

AUDIT and GOVERNANCE COMMITTEE – 4 September 2014

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 4 September 2014

The meeting was attended by:

Dr Geoff Jones – Chairman; Cllr Wilmshurst; Cllr Lovatt; Cllr R. Smith; Peter Clark and Ian Dyson.

Part meeting only: AWG14.11 Graham Shaw & Seona Douglas; AWG14.11 & AWG14.12 Sarah Cox.

Observers: Cllr Hards

Apologies: Lorna Baxter

Main business items of the meeting were as follows:

Internal Audit Client Charging Report - Sarah Cox, Graham Shaw, Seona Douglas

Internal Audit Update - Ian Dyson

Risk Management Update - Ian Dyson

Matters to report:

Matters Arising - Membership of the AWG

Cllr Stratford was a named substitute for the AWG; as he is no longer on the Audit & Governance Committee this position has become vacant. There is now only one named substitute, Cllr Hannaby. The Committee is recommended to appoint a second named substitute.

The purpose of having named members and substitutes is to enable there to be continuity in attendance from meeting to meeting, which is important as the monitoring of issues referred to the Group by the Committee usually extend across several meetings.

AWG14.11 Internal Audit Client Charging Report

The Internal Audit report and presentation by Officers gave assurance that the controls within the client charging systems have significantly improved since the last report in 2012/13, noting there are some action that remain outstanding. In advance of the meeting the Group requested latest performance information regarding Fairer Charging assessments for further assurance on the effectiveness of current controls. The information confirmed the levels of performance agreed by the Group as acceptable in February 2014 have been sustained. The Group was also given assurance that the longer term improvement plan for more automated control with greater efficiency and data quality being delivered through the Lean, Responsible Localities and new IT System projects, remains on track for completion by April 2015. A progress report on these projects is due to be received by the Committee in September.

AWG14.12 Internal Audit Update

The main area of concern highlighted was the current level of internal audit resource. This is being reported in the Chief Internal Auditor's (CIA) progress report to the Committee in September; however, the Group discussed the potential impact on the audit plan and how this could be mitigated. The CIA stated that he will be working on a revised Audit Plan to be presented to the AWG in October, and that in the covering report any variations to the original plan will be detailed.

The Group was updated on the status of the action plan following the audit of the Local Enterprise Partnership (LEP) in 2013/14. The audit report was finalised without actions being agreed, this was reported to the Committee in July 2014. Responses have now been received from the LEP; however, they have commented that some of the issues raised in the report are not a matter for the County Council, so have not set out an action plan. The current position is that Internal Audit in conjunction with officers are considering the comments made against the requirements of the Council's Financial Regulations, and the role of the Council as the accountable body for the LEP. This has not yet been concluded. A full report and updated position statement has been requested for the AWG in October.

AWG14.13 Risk Management Update

The CIA presented the risk management update report, which focussed on the outcomes of the Q1 Business Management Reporting. There are no material issues to report, but it was noted the action to update and review the corporate risk register remains outstanding; the CIA stated that it will be presented to CCMT for review in November. It was also noted that the risk management strategy is to be reviewed by the end of 14/15.

The Committee is recommended to:

- i) note the report; and,**
- ii) agree a named substitute for the AWG.**

Lorna Baxter
Chief Finance Officer

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**AUDIT WORKING GROUP
TIMETABLE AND WORK PROGRAMME 2014/15**

2014**02 October 2014 - 14:00 - 16:00**

- Risk Management Update
- CEF Risk Register
- Revised Internal Audit Plan
- Internal Audit Report - LEP 2013/14

06 November 2014 - 14:00 - 16:00

- Internal Audit Update
- ITU

11 December 2014 - 14:00 - 16:00

- Risk Management Update
- EE Risk Register

Dates for Audit Working Group Meetings in 2015
12 February 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>
09 April 2015 (Thursday) Please note this date is during half term. Member's Boardroom <u>14:00 - 16:00</u>
11 June 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>
03 September 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>
15 October 2015 (Thursday) Venue to be confirmed <u>14:00 - 16:00</u>
05 November 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>
10 December 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>

Ian Dyson
Chief Internal Auditor