

Audit & Standards Committee

7 January 2016

Agenda

The Audit and Standards Committee will meet in **Committee Room 2, Shire Hall, Warwick** on **7 January 2016** at **10.00 a.m.**

1. General

(1) Apologies

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests.

Members are required to register their disclosable pecuniary interests within 28 days of their election of appointment to the Council. A member attending a meeting where a matter arises in which s/he has a disclosable pecuniary interest must (unless s/he has a dispensation):

- Declare the interest if s/he has not already registered it
- Not participate in any discussion or vote
- Must leave the meeting room until the matter has been dealt with.
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests must still be declared in accordance with the new Code of Conduct. These should be declared at the commencement of the meeting.

(3) Minutes of the Audit and Standards Committee meeting held on 9th September 2015 and Matters Arising

2. Reports Containing Confidential or Exempt Information

To consider passing the following resolution:

The public reports referred to are available on the Warwickshire Web
www.warwickshire.gov.uk/cmis

‘That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972’.

EXEMPT ITEMS FOR DISCUSSION IN PRIVATE (PURPLE PAPERS).

- 3. Consideration of the Exempt Minutes of the Audit and Standards Committee meeting held on 9th September 2015**
- 4. Internal Audit Progress Report**

REPORTS TO BE CONSIDERED IN PUBLIC

- 5. External Auditors Annual Audit Letter 2014/15**
- 6. External Auditors Report – Audit & Standards Committee Update**
- 7. Work Programme and Future Meeting Dates**

To note the work programme and future meeting dates to be held in Shire Hall at 10:00 a.m. as follows:

- Thursday 10th March 2016
- Thursday 23rd June 2016

- 8. Any Other Business**

Membership of the Audit and Standards Committee

Councillors: John Beaumont, Bill Gifford, John Horner, Chris Saint, Bob Stevens and June Tandy.

Independent Members: John Bridgeman CBE (Chair) and Bob Meacham OBE

For queries regarding this agenda, please contact:
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**Jim Graham
Chief Executive
Warwickshire County Council
January 2016**

The public reports referred to are available on the Warwickshire Web
www.warwickshire.gov.uk/cmis

**Minutes of the meeting of the Audit and Standards Committee
held on 9th September 2015**

Present

Members:

Councillor John Beaumont
Councillor Bill Gifford
Councillor John Horner
Councillor Peter Morson (substituting for Councillor June Tandy)
Councillor Bob Stevens

Independent Members:

John Bridgeman CBE (Chair)

Officers:

John Betts, Head of Finance
David Carter, Strategic Director Resources Group
Sarah Duxbury, Head of Law and Governance
Ben Patel-Sadler, Democratic Services Officer
Virginia Rennie, Strategic Finance Manager (Corporate Finance and Advice)
Garry Rollason, Chief Risk and Assurance Manager

External Representatives:

John Gregory, Grant Thornton - Auditors
Helen Lillington, Grant Thornton - Auditors
Andrew Reid, Grant Thornton – Auditors

Members of the public:

None

Observers:

Councillor Matt Western

1. General

(1) Apologies

Apologies for absence were received from:

Bob Meacham OBE, Councillor Chris Saint and Councillor June Tandy (Councillor Peter Morson substituting)

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

Councillor Gifford declared a non-pecuniary interest; the nature of the interest being that he was a District Councillor.

Councillor Morson declared a non-pecuniary interest; the nature of the interest being that he was a Borough Councillor.

(3) Minutes of the meeting of the Audit and Standards Committee held on 4th June 2015

It was agreed that the minutes be signed by the Chair as a true and accurate record of the meeting.

2. Reports Containing Confidential or Exempt Information

Councillor Horner proposed (seconded by Councillor Stevens) and it was resolved that members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

EXEMPT ITEMS FOR DISCUSSION IN PRIVATE (PURPLE PAPERS)

3. Consideration of the Exempt Minutes of the Audit and Standards Committee meeting held on 4th June 2015

4. Internal Audit Progress Report

REPORTS TO BE CONSIDERED IN PUBLIC

5. External Auditors Annual Governance Report 2014/15

John Gregory (Grant Thornton – Auditors) introduced the report and explained to the Committee that the decision of the External Auditors was to give an unqualified opinion on the audit of the County Council's financial statements. Members noted that the biggest issue had related to accounting for schools – John Gregory assured the Committee that this area had been dealt with adequately.

Andrew Reid (Grant Thornton – Auditors) explained to the Committee that this was a positive report. The External Auditors were satisfied that the Council had adequate financial plans in place, that the work around accounting for schools had been completed and that the Council had valued its assets (including property) correctly.

Members noted that no adjustments to the draft financial statements were identified and no non-trivial unadjusted misstatements were identified during the audit process.

Andrew Reid informed the Committee that an adjustment was made to opening balances in the 2014/15 asset register and so had been corrected in 2014/15. The overall Value for Money (VFM) conclusion was that the External Auditors were satisfied that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

John Betts (Head of Finance) explained to members that many local authorities were now operating as self-financing bodies, providing over half of their budgets with funds not provided by central government grants. John Betts believed that the level of funding provided by central government grants would decline into the future.

Members expressed a view that although the One Organisation Plan (OOP) was being used effectively to make the required amount of savings (£92 million by 2018), there would still be significant cuts required to achieve this target. John Gregory (Grant Thornton – Auditors) explained to members that the External Auditors' VFM conclusion was based on the Council's robust financial plans being in place at that particular time that an audit was conducted. The External Auditors reviewed the progress being made against the OOP on an annual basis, with advice being given to Council as and when any concerns are raised. The External Auditors looked at the success which had been achieved by the Council to date in relation to its

savings targets and how likely it would be looking into the future, that the savings target would be achieved. Only after taking all of this into consideration did the External Auditors reach their overall conclusions which were outlined in the report.

John Betts acknowledged that it would become increasingly difficult to ensure that the overall £92 million savings target was met. However, strict financial discipline was in place at the Council which would help to ensure that the appropriate savings were achieved. John Gregory (Grant Thornton – Auditors) informed the Committee that the Council was well placed to achieve its savings targets.

Members expressed concern that cuts to some services would result in the Council being unable to fulfil its statutory obligations to the public. John Betts assured the Committee that the financial plans put in place would take into account the need to deliver its statutory services. John Gregory explained to the Committee that the External Auditors do not assess each of the Council's individual services in terms of statutory obligations.

The Committee wished to place on record their thanks to all of the staff who had been involved in producing what was an excellent, positive report.

The Audit and Standards Committee agreed to endorse the Annual Governance Report of the External Auditors for Warwickshire County Council and approve the proposed Letter of Representation.

6. Statement of Accounts 2014/15

John Betts (Head of Finance) introduced the report and informed members that attempts had been made to ensure that the Statement of Accounts 2014/15 were as user friendly as possible. Graphs had been used to represent financial information, with a great deal of work having been undertaken with partners to decide how best this information was shared and highlighted. The Committee welcomed the simplification of this information provided in the report.

John Gregory (Grant Thornton – Auditors) informed members that there had been no objections received from the public with regards to the Statement of Accounts 2014/15.

Members noted that the report covered the movement and management of the Council's reserves, the adequacy of the Council's reserves and the level of reserves held by each respective area of service. A full breakdown of the Council's reserves had been provided to the Committee in June 2015. John Betts informed the Committee that it was important to look at the Council's useable reserves – these had increased by £11.2 million, although members did note that the

total authority reserves had decreased. John Betts explained to members that Adult Social Care and Children's Services continued to require the largest amounts of Council funding overall – where Council funds were spent was outlined on the annual Council Tax leaflet provided to members of the public on an annual basis.

The Audit and Standards Committee agreed to recommend the Statement of Accounts to Council for approval.

7. Annual Governance Statement 2014/2015

Sarah Duxbury (Head of Law and Governance) introduced the report, explaining to the Committee that they had seen a draft version of the Annual Governance Statement (AGS) in June 2015 (on which members had provided positive feedback). There had been no significant issues raised during the production of the 2014/2015 AGS and the External Auditors had given positive feedback about the Statement. Members noted that the Council looks at examples of other local authorities' AGS's before producing their own document.

A discussion took place between members who discussed ways in which the AGS might be more effectively shared with the general public. Comment was made that it is now much easier for the public to obtain information provided by the Council. For people who had no access to a computer, hard copies of information could be sent to them on request. Following the discussion, the Committee requested that they be provided with the numbers of people who accessed the document online. Officers would make checks to ensure that all web links provided in the AGS were working correctly.

The Audit and Standards Committee endorsed the Annual Governance Statement for 2014/15 for onward submission to Cabinet and Council.

8. Warwickshire Pension Fund Statement of Accounts and Governance Report 2014/15

Helen Lillington (Grant Thornton – Auditors) introduced the report and explained to the Committee that the External Audit of the Pension Fund Statement of Accounts was treated as an entirely separate audit. The Audit findings were positive with an unqualified opinion being given.

Members noted that the External Auditors looked at how pension funds were invested, categorising investments into three levels - easy, middle and difficult. Helen Lillington explained to the Committee that the pension fund investment valuations were estimates.

The Committee noted that the pensions regulator was currently looking at the issue of member data, particularly around how organisations

ensure that any changes in member circumstances are recorded (change of address, whether or not the individual was deceased, etc).

Members expressed a view that it was extremely important to keep an effective track on member data, although this was sometimes difficult due to the reliance on other bodies to share information effectively. Members noted that the External Auditors looked at the controls which were in place to avoid overpayments being made to members of the pension fund.

Members were informed by the External Auditors that the standard of working papers provided to them by the Council had improved further. It was hoped that in future both the Statement of Accounts and the Pension Fund Report could be signed off at the same time.

John Betts (Head of Finance) explained to the Committee that the scrutiny of the performance management of the pension fund would be conducted by a local pension board which is chaired by an independent member. The Terms of Reference (ToR) for the boards had been agreed. The next stage was for the boards to look in detail at the accuracy and administration of the pension fund monies.

John Betts informed members that annual statements were provided to members of the pension fund and that there were around 150 employers with employees paying into the fund. The scheme was in its first year of 'career average' pensions. Members noted that Warwickshire had an excellent team of staff dedicated to the pensions area of business whose work was subject to internal audit.

The Audit and Standards Committee agreed to:

- 1.) Recommend the Warwickshire Pension Fund Statement of Accounts to Council for approval and;
- 2.) Endorse the Annual Governance Report of the External Auditors for Warwickshire Pension Fund and;
- 3.) Approve the wording of the Letter of Representation.

9. Work Programme and Future Meeting Dates

The Committee requested that a report be brought to a future Committee meeting which would look at the case management in Adult Social Services.

Members also requested that Janet Neale (Infrastructure Delivery Manager) attend a future meeting to deliver an update on her work around Section 106 Agreements.

The Audit and Standards Committee noted the Work Programme and future meeting dates.

10. Any Other Business

None

The Committee rose at 11.30 am

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Chair

Audit and Standards Committee

7th January 2016

External Auditors Annual Audit Letter 2014/15

Recommendation

The Committee is asked to consider the Annual Audit Letter of the External Auditors, attached at **Appendix A**, including whether any executive action is required.

1.0 Purpose of the Report

- 1.1 The Audit Commission's Code of Audit Practice requires auditors to prepare an annual audit letter and issue it to each audited body.
- 1.2 The purpose of preparing and issuing annual audit letters is to communicate to the audited body and key external stakeholders, including members of the public, the key issues arising from auditors' work, which auditors consider should be brought to the attention of the audited body. The annual audit letter covers the work carried out by auditors since the previous annual audit letter was issued.
- 1.3 This letter, for 2014/15, is attached at **Appendix A**. It summarises all of the work completed as part of the 2014/15 annual audit and reported to this Committee in previous reports and provides a brief update on any issues since the last report to the Committee in September.
- 1.4 The Engagement Lead and the Audit Manager will attend the meeting to present the report.

2.0 Background Papers

None

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The Annual Audit Letter for Warwickshire County Council

Year ended 31 March 2015

21 October 2014

John Gregory

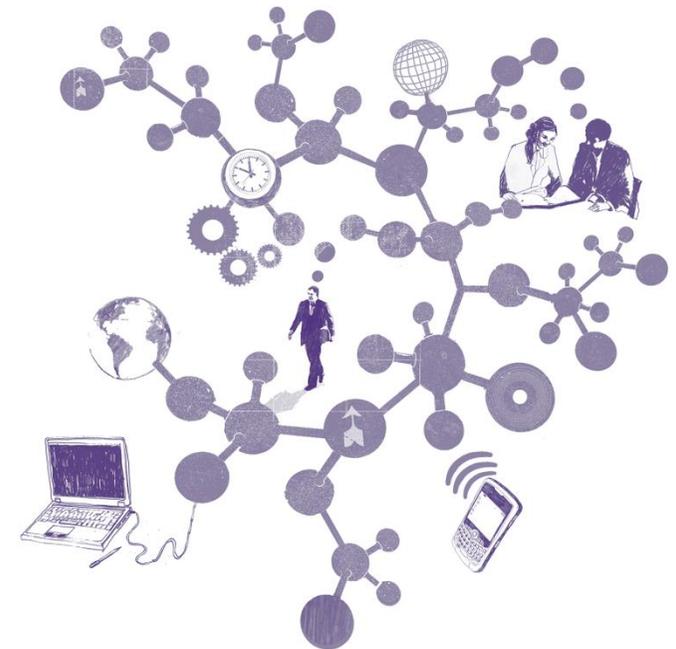
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Appendices

- A How we have worked with you during the year
- B Summary of reports and audit fees

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Warwickshire County Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 29 January 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 9 September 2015 to the Audit and Standards Committee. The key messages reported were:

- We have identified no adjustments affecting the Council's reported financial position.
- The Council's draft accounts were prepared to a good standard. We identified only presentational or disclosure amendments to the accounts as a result of the audit process.

We issued an unqualified opinion on the Council's 2014/15 financial statements on 28 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Key messages continued

Pension Fund Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 9 September 2015 to the Audit and Standards Committee. The key messages reported were:

- We did not identify any adjustments affecting the Fund's reported financial position,
- Working papers have continued to improve and are generally of a high standard,
- The draft accounts were presented for audit in accordance with the agreed timetable and contained minimal errors. This demonstrates a continued improvement in quality from prior years,
- We noted a number of matters in relation to investments, none of which were material, and
- A variety of minor errors were identified during our substantive testing of member data.

We issued an unqualified opinion on the Fund's 2014/15 financial statements on 28 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirmed that the financial statements give a true and fair view of the Fund's financial position.

Key messages continued

Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2014/15 on 28 September 2015.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p> <p>Overall our work highlighted that the Council is facing consideration challenges around its medium term financial resilience but has responded effectively through the development and agreement of its One Organisational Plan “Shaping the Future” financial strategy which covers the period 2014 to 2018. It has made good progress in delivery of the first year of this plan, and was able to secure savings of £18m in 2014/15.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.</p>
Audit fee	<p>Our total audit fee for the audit of the County Council and the Pension Fund for 2014/15 was £156,097, excluding VAT, which was in line with our planned fee for the year. We also charged an additional fee in relation to the objection to the Council's 2013/14 accounts. Further detail is included within appendix B.</p>

Appendix A: How we have worked with you during the year

Senior officer team

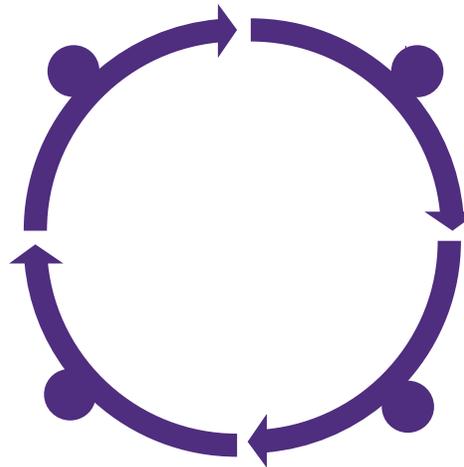
We:

- met regularly with the Head of Finance to discuss some of your major projects and to share our insight into national Local Government issues
- shared our annual reports on Local Government Governance and Financial Resilience
- shared our understanding of some of the key issues facing Local Government through our thought leadership reports covering Welfare Reform, Alternative Delivery Models, Financial Sustainability in Local Government and Devolution.
- shared technical knowledge, provided early warning on key risks and provided an opportunity to network with other Local Government bodies at our workshops covering taxation issues, building a successful local authority trading company, Local Government financial self sufficiency and 20:20 vision.
- introduced you to relevant colleagues within other Grant Thornton service lines, who are able to offer insights on specific areas
- through your officers, supported the Association of Democratic Services Officers, speaking at the West Midlands ADSO conference.
- met with the Warwickshire Financial Officers Group to provide an update on current development in external audit requirements.

Audit committee Members

We:

- met regularly with the Audit Committee to ensure you were kept up to date with the audit progress, as well as emerging issues affecting the wider Local Government Sector
- invested in regular dialogue with the audit committee to ensure there were no surprises and to maintain a robust and independent stance
- provided independent external audit commentary and insight on the Council's issues through senior attendance at audit committee
- provided regular, timely and transparent reports from our work and briefing notes on key sector developments
- provided a specific presentation to the Committee on our national Financial Resilience report.



Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Council audit	126,052	126,052
Objection to the 2013/14 accounts	-	4,815*
Total Council audit fees	126,052	130,867
Pension fund scale fee	23,892	23,892
Pension fund fee variation	1,328	1,328
Total pension fund audit fee	25,220	25,220
Total audit fees	151,272	156,097

* Fee subject to agreement by Public Sector Audit Appointments Ltd

Fees for other services

Service	Fees £
Audit related services	
• Teachers Pension grant certification	4,200

Reports issued

Report	Date issued
Audit Plan	January 2015
Audit Findings Report	August 2015
Annual Audit Letter	October 2015



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Audit and Standards Committee

7th January 2016

External Auditors Report – Audit & Standards Committee Update

Recommendation

The Audit and Standards Committee is asked to consider and make any comments on the Warwickshire County Council Audit and Standards Committee Update Report from the External Auditors, attached at **Appendix A**.

1.0 Purpose of the Report

1.1 The purpose of this report is for our external auditors to provide a report to inform the Council's Audit and Standards Committee of their progress in delivering our responsibilities as our external auditors. The report also includes a summary of emerging national issues and developments and a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

1.2 The issues covered in the report are:

- A practical guide for local leaders on making devolution work
- The Business Location Index
- The Health and Wellbeing Index
- The Grant Thornton market insight report
- A report on the effectiveness review of Audit Committees
- The Code of Audit Practice, and
- A member governance programme

2.0 Background Information

None

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Warwickshire County Council

Audit and Standards Committee Update

Year ended 31 March 2016

16 December 2015

John Gregory

Director

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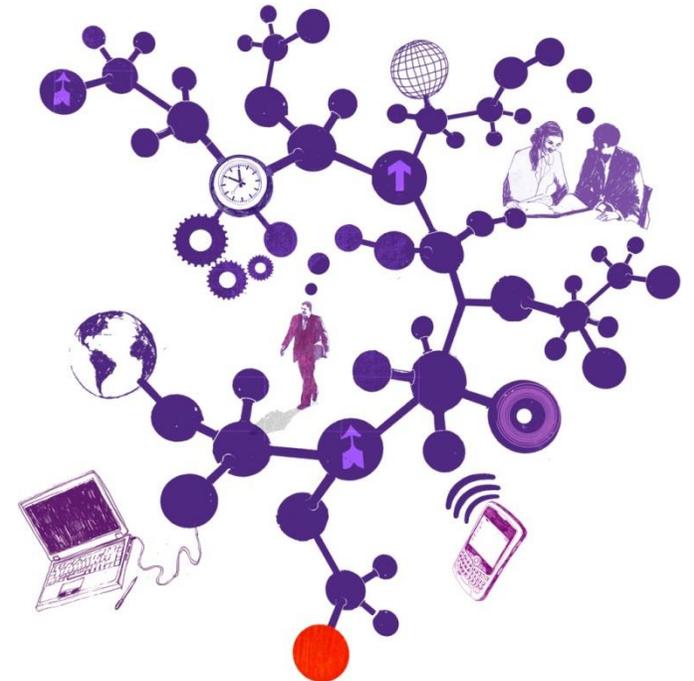
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Making devolution work: A practical guide for local leaders

Grant Thornton market insight

Our latest report on English devolution is intended as a practical guide for areas and partnerships making a case for devolved powers or budgets.

The recent round of devolution proposals has generated a huge amount of interest and discussion and much progress has been made in a short period of time. However, it is very unlikely that all proposals will be accepted and we believe that this the start of an iterative process extending across the current Parliament and potentially beyond.

With research partner Localis we have spent recent months speaking to senior figures across local and central government to get under the bonnet of devolution negotiations and understand best practice from both local and national perspectives. We have also directly supported the development of devolution proposals. In our view there are some clear lessons to learn about how local leaders can pitch successfully in the future.

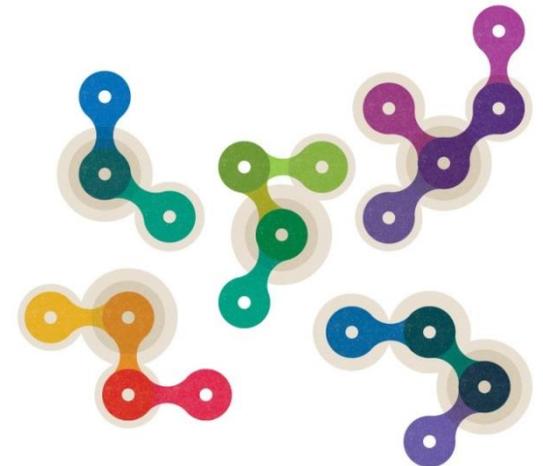
In particular, our report seeks to help local leaders think through the fundamental questions involved:

- what can we do differently and better?
- what precise powers are needed and what economic geography will be most effective?
- what governance do we need to give confidence to central government

The report 'Making devolution work: A practical guide for local leaders' can be downloaded from our website:

<http://www.grantthornton.co.uk/en/insights/making-devolution-work/>

Hard copies of our report are available from your Engagement Lead and Audit Manager



Turning up the volume: The Business Location Index

Grant Thornton market insight

Inward investment is a major component of delivering growth, helping to drive GDP, foster innovation, enhance productivity and create jobs, yet the amount of inward investment across England is starkly unequal.

The Business Location Index has been created to help local authorities, local enterprise partnerships, central government departments and other stakeholders understand more about, and ultimately redress, this imbalance. It will also contribute to the decision-making of foreign owners and investors and UK firms looking to relocate.

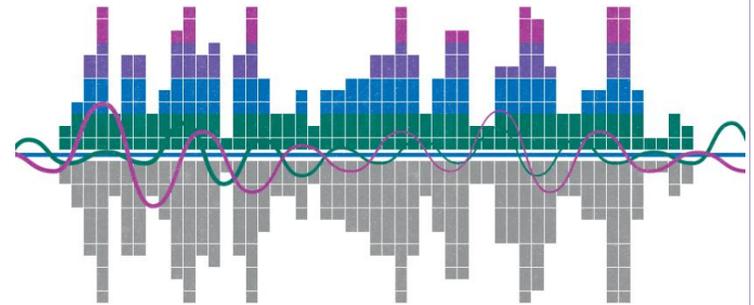
Based on in-depth research and consultation to identify the key factors that influence business location decisions around economic performance, access to people and skills and the environmental/infrastructure characteristics of an area, the Business Location Index ranks the overall quality of an area as a business location. Alongside this we have also undertaken an analysis of the costs of operating a business from each location. Together this analysis provides an interesting insight to the varied geography that exists across England, raising a number of significant implications for national and local policy makers.

At the more local level, the index helps local authorities and local enterprise partnerships better understand their strengths and assets as business locations. Armed with this analysis, they will be better equipped to turn up the volume on their inward investment strategy, promote their places and inform their devolution discussions.

The report 'Turning up the volume: The Business Location Index' can be downloaded from our website:

<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2015/business-location-index-turning-up-the-volume.pdf>

Hard copies of our report are available from your Engagement Lead and Audit Manager



Growing healthy communities: The Health and wellbeing index

Grant Thornton market insight

Our Place Analytics team reveals how collaboration between local authority stakeholders can help address health quality determinants (social, economic and environmental) and result in improved health outcomes (quality of lifestyle and health conditions).

It has long been recognised that the health of a population is strongly linked to the circumstances in which people live. Our index assesses 33 key health determinants and outcomes of health for the 324 English local authorities, to provide a coherent, national story on health and wellbeing. It highlights the scale and nature of inequality across the country and reiterates the need for a local, place-based approach to tackling health outcomes.

The purpose of this report is to help stakeholders – NHS providers and clinical commissioning groups (CCGs), local authorities, health and social care providers, housing associations, fire authorities and the police – to improve collaboration through a better understanding of the correlation between the economic, social and environmental health determinants and the health outcomes within their locality. It includes a concluding checklist of questions to help facilitate discussions in the light of joint service needs assessments.

The data behind the index also allows segmentation which reveals areas around the country with similar health determinants, but better outcomes. This underscores the need to work in collaboration with peers that may not be 'next door' if there is an opportunity to learn from 'others like us'.

Our report, Growing healthy communities: Health and Wellbeing Index, can be downloaded from our website: <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2015/growing-healthy-communities-health-and-wellbeing-index.pdf>

Hard copies of our report are available from your Engagement Lead and Audit Manager



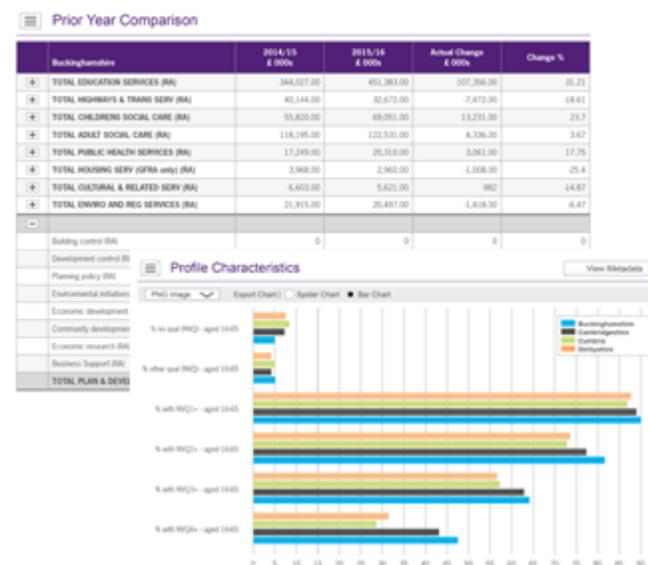
CFO Insights

Grant Thornton market insight

CFO Insights is an online analysis tool that gives those aspiring to improve the financial position of their organisation instant access to insight on the financial performance, socio-economic context and service outcomes of theirs and every other council in England, Scotland and Wales. The tool provides a three-dimensional lens through which to understand council income and spend by category, the outcomes for that spend and the socio-economic context within which a council operates. This enables comparison against others, not only nationally, but in the context of their geographical and statistical neighbours.

The tool provides immediate:

- benchmarking capabilities for all financial income, expenditure and budget data
- comparison on authority spend by cost per 'unit'
- identification of the authorities with the best service outcomes
- sight of socio-economically similar authorities and their spend on services
- visibility of authorities' spend on services and their outcomes
- understanding of where income generation is coming from
- clear visualisation through mapping, bar charts, spider profiles and league tables
- segmentation by different authority types
- segmentation by different region
- segmentation by core cities or key cities
- aggregation of different authorities' spend
- reduction in the time to identify sources of information
- baseline information for future comparison and progress reporting.



Further information on CFO Insights is available from your Engagement Lead and Audit Manager

Knowing the Ropes – Audit Committee Effectiveness Review

Grant Thornton

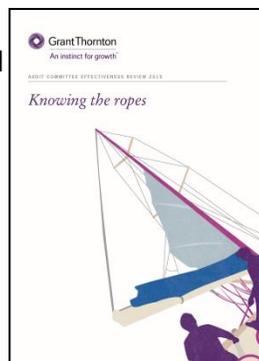
This is our first cross-sector review of audit committee effectiveness encompassing the corporate, not for profit and public sectors. It provides insight into the ways in which audit committees can create an effective role within an organisation's governance structure and understand how they are perceived more widely. It is available at <http://www.grantthornton.co.uk/en/insights/knowning-the-ropes--audit-committee-effectiveness-review-2015/>

The report is structured around four key issues:

- What is the status of the audit committee within the organisation?
- How should the audit committee be organised and operated?
- What skills and qualities are required in the audit committee members?
- How should the effectiveness of the audit committee be evaluated?

It raises key questions that audit committees, board members and senior management should ask themselves to challenge the effectiveness of their audit committee.

Our key messages are summarised opposite.



Code of Audit Practice

National Audit Office

Under the Local Audit and Accountability Act 2014 the National Audit Office are responsible for setting the Code of Audit Practice which prescribes how local auditors undertake their functions for public bodies, including local authorities.

The NAO have published the Code of Audit Practice which applies for the audit of the 2015/16 financial year onwards. This is available at <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Final-Code-of-Audit-Practice.pdf>

The Code is principles based and will continue to require auditors to issue:

- Opinion on the financial statements
- Opinion on other matters
- Opinion on whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the "VFM conclusion".)

The NAO has supplemented the new Code with detailed auditor guidance in specific areas. The audit guidance on the auditor's work on value for money arrangements was published on 9 November 2015. The guidance includes the following.

- The legal and professional framework
- Definitions of what constitute "proper arrangements" for securing economy, efficiency and effectiveness in the use of resources
- Guidance on the approach to be followed by auditors in relation to risk assessment, with auditors only required to carry out detailed work in areas where significant risks have been identified
- Evaluation criteria to be applied
- Reporting requirements.

Guidance Note AGN03 is available at <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Auditor-Guidance-Note-03-VFM-Arrangements-Work-09-11-15.pdf>

Supporting members in governance

Grant Thornton and the Centre for Public Scrutiny

We have teamed up with the Centre for Public Scrutiny to produce a member training programme on governance. Elected members are at the forefront of an era of unprecedented change, both within their own authority and increasingly as part of a wider local public sector agenda. The rising challenge of funding reductions, the increase of alternative delivery models, wider collaboration with other organisations and new devolution arrangements mean that there is a dramatic increase in the complexity of the governance landscape.

Members at local authorities – whether long-serving or newly elected – need the necessary support to develop their knowledge so that they achieve the right balance in their dual role of providing good governance while reflecting the needs and concerns of constituents.

To create an effective and on-going learning environment, our development programme is based around workshops and on-going coaching. The exact format and content is developed with you, by drawing from three broad modules to provide an affordable solution that matches the culture and the specific development requirements of your members.

- Module 1 – supporting members to meet future challenges
- Module 2 – supporting members in governance roles
- Module 3 – supporting leaders, committee chairs and portfolio holders

The development programme can begin with a baseline needs assessment, or be built on your own understanding of the situation.

Further details are available from your Engagement Lead and Audit Manager





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**Audit and Standards Committee
Work Programme 2015/16**

Item	Lead Officer	Date of next report
Internal Audit Annual Report 2014/15	Garry Rollason	June 2015
Annual Governance Statement 2014/15	Garry Rollason	June 2015
Internal Audit Progress Report January 2015 – March 2015	Garry Rollason	June 2015
Assurance Strategy 2015/16	Garry Rollason	June 2015
Changes in Accounting Policy – Accounting for Schools	Virginia Rennie	June 2015
Internal Audit Progress Report	Garry Rollason	September 2015
External Auditors Annual Governance Report 2014/15	Virginia Rennie	September 2015
Statement of Accounts 2014/15	Virginia Rennie	September 2015
Annual Governance Statement 2014/2015	Garry Rollason	September 2015
Warwickshire Pension Fund Statement of Accounts and Governance Report 2014/15	Mathew Dawson	September 2015
Internal Audit Progress Report	Garry Rollason	January 2016
External Auditors Annual Audit Letter 2014/15	Virginia Rennie	January 2016
External Auditors Report – Audit & Standards Committee Update	Virginia Rennie	January 2016
2015/16 Audit Plan - County Council		March 2016
2015/16 Audit Plan - Pension Fund		March 2016
2015/16 Audit Fee - County Council and Pension Fund		March 2016
Changes to Accounting Policies		March 2016
Emerging Issues report from the External Auditors		March 2016
Audit plan 2016/17	Garry Rollason	June 2016
Internal Audit Annual Report 2015/16	Garry Rollason	June 2016
Annual Governance Statement 2015/16	Garry Rollason	June 2016
Qtr 4 2015/16 Update Report (exempt)	Garry Rollason	June 2016