

AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING

Tuesday, 6th December 2016

PRESENT: Councillor Liam O'Rourke (Chair); Councillors Butterworth, Dearnley, James Gartside, Malcolm, Rashid; A. Taylor and A. Underdown (Independent Persons)

OFFICERS: P Kane (Director of Resources) D Wilcock (Assistant Director (Legal, Governance and Workforce)), I Corbridge, M Dixon, and C Denyer (Resources Directorate) and C Wolfenden (Neighbourhoods Directorate).

ALSO IN ATTENDANCE: G. Mills and J Bellard (Grant Thornton UK LLP)

APOLOGIES FOR ABSENCE: Councillor Bell, Councillor Heakin and Councillor Joinson

DECLARATIONS OF INTEREST

23 There were no declarations of interest.

MINUTES

24 **DECIDED – That the minutes of the meeting of the Audit and Governance Committee held on 26th September 2016 be approved as a correct record.**

PRESENTATION - PROCUREMENT

25 The Head of Internal Audit updated the Committee with regard to the development of a Corporate Dashboard in order to provide Members with relevant information to provide assurance that key performance indicators (KPIs) were on track or otherwise provide the facility to identify and challenge those areas which may not be in line with expectations, focusing specifically on measuring the achievement of the corporate objectives as outlined in the Corporate Plan. It had also been recognised that there was a need to ensure that there was clarity over those KPIs which Members may have a particular interest in and to ensure that appropriate processes were in place to ensure relevant and accurate information was being reported in support of the Dashboard.

At the meeting of the Audit and Governance Committee held on 26th September 2016 Members had requested that the Head of Internal Audit develop an approach to provide assurance that the Borough's economy is being supported by current procurement arrangements. In response to this it has been proposed that a Highways Contract Management Audit be undertaken in order to not only support the above developments, but also to provide assurance over the management of associated risks to feed into the annual audit opinion on the overall control environment that is given by the Head of Internal Audit within the Annual Governance Statement.

The audit was scheduled to commence in January 2017 with a target for completion before the end of March 2017.

DECIDED – that the presentation be welcomed and noted

PRESENTATION - RISK MANAGEMENT

26 **DECIDED – that the consideration of the presentation on risk management be deferred to the next meeting of the Audit and Governance Committee.**

INTERNAL AUDIT - QUARTER 2 REPORT 2016/17

27 The Head of Internal Audit reported to the Committee summarising the work of the Internal Audit Team during the second quarter period of 2016/17.

This report was submitted to enable the Audit and Governance Committee, in accordance with their work programme and overall responsibility for governance, to scrutinise Internal Audit coverage during the first quarter of 2016/17 on all Services within RBC. The work of RBC Internal Audit is governed by the UK Public Sector Internal Audit Standards.

The Committee were advised of the details of planned audit reviews completed during quarter two which had an 'adequate' or 'substantial' assurance opinion together with a number of follow up reviews to previous audit reports with a red "limited assurance" opinion which were in progress, the outcomes of which will be reported to Members at the next meeting of the Audit and Governance Committee.

The Committee was also advised of the items of unplanned work which had been identified and the outcomes of these investigations.

DECIDED – that the Internal Audit Quarter 2 report be noted.

OPTIONS FOR APPOINTMENT OF EXTERNAL AUDITOR

28 The Head of Internal Audit introduced a report the purpose of which was to set out the options for the appointment of an external auditor

The Local Audit and Accountability Act 2014 (the Act) at Section 7 states that a "relevant authority must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year." The current external auditor contract for Grant Thornton was extended for a further 12 months to include the accounts for 2017/18. Therefore for the Council the appointment of an auditor must be completed by 31 December 2017 for the audit year 2018/19.

The report set out the three broad options through which the appointment of an external auditor may be achieved.

The Committee was advised that the preferred option across the Greater Manchester Councils was to opt into the sector-led body, Public Sector Audit Appointments Ltd as detailed in Option 3 in the submitted report. This approach would allow for economies of scale and would avoid the costs, and associated administrative effort of the Council running its own procurement and management of contracts and also would avoid the requirement to set up an auditor panel with independent members.

DECIDED – that the proposal for opting into the sector-led body, Public Sector Auditor Appointments Limited (PSAA), for the appointment of external audit services from 2017/18, as set out within Option 3 of the submitted report, subject to final agreement by the Greater Manchester Association of Metropolitan Treasurers (GMAMT) and subsequent approval by RBC Full Council be supported.

RISK MANAGEMENT PROGRESS REPORT - QUARTER 2 2016/17

29 The Committee considered the report of the Director of Resources which summarised Risk Management activities during Quarter 2 of the period 2016/ 17.

The work of RBC Risk Management is an ongoing requirement from the Accounts and Audit Regulations to produce an Annual Governance Statement (AGS) with Risk Management processes being an integral part of the AGS.

In considering the report the Committee requested that updates be provided to future meetings of the Audit and Governance Committee on the changes to highways maintenance programme resulting from the adoption of the new Department for Transport 'Well Managed Highways – Code of Practice'.

**DECIDED –that (1) the Risk Management – Quarter 2 2016/17 progress report be noted; and
(2) an update on the changes to the highways maintenance programme resulting from the adoption of the 'Well Managed Highways – Code of Practice' be provided to the next meeting of the Audit and Governance Committee.**

RBC 2015-16 ANNUAL AUDIT LETTER

30 The Committee considered the Annual Audit Letter from Grant Thornton. The Letter arose from the work that had been carried out at Rochdale Borough Council ('the Council') for the year ended 31 March 2016.

The Letter was intended to provide a commentary on the results of the external auditors work, and to highlight issues that they wished to draw to the attention of the public. The letter was prepared in accordance with the National Audit Office Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

The Committee noted the comments contained in the letter regarding the commitment shown by all the officers involved in supporting the improvements in the efficiency of the accounts and audit process.

DECIDED – that the Annual Audit Letter for the Council be noted.

GM AND RBC STRATEGY ALIGNMENT

31 The Committee considered the report of the Director of Neighbourhoods which outlined the connection between Rochdale Borough Council strategic priorities and those of the Greater Manchester Combined Authority (GMCA).

The Annual Governance Statement, which had been approved by the Audit and Governance Committee on 8th August 2016, had referenced various strategies and plans that convey the Council's vision and priorities and the Committee had requested that the Council demonstrate how its vision and priorities were aligned with the priorities for the Greater Manchester region as a whole.

An exercise had been undertaken to identify and align priorities and objectives outlined in all the core, active Greater Manchester and Rochdale strategies and plans and these had been detailed in appendix 1 to the submitted report.

Rochdale's key strategies and plans were found to be well aligned with those of the GMCA with the priorities clearly focused on improving the Borough whilst at the same time supporting the wider improvement of the region. Further work had been identified in order to align priorities where strategies and plans are currently unavailable and that improvements were required around the corporate frameworks.

**DECIDED – that (1) the report be noted; and
(2) the further work required to align the priorities where strategies and plans are currently unavailable and improvements required with regard to the corporate frameworks be supported.**

EXCLUSION OF PRESS AND PUBLIC

32 **DECIDED – That the public be excluded from the meeting during consideration of the following item of business since it is likely, that in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present there would be disclosure to them of exempt information, namely Information which is likely to reveal the identity of an individual.**

CODE OF CONDUCT UPDATE

33 The Committee considered the report of the Assistant Director (Legal, Governance and Workforce) which provided an update in relation to complaints made pursuant to the Members' Code of Conduct.

Under the Council's Constitution, the Audit & Governance Committee is responsible for monitoring the operation of the Members' Code of Conduct. The report was intended to provide an overview of the complaints received in terms of numbers, brief details and outcomes.

DECIDED – that the update on complaints made in relation to the Members Code of Conduct be noted.