

HAMBLETON DISTRICT COUNCIL

Report To: Audit, Governance and Standards Committee
25 July 2017

From: Director of Finance (S151 Officer)

Subject: **ANNUAL REPORT TO CABINET ON AUDIT, GOVERNANCE AND STANDARDS
COMMITTEE ACTIVITIES 2016/17**

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 2017. Under the Committee's Terms of Reference, it is proposed that the report will be presented at Cabinet in September 2017. 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 (S151 OFFICER)

Background papers: Audit, Governance and Standards Committee reports for 2016/17

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AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

WORK UNDERTAKEN DURING 2016/17

1. External Audit – Ernst & Young LLP

Ernst & Young, as the Council's external auditor from April 2016 to March 2017, 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 2015/16 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 2015/16 and Annual Governance Statement; the Annual 2015/16 Accounts were approved;
- Annual Audit Letter 2015/16 - an unqualified opinion on the Council's financial statements for the year ended 31 March 2016 was given and an unmodified conclusion on the Council's arrangements for securing value for money for the year ended 31 March 2016.
- Quarterly update reports on their activities with the Council.
- Statutory Auditor's Annual Grant Claims and Returns 2015/16 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 2015/16 Internal Audit Annual Report, where a substantial assurance opinion of the organisation was given. The Report was accepted;
- Presented the 2015/16 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 internal audit reviews. The Committee was satisfied with the performance;
- Provided an update on the annual review of the Audit Vision and Charter.
- Reported on the internal audit planning process 2016/17 as specifically requested by Members to gain a greater understanding of the process.
- Presented the Internal Audit Plan 2017/18, which was accepted by the Committee

3. Accounts and Governance – Hambleton District Council Officers

These reports cover the presentation of:

- The Statement of Accounts 2015/16– 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 2015/16– 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 Quarter 1 2016/17 Revenue Monitoring Update which the Committee agreed was useful in understanding the relationship between the Statement of Accounts at the end of the financial year and in year quarterly monitoring reports.
- The Review of the Annual Treasury Management Strategy 2017/18 and Practices were reviewed and accepted by the Committee.

4. Risk Management – Hambleton District Council Officers

The Committee received a report on the Annual Review of Risk Management Strategy; this was a review of the Risk Management Process, Policy Statement and an updated Guidance Manual. In addition it updated on newly identified strategic risk for Council services and Council projects. The report, guidance and identified strategic and project risks were accepted.

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

- Annual Report on Counter Fraud and Anti-Corruption 2015/16 was reported and accepted.

6. Constitution and other work

The Committee received reports covering:-

- Amendments to the Councils Constitution – a report requesting to change the Council's Constitution regarding Article 11 (Officers/Employees) and the Scheme of Officer Delegation.
- 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 was reported as nil and accepted.

- Annual review of the Audit, Governance and Standards Committee's terms of reference was noted in accordance with CIPFA Audit Committees – Practical Guidance for Local Authorities.
- Annual report to Cabinet on Committee's activities for 2015/16.
- The appointment of external auditors be allocated to the Sector Led Body – Public sector Audit Appointments Ltd – and the Council opted in to this approach
- The customer feedback and complaints procedure is fit for purpose
- Discretionary business rates relief policy further information
- Brexit and implications for Local Authorities
- 2017/18 Reporting Programme which identified those reports to be received on a structured basis.

7. Standards

The Committee has responsibility for the Standards regime. The Standards Hearings Panel has considered three complaints under the Council's Complaints Procedure; all complaints where in relation to Parish Councillors.