

HAMBLETON DISTRICT COUNCIL

Report To: Audit, Governance and Standards Committee
23 July 2019

From: Director of Finance and Commercial (s151 Officer)

Subject: **ANNUAL REPORT TO CABINET ON AUDIT, GOVERNANCE AND STANDARDS
COMMITTEE ACTIVITIES 2018/19**

All Wards

1.0 PURPOSE AND BACKGROUND:

1.1 The purpose of this report is to consider a draft report which analyses the work undertaken by the Audit, Governance and Standards Committee for the year to 31 March 2019. Under the Committee's Terms of Reference, it is proposed that the report will be presented at Cabinet in September 2019. The draft report is attached as Annex 'A'.

2.0 RISK ASSESSMENT:

2.1 There are no risks associated with the recommendations of this report.

3.0 RECOMMENDATION:

3.1 It is recommended that:-

- (1) the Committee agree the content of the report; and
- (2) the report is submitted to Cabinet.

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DIRECTOR OF FINANCE AND COMMERCIAL (S151 OFFICER)

Background papers: Audit, Governance and Standards Committee reports for 2018/19

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AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

WORK UNDERTAKEN DURING 2018/19

1. External Audit – Ernst & Young LLP

Ernst & Young, as the Council's external auditor from April 2018 to March 2019, presented reports that covered:-

- 2 Audit Planning Report – this sets out the proposed plan for audit and inspection work;
- Statutory Auditor's report on the 2017/18 Audit and Inspection Letter – this summarises the conclusions and significant issues arising from the audit and inspection work of the Council's Financial Report, including the Statement of Accounts 2017/18 and Annual Governance Statement; the Annual 2017/18 Accounts were approved;
- Annual Audit Letter 2017/18 - an unqualified opinion on the Council's financial statements for the year ended 31 March 2018 was given and an unmodified conclusion on the Council's arrangements for securing value for money for the year ended 31 March 2018.
- Quarterly update reports on their activities with the Council.
- Statutory Auditor's Annual Grant Claims and Returns 2017/18 was noted

It is pleasing to note that these reports did not identify any significant problems and were received and accepted by the Committee.

2. Internal Audit – Veritau North Yorkshire Ltd

- Presented the 2017/18 Internal Audit Annual Report, where a substantial assurance opinion of the organisation was given. The Report was accepted;
- Presented the 2017/18 Annual Governance Statement which provided public assurance that the Council has a sound system of internal control, designed to help manage and control risks that impede the achievement of its objectives. This was approved;
- Gave a comparison of the actual performance against target throughout the year in the quarterly reviews for internal audit and counter fraud. The Committee was satisfied with the performance and the internal audit review programme was completed in the year;
- Provided an update on the annual review of the Audit Vision and Charter.
- Presented the Internal Audit, Counter Fraud and Information Governance Plan 2018/19, which was accepted by the Committee
- Informed Members of the Veritau Internal Audit, Counter Fraud and Information Governance Plans 2019/20

3. Accounts and Governance – Hambleton District Council Officers

These reports cover the presentation of:

- The Statement of Accounts 2017/18– these present the statutory financial accounts in the form prescribed by the Code of Practice on Local Authority Accounting in the UK – A Statement of Recommended Practice. The Committee scrutinised the detail of the accounts and after a robust challenge approved them;
- The Annual Governance Statement (AGS) for 2017/18– this a statement required by statute which follows the guidelines issued by the Chartered Institute of Public Finance (CIPFA). It describes the internal control environment and the steps the Council has taken to ensure:-
 - its business is undertaken in accordance with the law;
 - it maintains proper safeguards that provide good governance;
 - public money is safeguarded, and;
 - its resources are used economically, efficiently and effectively.

The Committee agreed with the conclusion of the review and approved the content of the AGS.

- The Review of the Annual Treasury Management Strategy 2019/20 and Practices were reviewed and accepted by the Committee.
- The Review of Capital Strategy 2019/20 was accepted

4. Risk Management – Hambleton District Council Officers

The Committee received two reports on the Annual Review of Risk Management Strategy; these highlighted the changing process that is occurring across the Council to correctly challenge and review all risks. It introduced a new approach to corporate risks which are now reported alongside project and service risks.

5. Counter Fraud and Anti-Corruption - Hambleton District Council Officers

- Annual Report on Counter Fraud and Anti-Corruption 2017/18 was reported and accepted.
- The Counter Fraud Framework Update was reported

6. Constitution and other work

The Committee received reports covering:-

- Politically Restricted Posts – review of the list of politically restricted posts because of re-organisation and changes in job titles within the Council.
- Activity under the Regulation of Investigatory Powers Act reported on a quarterly basis where all were nil and were accepted. Also the current Policy on the Regulation of Investigatory Powers Act was approved.

- Annual report to Cabinet on Committee's activities for 2017/18.
- 2019/20 reporting Programme which identified those reports to be received on a structured basis.
- Update to the constitution
- Appointment of Independent Persons
- Amendments to Member Code of Conduct Allegations procedures
- BREXIT Update on Implications for local authorities
- Appointment of External Auditors for Housing Benefit Subsidy Claim Certification arrangements and amendment to the constitution, in line with the new regulations.

7. Standards

The Committee has responsibility for the Standards regime. The Standards Hearings Panel has considered no complaints under the Council's Complaints Procedure.