

<b>Item No.</b> 13.	<b>Classification:</b> Open	<b>Date:</b> 16 July 2019	<b>Meeting Name:</b> Audit, governance and standards committee
<b>Report title:</b>		In-year review of the work programme for 2019-20 - July	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Finance and Governance	

## RECOMMENDATIONS

1. That the audit, governance and standards committee consider the proposed draft work programme for 2019-20 and whether they would wish to make amendments to arrangements as set out in paragraph 4 of this report, or in respect of any other matters.
2. That the audit, governance and standards committee, subject to any requested changes, agree the work programme for 2019-20 set out in Appendix 2.

## BACKGROUND INFORMATION

3. At their meeting in June 2019, the committee considered and agreed a work programme for 2019-20 and recommended a series of governance conversations with the strategic directors. These have been scheduled for 2019-20 as follows:
  - 16 July 2019 – Kevin Fenton, strategic director of place and wellbeing
  - 11 September 2019 – Michael Scorer, strategic director of housing and modernisation
  - 20 November 2019 – Caroline Bruce, strategic director of environment and leisure
  - 10 February 2020 – David Quirke-Thornton, strategic director of children's and adults' services.
4. Following discussion, the following items were proposed to be added to the work programme.
  - Strategic directors on departmental governance (each meeting)
  - Brexit risk management (July 2019 - email briefing circulated)
  - Regeneration/Housing (**date to be confirmed**)
  - Asset Management (**date to be confirmed**)
  - Schools performance and budgets (**date to be confirmed**)
  - ICT update (**date to be confirmed**)
  - Going concerns (February 2020).

## 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 set out in the constitution 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
  - A framework to promote and maintain high standards of conduct by councillors, co-opted members and church and parent governor representatives.
6. The committee's terms of reference, as approved by council assembly, cover functions relating to audit activity, the regulatory framework, accounts, treasury management and the council's standards framework. They are attached at Appendix 1 as they may further help the committee to determine items to be included in its work programme.
  7. The agreed work programme for 2019-20 has been included at Appendix 2 for the committee's consideration. Items shown in brackets are standing items which will be brought forward as they arise.
  8. 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 actions taken. The draft programme therefore includes a standing item relating to review of the committee's work plan.
  9. 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.
  10. 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.
  11. 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**

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

### **Community impact statement**

13. 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**

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

## Consultation

15. There has been no consultation on this report.

## SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

16. None required.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

## APPENDICES

No.	Title
Appendix 1	Extract from the constitution – Part 3K Audit and governance
Appendix 2	Work programme for 2019-20

## AUDIT TRAIL

<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance and Governance	
<b>Report Author</b>	Virginia Wynn-Jones, Principal Constitutional Officer	
<b>Version</b>	Final	
<b>Dated</b>	8 July 2019	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>	8 July 2019	

# APPENDIX 1

## Extract from the constitution – Part 3K Audit and governance committee

### ROLE AND FUNCTIONS

#### Introduction

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

1. Independent assurance of the adequacy of the council's governance arrangements, including its standards regime, 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.
5. A framework to promote and maintain high standards of conduct by councillors, co-opted members and church and parent governor representatives.

#### Audit activity

6. To approve the internal audit charter
7. To approve the risk based internal audit plan, including resource requirements.
8. To approve any significant proposed advisory services, additional to those included in the audit plan.
9. To receive information on the appointment, departure, resignation or change in chief audit executive.
10. To receive in-year summaries of internal audit and anti-fraud activity and the internal audit annual report and opinion and to consider the level of assurance it can give over the council's corporate governance arrangements.
11. To receive reports dealing with the management and performance of the provider of internal audit services, including the performance of the chief audit executive.
12. To receive reports from internal audit on agreed recommendations not implemented within a reasonable timescale.
13. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
14. To consider specific reports as agreed with the external auditor.
15. To comment on the scope and depth of external audit work and to ensure it gives value for money.

16. To have oversight over the appointment of the external auditor.
17. To commission work from internal and external audit.

### **Accounts**

18. 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.
19. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Treasury management**

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

### **Governance activity**

21. To review any issue referred to it by the chief executive or a strategic director, or any council body.
22. To monitor the effective development and operation of risk management in the council.
23. To monitor the effective development and operation of corporate governance in the council and to agree actions necessary to ensure compliance with best practice.
24. To monitor council policies on 'whistle-blowing', the 'corporate anti-fraud strategy' and the council's complaints processes.
25. To receive reports from the statutory officers under the council's whistle blowing policy.
26. To provide strategic oversight on the use of the powers regulated by the Regulation of Investigatory Powers Act 2000 and to receive in-year reports on operational use.
27. To oversee the production of and agree the council's annual governance statement.
28. To review the council's compliance with its own and other published standards and controls.
29. To receive reports on retrospective contract related decisions as set out in contract standing orders.
30. To receive reports from the monitoring officer on any serious breach of the contract standing orders or procurement guidelines.

### **Standards activity**

31. To advise the council on the adoption or revision of the members' code of conduct, the member and officer protocol and the communication protocol.
32. To monitor the operation of the members' code of conduct, the member and officer protocol and the communication protocol.
33. To monitor and advise on training provided for councillors, co-opted members and church and parent governor representatives.
34. To deal with any standards related complaints referred to it and any report from the monitoring officer on any matter which is referred to him or her.
35. To receive reports from the monitoring officer on unlawful expenditure and probity issues.
36. To consider the withholding of allowances from individual members (including elected members and co-opted members) in whole or in part for non-attendance at meetings, or, for elected members only, for failure to attend required training.
37. To establish the following sub-committees:
  - to consider complaints of misconduct against elected councillors and co-opted members
  - to consider civic awards.

### **Annual report**

38. To report annually to all councillors on its work and performance during the year.

### **MATTERS RESERVED FOR DECISION**

#### **Matters reserved for decision by the main committee**

39. The matters reserved for decision to the committee are as set out in the role and functions, other than those functions delegated to the relevant sub-committee.

#### **Matters reserved for decision by the conduct sub-committee**

40. To consider complaints of misconduct against elected councillors and co-opted members.

#### **Matters reserved for decision by the civic awards sub-committee**

41. To grant civic awards.
42. To consider the process by which the decisions with respect to civic awards applications are to be taken and to make recommendations to the standards committee.
43. To appoint non-voting co-opted members of the civic awards sub-committee.

## APPENDIX 2

### Draft Work Programme for 2019-20

Items shown in brackets (✓) are standing items which will be brought forward as they arise

Item	Meeting date						Commentary
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
<b>General</b>							
Annual work programme for following year					✓		Draft work programme for the committee – Constitutional Officer
In-year review of work programme	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to pick up emerging issues
Annual report of audit, governance and standards committee					✓		Report on committee’s work and performance to be submitted to all councillors each year – Constitutional Officer
<b>Internal Audit activity</b>							
Internal audit plan and strategy for internal audit					✓		Proposed internal audit programme for future years – Strategic Director of Finance and Governance
Annual report and opinion on internal audit		✓					Including review of effectiveness of system of internal audit and Strategic Director of Finance and Governance’s opinion on system of internal control and report on internal audit contractor and Strategic Director of Finance and Governance (chief audit executive) performance – Strategic Director of Finance and Governance
Annual report on anti-fraud		✓					Annual progress report on the anti fraud services and special investigations team - Fraud manager

Item	Meeting date						Commentary
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
Progress report on the work of internal audit and anti-fraud	✓		✓	✓	✓	✓	Issues raised and progress on implementation of recommendations, including approval of any significant additional advisory services – Strategic Director of Finance and Governance
<b>External Audit activity</b>							
Audit fee letters (including pension fund)	✓					✓	Annual fee letters setting out indicative fees and planned work/outputs for 2018-19 in July 2018 and for 2019-20 in February 2019 for the council and pension fund – Grant Thornton
Audit plans (including pension fund)					✓	✓	Audit plans setting out audit work to be undertaken for audit of financial statements 2017-18 for the council and pension fund, including approval of any significant additional advisory services – Grant Thornton
Annual Audit letter (Grant Thornton)				✓			Annual audit letter (AAL) providing a summary of Grant Thornton's assessment of the council for the year, drawing from audit of financial statements and work undertaken to assess VfM – Grant Thornton
Audit findings reports (ISA 260) – including pension fund)		✓					Annual governance report (AGR) summarising findings from 2017-18 audit of financial statements and work to assess VfM arrangements – Grant Thornton
Informing the audit risk assessment for the council (including pension fund)	✓					✓	Item on oversight of management's processes in relation to risks of fraud/error, compliance with relevant laws and regulations and gong concern – Grant Thornton

Item	Meeting date						Commentary
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
Certification of claims and returns annual report					✓		Annual report summarising findings from the certification of 2017-18 grant claims – Grant Thornton
Audit update report	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – update on work being planned or undertaken – Grant Thornton
<b>Governance and standards activity</b>							
Annual governance statement	✓	✓					A mandatory statement setting out the council's governance arrangements – Departmental Finance Manager (Corporate and Central Services)
Retrospective approvals to contract decisions	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – contract standing orders require retrospective contract decisions over £100k for the purpose of obtaining guidance to inform future decision making – Strategic Director of Finance and Governance
Risk management and insurance					✓		Report on key risks in February – Head of Financial and Information Governance
Progress report on implementation of external audit recommendations	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – progress made in implementing external audit recommendations (including audit findings) – Strategic Director of Finance and Governance
Outcomes of the whistleblowing policy				✓			Annual report to consider outcomes of the whistleblowing policy – Director of Law and Democracy
Review of complaints made under Code of Conduct					✓		Annual report on complaints made under Code of Conduct – Head of Corporate Team
Report on operational use of Regulation of Investigatory Powers Act 2000					✓		Annual report on use of powers under RIPA – Head of Corporate Team

Item	Meeting date						Commentary
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
Review of member and officer protocol and communications protocol				✓			Annual review of protocols, with recommendations for changes as needed – Head of Corporate Team
Establishment of sub-committees for 2018-19		✓					Report to establish sub-committees in line with committee's role and functions – Principal Constitutional Officer
Appointment of non-voting members of the civic awards sub-committee for 2018-19					✓		Report to appoint the non-voting co-opted members of the civic awards sub-committee for 2018-19 – Principal Constitutional Officer
Member induction and training				✓			Report on member induction and training
Areas of governance for review during year		(✓)	(✓)	(✓)	(✓)		<ul style="list-style-type: none"> <li>July: Kevin Fenton, strategic director of place and wellbeing</li> <li>September: Michael Scorer, strategic director of housing and modernisation</li> <li>November: Caroline Bruce, strategic director of environment and leisure</li> <li>February: David Quirke-Thornton, strategic director of children's and adults' services</li> </ul>
Corporate governance framework	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to include e.g. council policies within remit of audit, governance and standards committee; other areas as identified: pensions governance; code of governance
Budget challenge and governance	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to monitor budget challenges as required, including processes and governance, throughout the year
<b>Accounts</b>							
Statement of accounts	✓	✓					2017-18 statement of accounts for consideration and approval – Strategic

Item	Meeting date						Commentary
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
							Director of Finance and Governance
	<b>Treasury Management</b>						
Review of the policy and strategy				✓			Review of treasury management policy and strategy – Strategic Director of Finance and Governance