

AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING Monday, 26th September 2016

PRESENT: Councillor Bell (In the Chair); Councillors Butterworth, Dearnley, James Gartside, Heakin, Malcolm and Ann Taylor

OFFICERS: I Corbridge, M Dixon, T Brown and C Denyer (Resources Directorate)

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

APOLOGIES FOR ABSENCE: Councillor Joinson, Councillor O'Rourke, Councillor Rashid and A Underdown

DECLARATIONS OF INTEREST

17 There were no declarations of interest.

MINUTES OF MEETING MONDAY, 8 AUGUST 2016 OF AUDIT AND GOVERNANCE COMMITTEE

18 **DECIDED – That the minutes of the meeting of the Audit and Governance Committee held on 8th August 2016 be approved as a correct record.**

INTERNAL AUDIT - QUARTER 1 REPORT 2016/17

19 The Director of Resources reported to the Committee summarising the work of the Internal Audit Team during the first 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 planned audit work undertaken during quarter one which had an 'adequate' or 'substantial' assurance opinion, and provided with a summary as to key areas identified for improvement and any high priority agreed actions that may have been identified. Further, more detailed information was presented in respect of both those audit reviews with a 'limited' assurance opinion and unplanned work. The Committee were assured that actions are now progressing to address all the key issues identified and the outcomes of follow up audits would be presented to the Committee at a future meeting.

In considering the report the Committee raised a concern as to the effectiveness of the procurement arrangements in place to support the Borough's economy.

**DECIDED – That (1) the report be noted; and
(2) the Head of Internal Audit is requested to develop an approach to provide assurance that the Borough's economy is being supported by current procurement arrangements.**

EXTERNAL ASSESSMENT OF INTERNAL AUDIT

20 The Committee considered the report of the Director of Resources which set out proposals for the Audit and Governance Committee to approve in principal the method by which an external assessment of RBC Internal Audit may be carried out to comply with the Public Sector Internal Audit Standards (PSIAS). This aligned with the

Audit and Governance Committee's work programme and overall responsibility for governance, which included monitoring the work and effectiveness of Internal Audit on an ongoing basis and gaining assurance that best practice is being adopted. .

The recommendations in the report were presented as Internal Audit was required to comply with the PSIAS which were introduced with effect from 1 April 2013. As part of these Standards, the Head of Internal Audit was required to develop and maintain a quality assurance and improvement programme that covered all aspects of Internal Audit activity which should also assess the efficiency and effectiveness of Internal Audit activity and identify opportunities for improvement. The quality assurance and improvement programme for RBC Internal Audit was approved by the Audit and Governance Committee on 7th December 2015 and included the requirement for an external assessment every five years which should express an opinion on Internal Audit's conformance to the PSIAS.

Having considered and presented the relative merits of the various options available to meet this requirement, the proposal put forward was to adopt a Peer Review process developed by the North West Chief Audit Executive Group

DECIDED – that the proposed Peer Review process be approved as the means of complying with the requirements of the PSIAS for an external assessment of Internal Audit every five years.

INTERNAL AUDIT CHARTER

21 The Committee considered a report of the Director of Resources which sought approval of the updated Internal Audit Charter. The Public Sector Internal Audit Standards (PSIAS) require an Internal Audit Charter to be approved in order to define Internal Audit's purpose, authority and responsibility. The Charter is required to establish Internal Audit's position within the Council, its reporting lines, authorisation for access to records, personnel and physical property relevant to the performance of audit work, and defines the scope of Internal Audit activities.

The current Internal Audit Charter was approved by the Audit and Safeguarding Committee 24th June 2013 and was required to be updated following changes to the PSIAS and the governance and management structures within RBC to ensure that it remained fit for purpose and supported the current operation and remit of RBC Internal Audit.

DECIDED – that the updated Audit Charter as detailed in Appendix 1 to the submitted report be approved.

RISK MANAGEMENT PROGRESS REPORT - QUARTER 1 2016/17

22 The Committee considered the report of the Director of Resources which summarised Risk Management activities during Quarter 1 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 consideration be given as to how Members could drill down into specific areas of risk or concern in order to better understand how that area is being managed and controlled

DECIDED – that (1) the Risk Management – Quarter 1 2016/17 progress report be noted; and
(2) information on the details that inform one of the Service Risk Registers be provided to the meeting scheduled to be held on 6th December 2016 for interrogation by the Committee.