

COMMITTEE REPORT

CORPORATE AFFAIRS AND AUDIT COMMITTEE

29 SEPTEMBER 2017

DEVELOPING THE ROLE OF CORPORATE AFFAIRS AND AUDIT COMMITTEE

JAMES BROMILEY, DIRECTOR OF FINANCE, GOVERNANCE AND SUPPORT

PURPOSE OF THE REPORT

1. To set out proposals to widen the current set of assurance reports received by the Corporate Affairs and Audit Committee to ensure that it receives reports on the full range of issues within its remit.

BACKGROUND

2. Currently the work programme of the Committee (attached at Appendix 1) is heavily focussed on financial governance. In addition to this the Committee receives annual assurance reports on the Business Continuity for the Council and the Risk Management Framework.
3. The terms of reference for the Committee (attached in full at Appendix 2) explicitly set out the Committee's role in External and Internal Audit and Risk and Business Continuity processes and the work programme attached at Appendix 1 outlines the current corporate governance and audit items the Committee considers.
4. In addition to this the Committee also has within its remit the power and remit to:
 - monitor the Council's compliance with its own published standards and controls and recommend any necessary changes to Financial Regulations and Contract Standing Orders
 - keep under review the Council's arrangements for Corporate Governance and proposing from time to time necessary actions to ensure compliance with best practice
 - keep under review corporate policies such as the Public Information Disclosure Code (Whistleblowing) and Anti-fraud Strategy and data Quality Policy; and
 - ensure that effective systems are in place that will underpin the processes of the Council and ensure the highest standards in respect of audit and corporate governance matters.
5. An exercise was undertaken to map out general reporting practices in a selection of other councils to their Audit Committees. This identified a range of corporate governance issues that are generally considered by a local authority Audit Committee, but which are

not currently considered by Middlesbrough's Corporate Affairs and Audit Committee. In some cases in Middlesbrough there is some member engagement on these issues.

PROPOSALS

6. Following the mapping exercise and engagement with lead officers, it is proposed that consideration is given to the development of a work programme going forward that also includes annual assurance reports on the following corporate governance themes:
 - Health and Safety
 - Freedom of information
 - Information Governance
 - Organisational Development
 - Financial Regulations compliance
 - Decision making
 - Procurement policies and practices.
7. Appendix 3 outlines the proposed scope of each of these themes. If agreed it is envisaged that there would be a standard report that would set out the policies and processes in place, the actions that were taken to ensure compliance with those policies and information on the impact for Corporate Affairs and Audit Committee to consider.

Strengthening Member oversight of Risk Management

8. Benchmarking also identified that a number of Councils engage their Audit Committees in strategic risk challenge sessions examining one or two strategic risks, the mitigating actions in place and the planned future actions. The sessions are led by the risk owner rather than a Corporate Risk Management Practitioner. It is proposed that this is developed for the Committee during 2017/18. This will contribute to providing independent assurances to residents and businesses that risks that could stop the Council achieving its strategic aims are being effectively managed.

Ward Implications

9. Not applicable.

FINANCIAL CONSIDERATIONS

10. There are no additional financial costs anticipated as a result of this proposal.

RECOMMENDATIONS

11. It is recommended that the:
 - proposed additions to the Committee's work programme outlined at Appendix 3 are approved
 - Strategic Risk sessions are developed for the Committee during 2017/18.

BACKGROUND PAPERS

12. No background papers were used in the preparation of this report.

AUTHOR

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Current Forward Work Programme of the Committee

In addition to this the Committee considers ad hoc items on corporate affairs, including governor appointments etc.

Date	Item
29 th June 2017	<ul style="list-style-type: none"> • Draft Statement of Accounts • Draft Annual Governance Statement • Annual Risk Management Assurance report • External Auditor’s planning report for the Council’s activities (repeated because of the error in the packs in Feb) • Annual plan update and draft plan for 17-18 • Annual review of Internal Audit
28 th September 2017	<ul style="list-style-type: none"> • VfM report • ISA260 report • Statement of Accounts • Internal Audit progress report • Diversity policies update • Internal Audit – Counter Fraud • Annual review of the Internal Audit Charter
7 th December 2017	<ul style="list-style-type: none"> • Business Continuity – annual report to members (includes the Strategic Risk Register) • Internal Audit plan progress report • Annual Management letter
8 th March 2018	<ul style="list-style-type: none"> • VfM update • Certification of claims and returns – annual report • External Audit Plan • Draft Annual Internal Audit plan for 2018-19 • Internal audit Progress report

Corporate Affairs and Audit Committee Terms of Reference

To have delegated powers to:

1. Deal with any matter, which is not an executive function and that has not delegated to any other Committee of the Council.
2. Grant dispensation to Councillors, Co-opted Members and Parish Council Members from the requirements relating to declarations of interest as set out in Sections 32 of the Localism Act 2011.
3. Consider any items of urgency that would require the approval of the Council, as determined by the Chief Executive in consultation with the Chair of the Council and the Leader of the Majority Group.
4. External Audit Functions
 - a) To advise on the appointment of the Council's external auditor.
 - b) To discuss with the external auditor the nature and scope of audit coverage, including value for money (VFM).
 - c) To review external audit reports and annual audit letters, together with the management response and make recommendations to the Executive.
 - d) To examine any other concerns of the external auditors.
5. Internal Audit Functions
 - a) Monitor the progress and performance of internal audit.
 - b) To review the internal audit annual plan.
 - c) To consider significant findings of Internal audit reviews and investigations together with management responses and monitor implementation of agreed recommendations.
 - d) To advise the Executive on the internal audit function, resourcing and standing within the Authority.
 - e) To ensure co-ordination between internal and external auditors.
 - f) To consider the Audit Manager's annual report and comment annually on the adequacy and effectiveness of internal audit control systems within the Council.
6. Risk Management Functions and Business Continuity Functions
 - a) To support and monitor the implementation and ongoing processes for identifying and managing key risks of the Authority.
 - b) To ensure that effective and proper processes and procedures are in place to ensure business continuity of the Council.
7. Internal Control Functions
 - a) To review and approve the Statement of Internal Control (now incorporate in the Annual Governance Statement).
 - b) To monitor the Council's compliance with its own published standards and controls and recommend any necessary changes to Financial Regulations and Contract Standing Orders.
8. Corporate Governance
 - a) Keeping under review the Council's arrangements for Corporate Governance and proposing from time to time necessary actions to ensure compliance with best practice.
 - b) To keep under review corporate policies such as the Public Information Disclosure Code (Whistleblowing) and Anti-fraud Strategy and data Quality Policy.
 - c) Ensuring that effective systems are in place that will underpin the processes of the Council and ensure the highest standards in respect of audit and corporate governance matters.
9. Reporting

To report to the Executive or to the Council as appropriate, with findings and recommendations.

Proposed scope of Governance Themes

Theme	Proposed Scope	Current Head of Service lead
Health and Safety	<ul style="list-style-type: none"> - Detail of current policy / policies in place - Information on activities of the Health and safety team (training, communications, audits and inspections etc.) - Information on accidents reported and responses - Information on assaults (physical and verbal) and responses - Information on the Council's approach to maintaining health and wellbeing in the workforce (physio referrals, workplace assessments etc.) 	Head of Asset Management with input from the Head of HR
Freedom of information (Fol)	<ul style="list-style-type: none"> - Detail of current policy / policies in place - Information on the number of Fol requests received in the past 12 months, relevant trend information, numbers of Fols rejected and reasons for rejection - Information on actions taken to reduce Fol requests going forward i.e. proactive publication of data in response to trend information on successful Fol requests. 	Head of Legal and Democratic Services
Information Governance	<ul style="list-style-type: none"> - Detail of current policy / policies in place - Information on the activities of the Information Governance team (training, communications, workplace audits, etc.) - Information on data protection incidents and responses 	Head of Legal and Democratic Services
HR (Organisational Development)	<ul style="list-style-type: none"> - Detail of current Strategy in place and relevant supporting policies / action plans (where relevant) - Information on the activities of the Organisational development team to deliver the vision set out in the Strategy - Relevant statistical information on OD related issues e.g. Numbers accessing e-learning, leavers and joiners, numbers accessing the induction process. 	Head of HR
Decision making	<ul style="list-style-type: none"> - Detail of current policy / policies / guidance in place - Information on the number of member delegated decision taken and their type (key / non-key) - Information on the number of officer delegated decisions taken - Information on the activities of the governance team (communications, training / awareness raising) 	Head of Legal and Democratic Services
Procurement policies, practices and Financial Regulations compliance	<ul style="list-style-type: none"> - Detail of current policy / policies in place - Details of compliance with relevant financial regulations - Details of exemption approvals - Information on the activities of the commissioning and procurement team in the last 12 months (training, communications, number of contracts awarded etc.) 	Head of Commissioning and Procurement with input from the Head of Financial Governance and Reserves