance in each year (0.9% and 1.1%) relates to special items such as recorded deliveries.
9. It is not possible to provide volumes by department (or to identify members' items separately) as this information is not recorded. A review is to be undertaken to enable a refreshed charging matrix to be put in place for 2013/14.

Guidance on use of facilities

10. Specific guidance for officers and members on the use of council resources in the preparation and posting of correspondence is set out in the council's Communication Protocol within Southwark's Constitution.
11. This sets out the legal framework and has sections on correspondence and on postage which are included at Appendix 1. This section of the protocol is particularly relevant to members and paragraph 41 makes clear that the following items of post are not to be sent out using council resources:
 - Private mail including correspondence for other bodies
 - Mailshots
 - Letters sending out information (concerning planning applications, refuse collection etc) which is the responsibility of officers
 - Letters which criticise other groups and their members or praise the writer or their political group
 - Group publicity such as political party greetings cards.
12. The protocol recognises that it is not always easy to determine what constitutes a mailshot and further guidance was issued to members by the monitoring officer in January 2013 to provide further advice on correspondence and mailshots. This set down a number of factors for consideration when determining whether correspondence constitutes a mailshot:

- Is the content of the correspondence to individuals exactly the same?
 - Is the correspondence in response to a request that a constituent has raised with the member for action or information?
 - Is the correspondence explaining what action has been taken by the member?
 - Has there been a large demand by constituents for information on the issue?
 - Is the correspondence a proportionate response to that demand?
13. It also advises that a request to send out more than five or six items of general correspondence, where the content is identical, may be evidence that the correspondence is a mailshot and therefore not permitted. A copy of the monitoring officer's guidance is attached at Appendix 2. It is also available on the council's website at:
<http://moderngov.southwark.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13182&path=0>.

Controls relating to the use of post and franking facilities

14. Management of the use of the council's resources in respect of post and franking facilities is subject to the same framework as use of other resources: members and officers are expected to use resources appropriately and with a view to achieving best value.
15. The code of conduct for members requires members to "...[behave] in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the authority's resources". As noted above, the Communication Protocol contains provisions on correspondence and postage which provide further guidance on what is required.
16. The employee code of conduct contains sections on the use of financial resources and on the use of council property and facilities for personal use and the code makes it clear that mail facilities are not to be used by officers for personal use. Misuse of council facilities may be a disciplinary matter and could lead to appropriate action being taken under the council's disciplinary procedure.
17. The framework in place is based on self-regulation. Officers are expected to be aware of requirements, but are supported through line management arrangements. In light of the concerns raised, the need for care to be taken in relation to the use of these facilities has been highlighted to officers working with members. Similarly, the recent guidance to members is intended to both clarify the position and to provide a 'refresher' as to expected conduct.
18. Given the volumes of mail which are processed, it would not be practicable to review all items prior to despatch to ensure that council facilities are not being misused. Although it might be possible to implement a process of sample checks, data protection and information security requirements would make such checking difficult as any checking would need to be undertaken with appropriate safeguards to prevent any information breach.
19. The implementation of a more formal system of checks would require potentially significant levels of resource and, in the absence of evidence of widespread

misuse, is not considered at present to be practicable or a proportionate risk based response. Given the concerns that have been raised, it appears that self-regulation has ensured consideration of the use of facilities which appear to contravene the council's expected standards of behaviour and action has been taken.

20. Officers are planning on sending out a reminder via the Source to all staff (similar to the guidance note which has been made available to members) and the monitoring officer will consider the position again in six months' time.

Policy implications

21. This report is not considered to have direct policy implications.

Community impact statement

22. This report is not considered to have a direct impact on local people and communities.

Resource implications

23. This report is not considered to have a direct impact on resource implications.

Consultation

24. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

25. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Extract from Communications Protocol, Southwark Constitution
Appendix 2	Monitoring Officer Guidance – Correspondence and Mailshots

AUDIT TRAIL

Lead Officer	Doreen Forrester-Brown, Director of Legal Services	
Report Author	Jo Anson, Head of Financial Governance	
Version	Final	
Dated	12 February 2013	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Legal Services	N/a	N/a
Strategic Director of Finance and Corporate Services	N/a	N/a
Cabinet Member	No	No
Date final report sent to Constitutional Team	12 February 2013	

Extract from the Communication Protocol, Southwark Constitution (July 2012)

Correspondence

37. Generally correspondence from one member should not be copied to, or discussed with, another member without the member's consent subject to any rights of access arising from the Freedom of Information Act 2000 and the Data Protection Act 1998. If a member has sought advice from an officer and included a circulation list, it can be assumed that the officer's response can be circulated to those people on the circulation list for the original letter, even if that list includes other members.
38. This does not prevent officers copying letters to each other about casework across ward or interest boundaries in order to respond to a member inquiry. Points of general interest to all members may be converted into general advice, and circulated (within the limitations set down in the Data Protection Act). A chief officer is also able to advise a relevant cabinet member in general terms an issue raised with the chief officer in correspondence, or otherwise, by another member.
39. Official letters from the council should normally be sent out in the name of the appropriate officer rather than a member. It may be appropriate for members to write in certain circumstances (e.g. representations to a government minister); however, this would be the exception rather than the norm. Letters which create obligations or give instructions should not be sent out in the name of a member.

Postage

40. Preparation and postage of correspondence are a significant part of the support given to members. The content and purpose of letters, leaflets, and other correspondence must relate to the member's role in the authority. The members' services manager will arrange for monitoring arrangements to be put in place, and refer doubtful cases to the monitoring officer.
41. The use of council resources in the preparation and postage of the following kinds of post are not permitted:
- private mail including correspondence for other bodies
 - mailshots
 - letters sending out information (concerning planning application, refuse collection, etc) which is the responsibility of officers
 - letters which criticise other groups and their members or praise the writer or their political group
 - group publicity such as political party greetings cards.

For the avoidance of doubt, correspondence to residents about the location of surgeries by members who do not have a fixed location for their surgery shall not constitute a mailshot.

42. The question of what is a mailshot has proved problematic. Members are entitled to use council resources to respond to requests that their constituents have raised with them for action and explain what action has been taken, but

not generally to publicise their work in the ward. Requests to send out large of letters will have to show what demand is being responded to, and that the letter is a proportionate response to that demand. In any event, member services do not have the resources to send out more than one batch of such letters a month for any member. Members are reminded that this is a finite resource, and member services may need to limit the use of this if excessive costs are incurred.

43. Where members are uncertain as to whether a communication or publicity is appropriate they should seek advice from the head of communications and the monitoring officer in those cases.

Monitoring Officer Guidance

Correspondence and Mailshots

Who Should Read this Guidance?

This guidance is for members and officers. It will be of particular use to members who wish to send out large amounts of correspondence to groups, individuals or organisations.

Scope of this Guidance

This note provides guidance on the use of council resources in the preparation and postage of correspondence. This guidance does not apply to correspondence sent out by the council to the community groups or stakeholders in the discharge of the council's executive functions. It must be noted that the Council does not have the resources to send out large amounts of correspondence on behalf of members at cost to the council.

Legal and Constitutional Framework

When publishing any material at any time, the council must comply with the provisions of the Local Government Act 1986 (the act) and The Code of Recommended Practice on Local Authority Publicity 2011. The code provides that a local authority shall not publish (or assist others to publish) any material which in whole or in part is designed to affect public support for a political party.

The Communications Protocol at paragraph 40 provides specific guidance on the use of council resources in the preparation and posting of certain correspondence which is **NOT permitted**. The sending of correspondence which are mailshots are not permitted under the Protocol.

The guidance given to members in the **Member Handbook 2010** about sending out large volumes of correspondence has been updated **by the guidance in the Communications Protocol contained within Southwark's Constitution (July 2012)**.

The Communications Protocol

The relevant provisions of the protocol can be found at **paragraph 41** and are set out below they relate to correspondence from members;

41. The use of council resources in the preparation and postage of the following kinds of post are not permitted:

- *private mail including correspondence for other bodies*
- *mailshots*

- *letters sending out information (concerning planning application, refuse collection, etc) which is the responsibility of officers*
- *letters which criticise other groups and their members or praise the writer or their political group*
- *group publicity such as political party greetings cards.*

For the avoidance of doubt, correspondence to residents about the location of surgeries by members who do not have a fixed location for their surgery shall not constitute a mailshot.

42. The question of what is a mailshot has proved problematic. Members are entitled to use council resources to respond to requests that their constituents have raised with them for action and explain what action has been taken, but not generally to publicise their work in the ward. Requests to send out large numbers of letters will have to show what demand is being responded to, and that the letter is a proportionate response to that demand. In any event, member services do not have the resources to send out more than one batch of such letters a month for any member. Members are reminded that this is a finite resource, and member services may need to limit the use of this if excessive costs are incurred.

43. Where members are uncertain as to whether a communication or publicity is appropriate they should seek advice from the head of communications and the monitoring officer in those cases.

Application of the Protocol

Members and officers will find it useful to note that the Monitoring Officer accepts that the issue of what constitutes a mailshot is a difficult question and each case will need to be determined on its own facts. However, the Monitoring Officer believes it is important, in the interests of fairness and transparency, for members and officers to understand her interpretation of the protocol.

In determining whether correspondence constitutes a mailshot the following factors will be considered:

- Is the content of the correspondence to individuals exactly the same?
- Is the correspondence in response to a request that a constituent has raised with the member for action or information?
- Is the correspondence explaining what action has been taken by the member?
- Has there been a large demand by constituents for information on the issue?
- Is the correspondence a proportionate response to that demand?

Members should not use council resources to generally publicise their work in their ward.

Advice to members

If members are unclear about whether an item of correspondence may constitute a mailshot and therefore NOT be permitted under the protocol, they should seek advice from the Monitoring Officer or the Deputy Monitoring Officer (contact details are listed at the bottom of this guidance).

Advice to Officers

Officers are reminded that sending out mailshots for members could be a breach of the **Member Officer Protocol**. The relevant provision is detailed in paragraphs 47 to 49:

Support services for members

- 47. The role of officers is to assist members in discharging their role as members of the council for council business and in their role as advocates for local communities. Officers should not be used in connection with party political campaigning or for private purposes, and this includes the support offered by political assistants.*
- 48. Council resources (e.g. stationery and photocopying) may only be used for council business or when they are directly required for any office to which the member has been elected or appointed by the council.*
- 49. Support to members is a resource, which is subject to the same budget pressures as any other. Given its importance to how effective members can be, it is essential that its allocation is agreed to be fair and in proportion to the duties of all groups of members.*

Officers are advised that a request to send out **more than 5 or 6 items** of general correspondence, where the content of the correspondence is identical, could be evidence to suggest that the correspondence is a mailshot and therefore not permitted under the protocol. If an officer is uncertain about whether an item of correspondence could be a mailshot, they should refer the matter to the Monitoring Officer or the Deputy Monitoring Officer for advice. Staff in the Cabinet Office, Opposition Office and Member Services should refer the matter to their line manager in the first instance (Chris Page, James Postgate and Alexa Coates respectively).

Improper use of the Council's Resources

Where the Monitoring Officer determines that an item of correspondence which has been sent out constitutes a mailshot, and is therefore an improper use of council resources, the member will be asked to reimburse the council for the cost of the postage.

Further Guidance

If you require any further clarification of this guidance, please contact the following officers:

Claire Webb, Head of Policy – ext. 57136
Doreen Forrester-Brown, Monitoring Officer – ext. 57502
Norman Coombe, Deputy Monitoring Officer – ext. 57678

Doreen Forrester-Brown
Director of Legal Services
18 January 2013

Item No. 8.	Classification: Open	Date: 28 February 2013	Meeting Name: Audit and Governance Committee
Report title:		Annual Report to Council Assembly on Work and Performance in 2012/13	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATION

1. That the audit and governance committee forward this report on its work and performance in 2012/13 to council assembly, subject to any amendments it wishes to make.

BACKGROUND INFORMATION

2. The purpose of this report is to review this committee's work and performance in 2012/13.
3. The audit and governance committee's terms of reference include a requirement to report annually to council assembly on its work and performance during the year.
4. The aims of the report are to make council aware of the audit and governance committee's work in relation to its audit, regulatory, financial reporting and treasury management responsibilities and to provide assurance on areas covered or to identify any concerns.
5. This report also considers the effectiveness of the audit and governance committee which forms a part of the review of internal audit and which will in turn be reported as part of the review of the system of internal control, as required under the Accounts and Audit Regulations 2011.

KEY ISSUES FOR CONSIDERATION

Role of the committee

6. The purpose of the audit and governance committee is to provide
 - Independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment
 - Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment
 - Oversight of the financial reporting process
 - Scrutiny of treasury management strategy and policies.
7. In line with the above, the committee's terms of reference are structured by

reference to its four key functions in terms of audit activity, the regulatory framework, the accounts and treasury management.

Audit Activity

Internal Audit

8. The committee considered the Head of Anti-Fraud and Internal Audit's annual report on the work of internal audit and anti-fraud 2011/12. Members questioned the Head of Internal Audit and the engagement manager for the auditors, RSM Tenon, and requested officers to include further information on the use of external data matches in their September report.
9. The committee received and considered regular reports on the performance of internal audit and the outcome from its work during the year. Members questioned the Head of Internal Audit and the RSM Tenon engagement manager about the internal audit progress and made requests for further information on areas to be included in future reports, including further information on foster carers and on the possibility and cost effectiveness of data matching historical records for signs of possible council tax fraud.
10. The committee also requested a briefing note on council tax discounts and exemptions.
11. The committee agreed the internal audit plan for 2013/14 and strategy for internal audit for 2013/14 – 2017/18.

External Audit

12. The committee received regular progress reports from the external auditor (the Audit Commission and then Grant Thornton) throughout the year. It also considered the external auditor's annual report on the certification of claims and returns for 2011/12 and opinion plans for 2011/12 for both the council and the Southwark pension fund and the annual audit letter for 2011/12.
13. The committee considered the annual governance report for 2011/12 for the council and for the Southwark pension fund. Following consideration of the impact on the pension fund of changes in workforce numbers and changes to the Local Government Pension Scheme, the committee agreed to invite the Pensions Advisory Panel to attend a future meeting for a wider discussion. This has been scheduled for the committee's meeting on 30 April 2013.
14. The committee considered the external auditor's annual fee letters for 2012/13 for both the council and the Southwark pension fund.

Accounts

15. The committee considered a draft of the 2011/12 statement of accounts at its July 2012 meeting and requested a clarifying amendment to the explanatory foreword. It formally approved the accounts at its meeting in September 2012.

Regulatory framework

16. As with the statement of accounts, the committee reviewed the annual governance statement for 2011/12 at its July meeting and approved it at its September meeting. Following the committee's decision two years ago to invite strategic directors to attend meetings to report on governance arrangements in

their departments, the following strategic directors attended during 2012/13: the strategic director for health and community services, the chief executive, the strategic director of finance and corporate services, the strategic director of environment and leisure. The strategic director of housing and community services is attending this meeting. Members asked questions about particular aspects of their arrangements.

17. The committee received reports on seven retrospective contract-related decisions. In considering them, members asked questions of the officers responsible for the decision reports. At its November meeting, the committee recommended that in addition to the current practice of notifying retrospective decisions to the chair as early as possible, they should in future also be brought to the attention of the vice-chair of the committee, to enable them to consider wider circulation to other committee members, prior to reports being put on the agenda.
18. Following consideration by the committee of the annual report on corporate risk and insurance for 2011/12, the committee asked for a briefing note on insurance benchmarking comparisons collated by the Chartered Institute of Public Finance and Accountancy (CIPFA). It also requested that a report on the council's insurance framework be included on the committee's agenda for its meeting on 30 April 2013.
19. The committee received its annual report on whistle blowing outcomes.
20. Following concerns expressed by members of the committee at its January meeting about the use of postage and franking services, a report on the control framework for these facilities was requested. This is the subject of a separate report on this agenda.

Treasury Management

21. Members received a report on the 2012/13 treasury management strategy which had been approved by council assembly in February 2012 and sought clarification and assurance from officers on a number of points.

Effectiveness of the Audit and Governance Committee

22. The Accounts and Audit Regulations require a review of internal audit to be carried out, including consideration of the effectiveness of this committee. This will be carried out later in the year and the results will be brought to a future meeting of the committee.
23. To complement this, it is proposed, however, that as in previous years this committee assesses itself using a checklist produced by CIPFA. A draft completed checklist has therefore been prepared and this is attached at appendix 1 for members' consideration and approval, subject to any amendments identified. Members will be aware that the findings of the review, including any recommendations from this report, will need to be considered alongside the annual governance statement.
24. The completed checklist confirms that there are no significant areas of concern in relation to the committee's effectiveness. However, it highlights that training is an area that members may wish to continue to keep under review.

Training

25. Induction training was made available to new members in June and July 2012 and members were asked to indicate areas in which they would welcome training in order to help focus future provision. Information on relevant issues and developments is provided by the CIPFA Better Governance Forum which publishes its 'Audit Committee Update' three times a year. These focus on key topics and include a round-up of legislation, reports and developments and are circulated to all members of the committee for their information.
26. A one-day training session on 'Influential Audit Committees', also organised by the Better Governance Forum, was attended by the chair of the committee in January 2013. Areas covered included assurance planning and assessing effectiveness and an update on the new Public Sector Internal Audit Standards.
27. The self-assessment checklist (see above) identified that training will be provided as required and officers will continue to arrange training as opportunities arise.

Development opportunities

28. The audit and governance committee has now been in place for six years. The management of its agenda in order to ensure that it can focus its resources effectively remains one of the key challenges for the future.
29. The year saw the following principal achievements:
 - greater assurance of departmental and corporate governance arrangements, following constructive sessions with the chief executive and strategic directors throughout the year
 - higher level of implementation of 'High' rated recommendations, resulting in part from member scrutiny
 - ongoing constructive challenge from members in respect of reports received by them.
30. For the coming year, the following are areas where the committee has the opportunity to effect further development or to which it may wish to give consideration:
 - development of relationship with Grant Thornton, the council's new external auditor
 - implications of the new Public Sector Internal Audit Standards which are effective from 1 April 2013 and their impact on the role of the committee
 - future training needs.

Conclusion

31. The committee's work programme aims to ensure that the committee is able to carry out its functions effectively. To this end, the programme is structured to cover the key areas of audit activity, the regulatory framework, financial reporting and scrutiny of the treasury management strategy and policies.
32. During the committee's sixth year of operation, it continued to ask questions on matters before it in a challenging yet constructive way. In some cases, this has resulted in further information being provided to the committee to provide the assurance sought; in others, in others, it has resulted in increased focus on the

implementation of action plans.

33. The committee has kept its work programme under review in 2012/13 and made changes when appropriate.
34. Through its work, the committee is able to confirm that
- the council's system of risk management is adequate to identify risk and to allow the authority to understand the appropriate management of those risks;
 - there are no areas of significant duplication or omission in the systems of governance in the authority that have come to the committee's attention and not been adequately resolved.
35. The work programme for the committee for 2013/14 is included elsewhere on this agenda for consideration and agreement, and this will be reviewed and amended on an ongoing basis if necessary to help to ensure that the committee can continue to provide assurance of the adequacy of the council's governance arrangements.

Policy implications

36. There are no policy implications in the proposals in this report.

Community impact statement

37. This report is not considered to contain any proposals that would have a significant impact on any particular community or group.

Resource implications

38. There are no direct resource implications in this report.

Consultation

39. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Corporate Services

40. The strategic director of finance and corporate services is mindful of the important role of the audit and governance committee and is pleased that it continues to function in line with its terms of reference. He notes that its remit will remain under review as circumstances change, in the context of changes in funding arrangements for local authorities and the likelihood of continued reductions in resources available for services. 2012 saw the introduction of the new external audit arrangements, and looking forward, the committee will have special interest in the conduct of the audit. It is noted that the performance of the committee has been strengthened by the attendance of the chief executive and strategic directors, especially during a period of significant management change within the organisation. It is expected that a future work programme will continue to gain benefit from these interviews.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Financial Governance files	Finance and Corporate Services, Second Floor, 160 Tooley Street, London SE1 2QH	Jo Anson 020 7525 4308

APPENDICES

No.	Title
1.	Measuring the Effectiveness of the Audit Committee – Self-assessment Checklist

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services		
Report Author	Jo Anson, Head of Financial Governance		
Version	Final		
Dated	12 February 2013		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
	Officer Title	Comments sought	Comments included
	Director of Legal Services	No	No
	Strategic Director of Finance and Corporate Services	Yes	Yes
	Cabinet Member	No	No
	Date final report sent to Constitutional Team	12 February 2013	

APPENDIX 1

MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE – SELF-ASSESSMENT CHECKLIST

ESTABLISHMENT, OPERATION AND DUTIES					
Role and remit					
Priority	Issue	Yes	No	N/A	Comments/action
1	Does the audit committee have written terms of reference?	✓			
1	Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	✓			
1	Are the terms of reference approved by the council and reviewed periodically?	✓			Will need to be reviewed in light of forthcoming CIPFA Local Government Application Note on new Public Sector internal Audit Standards
1	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	✓			
1	Can the audit committee access other committees and full council as necessary?	✓			
1	Does the authority's annual governance statement include a description of the audit committee's establishment and activities?	✓			
2	Does the audit committee periodically assess its own effectiveness?	✓			
2	Does the audit committee make a formal annual report on its work and performance during the year to full council?	✓			
Membership, induction and training					
1	Has the membership of the audit committee been formally agreed and a quorum set?	✓			
1	Is the chair independent of the executive function?	✓			
1	Has the audit committee chair either previous knowledge of, or received	✓			

Priority	Issue	Yes	No	N/A	Comments/action
	appropriate training on financial and risk management, accounting concepts and standards, and the regulatory regime?				
1	Are new audit committee members provided with an appropriate induction?	✓			
1	Have all members' skills and experiences been assessed and training given for identified gaps?	✓			In part – training is provided as opportunities arise
1	Has each member declared his or her business interests?	✓			
2	Are members sufficiently independent of the other key committees of the council?	✓			
Meetings					
1	Does the audit committee meet regularly?	✓			
1	Do the terms of reference set out the frequency of meetings?		✓		As for other committees, these are determined each year and reviewed as needed
1	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	✓			
1	Are members attending meetings on a regular basis and if not, is appropriate action taken?	✓			2012/13 attendance (7 members): 1 May* – 4 18 July – 5 26 September – 5 13 November – 6 9 January – 7 28 February – * 2011/12 municipal year 5 members
1	Are meetings free and open without political influences being displayed?	✓			
1	Does the authority's S151 officer or deputy attend all meetings?	✓			
1	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	✓			
INTERNAL CONTROL					
1	Does the audit committee consider the findings of the	✓			

Priority	Issue	Yes	No	N/A	Comments/action
	annual review of the effectiveness of the system of internal control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of internal audit?				
1	Does the audit committee have responsibility for review and approval of the annual governance statement (AGS) and does it consider it separately from the accounts?	✓			
1	Does the audit committee consider how meaningful the AGS is?	✓			
1	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	✓			
1	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	✓			
1	Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption"?	✓			
1	Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	✓			
2	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	✓			
2	Does the audit committee review the authority's strategic risk register at least annually?	✓			
2	Does the audit committee monitor how the authority assesses its risk?	✓			

Priority	Issue	Yes	No	N/A	Comments/action
2	Do the audit committee's terms of reference include oversight of the risk management process?	✓			
FINANCIAL AND REGULATORY MATTERS					
1	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	✓			
1	Does the audit committee consider specifically: <ul style="list-style-type: none"> • The suitability of accounting policies and treatments • Major judgements made • Large write-offs • Changes in accounting treatment • The reasonableness of accounting estimates • The narrative aspects of reporting? 	✓			
1	Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	✓			
1	Does the audit committee review management's letter of representation?	✓			
2	Does the audit committee periodically review the accounting policies of the authority?	✓			Considered as part of approval of accounts
2	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	✓			
2	Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?	✓			Training provided as necessary, including briefing notes; Audit Committee Updates from CIPFA's Better Governance Forum are circulated to committee members

Priority	Issue	Yes	No	N/A	Comments/action
INTERNAL AUDIT					
1	Does the audit committee approve annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?	✓			
1	Does internal audit have an appropriate reporting line to the audit committee?	✓			
1	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	✓			
1	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	✓			
1	Does the audit committee hold periodic private discussions with the Head of Internal Audit?	✓			If needed
1	Is there appropriate cooperation between the internal and external auditors?	✓			
1	Does the audit committee review the adequacy of internal audit staffing and other resources?	✓			
1	Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom?	✓			
2	Are internal audit performance measures monitored by the audit committee?	✓			
2	Has the audit committee considered the information it wishes to receive from internal audit?	✓			
EXTERNAL AUDIT					
1	Do the external auditors	✓			

Priority	Issue	Yes	No	N/A	Comments/action
	present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?				
1	Does the audit committee hold periodic private discussions with the external auditor?	✓			If needed
1	Does the audit committee review the external auditor's annual report to those charged with governance?	✓			
1	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	✓			
1	Are reports on the work of external audit and other inspection agencies presented to the committee, including the external auditor's annual audit letter?	✓			Where relevant
1	Does the audit committee assess the performance of external audit?	✓			
1	Does the audit committee consider and approve the external audit fee?	✓			Considers but does not approve explicitly
ADMINISTRATION					
Agenda management					
1	Does the audit committee have a designated secretary from Committee/Member Services?	✓			
1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	✓			
2	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	✓			
2	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	✓			Any Other Business may be added to an agenda within 5 clear days of the meeting; in exceptional circumstances, an item may be notified to the chair at the start of the meeting and accepted by the chair as urgent

Priority	Issue	Yes	No	N/A	Comments/action
Papers					
1	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	✓			
2	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	✓			In line with corporate requirements
Actions arising					
1	Are minutes prepared and circulated promptly to the appropriate people?	✓			
1	Is a report on matters arising made and minuted at the audit committee's next meeting?	✓			
1	Do action points indicate who is to perform what and by when?	✓			

Item No. 9.	Classification: Open	Date: 28 February 2013	Meeting Name: Audit and Governance Committee
Report title:		Draft Work Programme for 2013/14	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATION

1. That the audit and governance committee consider and, subject to any requested changes, agree the work programme set out in Appendix 3 for 2013/14.

BACKGROUND INFORMATION

2. The purpose of this report is to set out possible areas of work for consideration to enable members to agree a programme for 2013/14.
3. Since its establishment in March 2007, the committee has agreed a work programme for the forthcoming year. Amendments to the programme to take account of changing circumstances can be made throughout the year.
4. Using the 2012/13 work programme (attached as Appendix 1) as a starting point, the committee is asked to consider and agree a programme for 2013/14.

KEY ISSUES FOR CONSIDERATION

5. In considering items for inclusion, it may be helpful to do this within the framework of the committee's purpose, as set out in the constitution. This is stated to be:
 - Independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment
 - Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment
 - Oversight of the financial reporting process
 - Scrutiny of the treasury management strategy and policies.
6. The committee's terms of reference, as approved by council assembly, cover functions relating to audit activity, the regulatory framework, accounts and treasury management. They are attached at Appendix 2 as they may further help the committee to determine items to be included in its work programme.
7. New Public Sector Internal Audit Standards which replace the previous Code of Practice from 1 April 2013 are expected to require amendments to the committee's terms of reference. The Chartered Institute of Public Finance and Accountancy is due to publish its Local Government Application Note in March 2013 which will explain how the standards are to be applied. This note is needed

to inform decisions about any changes required to the council's constitution and a report will be taken to the constitutional steering panel in due course. It should also be noted that minor changes to the terms of reference will be required to reflect the new external audit arrangements.

8. A draft programme has been included at Appendix 3 for the committee's consideration. Items shown in brackets are standing items which will be brought forward as they arise. Revisions to the work programme which are required following the expected changes to the committee's terms of reference will be brought to the committee in due course.
9. As noted at the committee's meeting on 9 January 2013, it is proposed that the number of meetings be reduced from six to five each year. An assumption has been made that the January meeting will be removed, and that in 2013/14 the committee will meet in July, September, November, February and April. During 2012/13, it has not always been practicable to maintain an 'audit' / 'governance' split and it is further proposed that all meetings will cover both audit and governance items. This will more closely reflect current practice and help to ensure that as items are identified, they can be considered by the committee on a timely basis.
10. During 2012/13, the committee has sought assurance from strategic directors as to governance arrangements within their departments. A number of approaches have been taken, including the use of departmental governance assurance statements, departmental risk registers and performance management report templates. This agenda item has been included within the draft 2013/14 programme, and members are asked to consider whether they would wish existing arrangements to continue or whether they would wish to propose any amendments. In addition, members may also want to consider whether there are others from whom the committee might wish to seek assurance.
11. There remains a need to ensure flexibility in terms of emerging issues which come to light through items already on the committee's agenda. For example, a review of audit recommendations and progress on their implementation may highlight a need to request the attendance of individuals at a future meeting to help explain action taken. The draft programme therefore includes a standing item relating to review of the committee's work plan.
12. Items have been grouped in line with its functions, in order to ensure that there is appropriate coverage of the committee's key roles as defined in its terms of reference.
13. Training will continue to be provided for members on the role of the committee, and development needs will continue to be monitored to enable appropriate training to be provided as opportunities arise.
14. The committee will be aware that on 1 October 2012 Grant Thornton became the council's external auditors, following the Audit Commission's exercise to outsource its audit practice. The draft work programme for 2013/14 has been discussed with Grant Thornton, but there may still be a need to review the work programme during the year to take account of any changes in arrangements. There may also be a need to review the work programme to take account of any changes which may be agreed to the council's constitution during the year.

15. The committee is asked to consider whether the attached draft work programme reflects its priorities for the next year or whether there are other amendments which it would wish to see included.

Policy implications

16. This report is not considered to have direct policy implications.

Community impact statement

17. The decision to agree a work programme for next year is considered not to have a significant impact on any particular community or group.

Resource implications

18. There are no direct resource implications in this report.

Consultation

19. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

20. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Financial Governance files	Finance and Corporate Services, Tooley Street Second Floor	Jo Anson 020 7525 4308

APPENDICES

No.	Title
Appendix 1	Work programme for 2012/13
Appendix 2	Extract from the constitution – Part 3L Audit and governance
Appendix 3	Draft work programme for 2013/14

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Jo Anson, Head of Financial Governance	
Version	Final	
Dated	15 February 2013	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	No	No
Strategic Director of Finance and Corporate Services	N/a	N/a
Cabinet Member	No	No
Date final report sent to Constitutional Team	15 February 2013	

Work Programme for 2012/13 – agreed 27 February 2012

Item	Meeting date						Commentary
	June/July Audit & Governance	September Audit & Governance	November Governance	January Audit	February/ March Governance	April/May Audit	
General							
Annual work programme for following year					✓		
In-year review of work programme	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to pick up emerging issues
Annual report of audit and governance committee					✓		Report on committee's work and performance to be submitted to council assembly each year – Head of Financial Governance
Internal Audit activity							
Internal audit plan and strategy for internal audit				✓			Proposed internal audit programme for future years – Head of Anti-Fraud and Internal Audit
Annual report and opinion on internal audit, fraud and risk	✓						Including review of effectiveness of system of internal audit and Head of Anti-Fraud and Internal Audit's opinion on system of internal control and report on internal audit contractor performance – Head of Anti-Fraud and Internal Audit
Progress report on the work of internal audit and fraud		✓		✓		✓	Issues raised and progress on implementation of recommendations – Head of Anti-Fraud and Internal Audit
External Audit activity							
Audit fee letters (including pension fund)	✓						Annual fee letters setting out indicative fees and planned work/outputs for 2012/13 for the council and pension fund – District Auditor
Opinion plans (including						✓	Opinion plans setting out audit work to

Item	Meeting date						Commentary
	June/July Audit & Governance	September Audit & Governance	November Governance	January Audit	February/ March Governance	April/May Audit	
pension fund)							be undertaken for audit of financial statements 2011/12 for the council and pension fund – District Auditor
Annual Audit letter (Audit Commission)				✓			Annual audit letter (AAL) providing a summary of the Audit Commission's assessment of the council for 2011/12, drawing from audit of financial statements and work undertaken to assess VfM – District Auditor
Annual governance reports (ISA260) – including pension fund)		✓					Annual governance report (AGR) summarising findings from 2011/12 audit of financial statements and work to assess VfM arrangements – District Auditor
Certification of claims and returns annual report				✓			Annual report summarising findings from the certification of 2011/12 grant claims – District Auditor
Audit progress report	✓	✓		✓		✓	Standing item – Audit Commission update on work being planned or undertaken – District Auditor
Regulatory framework							
Annual governance statement	✓	✓					Annual governance statement (AGS) is a mandatory statement setting out the council's governance arrangements, following a review of systems of internal control – Head of Financial Governance
Retrospective approvals to contract decisions	(✓)		(✓)		(✓)		Standing item – contract standing orders require retrospective contract decisions over £100k to be reported for the purpose of obtaining guidance to inform future decision making – Head of Financial Governance
Risk management and insurance	✓		✓				Annual report on risk management and insurance in June; report on key risks in

Item	Meeting date						Commentary
	June/July Audit & Governance	September Audit & Governance	November Governance	January Audit	February/ March Governance	April/May Audit	
							November – Corporate Risk and Insurance Manager
Progress report on implementation of Audit Commission recommendations	(✓)		(✓)		(✓)		Standing item – progress made in implementing Audit Commission recommendations (Including AGR, AAL) – Chief Accountant, Head of Financial Governance
Outcomes of the whistleblowing policy			✓				Annual report to consider outcomes of the whistleblowing policy – Head of Legal Service
Departmental governance assessment	✓	✓	✓		✓		Report from strategic directors on departmental governance arrangements
Corporate governance framework	(✓)	(✓)	(✓)		(✓)		Standing item – to include e.g. council policies within remit of audit and governance committee; code of governance; other areas as identified
Accounts							
Statement of accounts	✓	✓					2011/12 statement of accounts for consideration and approval – Chief Accountant
Treasury Management							
Review and scrutiny of the strategy and policies			✓				Review of 2012/13 treasury management strategy as approved by council assembly in February 2012 – Chief Accountant

Extract from the constitution – Part 3L Audit and governance committee**Role and functions**Introduction

The purpose of the audit and governance committee is to provide:

1. Independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment.
2. Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.
3. Oversight of the financial reporting process.
4. Scrutiny of the treasury management strategy and policies.

Audit activity

5. To consider the internal audit annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.
6. To consider reports dealing with the management and performance of the provider of internal audit services.
7. To consider reports from internal audit on agreed recommendations not implemented within a reasonable timescale.
8. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
9. To consider specific reports as agreed with the external auditor.
10. To comment on the scope and depth of external audit work and to ensure it gives value for money.
11. To liaise with the Audit Commission over the appointment of the council's external auditor.
12. To commission work from internal and external audit.

Regulatory framework

13. To review any issue referred to it by the chief executive or a strategic director, or any council body.
14. To monitor the effective development and operation of risk management in the council.

15. To monitor the effective development and operation of corporate governance in the council and to agree actions necessary to ensure compliance with best practice.
16. To monitor council policies on 'whistle-blowing', the 'corporate anti fraud strategy' and the council's complaints processes.
17. To oversee the production of and agree the council's annual governance statement, incorporating the statement on internal control.
18. To review the council's compliance with its own and other published standards and controls.

Accounts

19. To review and approve the annual statement of accounts and specifically to consider compliance with appropriate accounting policies and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
20. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Treasury management

21. To review and scrutinise the treasury management strategy and policies.

Annual report

22. To report annually to council assembly on its work and performance during the year.

Matters reserved for decision

The matters reserved for decision to the committee are as set out in the roles and functions.

Draft Work Programme for 2013/14

Item	Meeting date					Commentary
	July 2013	September 2013	November 2013	February/ March 2014	April/May 2014	
General						
Annual work programme for following year				✓		
In-year review of work programme	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to pick up emerging issues
Annual report of audit and governance committee				✓		Report on committee's work and performance to be submitted to council assembly each year – Head of Financial Governance
Internal Audit activity						
Internal audit plan and strategy for internal audit				✓		Proposed internal audit programme for future years – Head of Anti-Fraud and Internal Audit
Annual report and opinion on internal audit and fraud	✓					Including review of effectiveness of system of internal audit and Head of Anti-Fraud and Internal Audit's opinion on system of internal control and report on internal audit contractor performance – Head of Anti-Fraud and Internal Audit
Progress report on the work of internal audit and fraud	✓		✓	✓	✓	Issues raised and progress on implementation of recommendations – Head of Anti-Fraud and Internal Audit
External Audit activity						
Audit fee letters (including pension fund)	✓					Annual fee letters setting out indicative fees and planned work/outputs for 2013/14 for the council and pension fund – Grant Thornton
Opinion plans (including pension fund)					✓	Opinion plans setting out audit work to be undertaken for audit of financial statements 2013/14 for the council and pension fund – Grant Thornton
Annual Audit letter (Grant Thornton)			✓			Annual audit letter (AAL) providing a summary of Grant Thornton's assessment of the council for

Item	Meeting date					Commentary
	July 2013	September 2013	November 2013	February/ March 2014	April/May 2014	
						2012/13, drawing from audit of financial statements and work undertaken to assess VfM – Grant Thornton
Annual governance reports (ISA260) – including pension fund)		✓				Annual governance report (AGR) summarising findings from 2012/13 audit of financial statements and work to assess VfM arrangements – Grant Thornton
Assurance on oversight of management's processes					✓	Item on oversight of management's processes in relation to risks of fraud/error and compliance with relevant laws and regulations
Certification of claims and returns annual report				✓		Annual report summarising findings from the certification of 2012/13 grant claims – Grant Thornton
Audit progress report	✓	✓	✓	✓	✓	Standing item – Grant Thornton update on work being planned or undertaken – Grant Thornton
Regulatory framework						
Annual governance statement	✓	✓				Annual governance statement (AGS) is a mandatory statement setting out the council's governance arrangements, following a review of systems of internal control – Head of Financial Governance
Retrospective approvals to contract decisions	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – contract standing orders require retrospective contract decisions over £100k to be reported for the purpose of obtaining guidance to inform future decision making – Head of Financial Governance
Risk management and insurance	✓		✓			Annual report on risk management and insurance in June; report on key risks in November – Corporate Risk and Insurance Manager
Progress report on implementation of external audit recommendations	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – progress made in implementing external audit recommendations (Including AGR, AAL) – Chief Accountant, Head of Financial Governance
Outcomes of the whistleblowing policy			✓			Annual report to consider outcomes of the whistleblowing policy – Director of Legal Services

Item	Meeting date					Commentary
	July 2013	September 2013	November 2013	February/ March 2014	April/May 2014	
Departmental governance assessment	✓	✓	✓	✓	✓	Report from strategic directors on departmental governance arrangements
Corporate governance framework	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to include e.g. council policies within remit of audit and governance committee; code of governance; other areas as identified
Accounts						
Statement of accounts	✓	✓				2012/13 statement of accounts for consideration and approval – Chief Accountant
Treasury Management						
Review and scrutiny of the strategy and policies			✓			Review of 2013/14 treasury management strategy as approved by council assembly in February 2013 – Chief Accountant

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OPEN

MUNICIPAL YEAR 2012/13

COMMITTEE: AUDIT AND GOVERNANCE COMMITTEE

NOTE: Original held in Constitutional Team; all amendments/queries to Virginia Wynn-Jones, Constitutional Team, Tel: 020 7525 7055.

COPIES

COUNCILLORS

Councillor Mark Glover (Chair) 1
Councillor Toby Eckersley (Vice-Chair) 1
Councillor James Barber 1
Councillor Nick Dolezal 1
Councillor Renata Hamvas 1
Councillor Jeff Hook 1
Councillor Martin Seaton 1

RESERVES

Councillor Chris Brown 1
Councillor Sunil Chopra 1
Councillor Patrick Diamond 1
Councillor Michael Mitchell 1
Councillor Nick Stanton 1

OTHER COUNCILLORS

Councillor Richard Livingstone 1

LEGAL SERVICES

Norman Coombe 1

COMMUNICATIONS

Robin Campbell 1

CONSTITUTIONAL TEAM

Virginia Wynn-Jones 5

Total 20

FINANCE AND CORPORATE SERVICES

Duncan Whitfield 1
Michael Pinder 1
Jo Anson 1
Jennifer Seeley 1

OTHERS

RSM Tenon 2
Chris Harris (see label)

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Total 8

Total Print Run: 28

List Updated: 7 January 2013