

# Warwickshire County Council Audit & Standards Committee Annual Report 2017-18



This annual report summarises the work undertaken by the Audit and Standards Committee during the financial year 2017/18. It is intended to highlight the role that the Committee plays in promoting good governance across the organisation and to provide assurance that there is a mechanism in place to review the Council's internal controls and systems on an ongoing basis.

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# What does the Committee do?

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The Committee plays a vital role overseeing the Council's governance framework to ensure residents are getting good quality services and value for money. It provides independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the Council's financial reporting and governance processes.

Meetings of the Committee are open to the public. Details of future meetings can be found on the Council's website.

# Who is on the Committee?

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## **The membership during the municipal year 2017/18 was:**

**John Bridgeman CBE** - (Independent member and Chair)

**Bob Meacham OBE** - (Independent member and Vice-Chair)

**Councillor Parminder Singh Birdi** - (Conservative)

**Councillor Mark Cargill** - (Conservative)

**Councillor Andy Crump** - (Conservative)

**Councillor Bill Gifford** - (Liberal Democrat)

**Councillor John Holland** - (Labour)

**Councillor Jill Simpson-Vince** - (Conservative)

The Chair of the Committee would wish to place on record his thanks to all the members, past and present, who have served on the Committee and have contributed to the important work undertaken by the Committee.

The Internal Audit and Insurance Manager, Chief Finance Officer and the Monitoring Officer attend Committee meetings to provide information and ongoing assurance in relation to the Council's internal controls and systems. Representatives from Grant Thornton, the Council's external auditors also attend meetings to report on the Council's financial statements and value for money arrangements.

# What did the Committee do during 2017/18?

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The Committee met four times during 2017/18 to consider a wide variety of reports about different aspects of the Council's governance framework. Overall the Committee has been successful in:

- Maintaining a comprehensive overview of internal control and governance
- Focusing attention on services or areas where there are internal control or performance issues
- Maintaining an overview of the Council's anti-fraud arrangements
- Updating and simplifying the Council's policies on Whistleblowing and Anti-Fraud

The highlights from the various areas of activity over the year are described in the following paragraphs.

## Good Governance

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This annual report summarises the work undertaken by the Audit and Standards Committee during the financial year 2017/18. It is intended to highlight the role that the Committee plays in promoting good governance across the organisation and to provide assurance that there is a mechanism in place to review the Council's internal controls and systems on an ongoing basis.

- ➔ The Internal Audit and Insurance Manager gave his opinion for 2017/18 that the Council's control environment provides substantial assurance and that the significant risks facing the Authority are addressed. This means that overall the Council has robust systems of control and is managing risks effectively.
- ➔ External Auditors gave an unqualified opinion in relation to the Council's accounts and those of the Pension Fund
- ➔ The Committee members were able to draw on their knowledge of how the assurance systems had operated in practice during the course of the year in order to contribute to the 2016/17 Annual Governance Statement, which was subsequently approved by full Council.

➡ The External Auditors confirmed that "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". The overall criterion applied is that; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

➡ An independent external quality assessment of the Internal Audit Service was undertaken during the year. The Committee was pleased to be advised that the external assessor considered that the internal service complies with the expectations of the Public Sector Internal Audit Standards and out performs other audit services in local government.

### **Embedding Ethical Standards**

In November 2017 a 'Do the Right Thing' week hosted on the Council's intranet showed that 93% of respondents felt that the Council encourages high standards of conduct. The Committee plays an active and ongoing role in considering a number of probity and standards related policy developments within the Council.

In March 2018, the Committee was asked to consider the consultation on the review of local government ethical standards being undertaken by the Committee of Standards in Public Life. Throughout the ensuing discussions, the Committee highlighted the importance of transparency and upholding the laws of natural justice in order that fair process and protection is available to all parties.

### **Whistleblowing**

The Committee considered an updated Whistleblowing Policy following the introduction of the statutory Duty of Candour which applies to the County Council (as a provider of care services). The revised policy was adopted in June 2017.

### **Countering Fraud and Corruption**

At its September 2017 meeting the Committee commented on an updated Counter Fraud, Bribery and Corruption framework for the Council. The updated policy was approved by Cabinet later in September 2017.

In considering the internal audit progress reports over the course of the year, the Committee confirmed its support for the Council's approach of zero tolerance to fraud.

### **Internal Audit**

Internal audit carries out reviews throughout the year on the effectiveness of the Council's governance and internal control arrangements, including risk management and anti-fraud arrangements. During the year the Committee;

- ➡ approved the Audit Strategy which identified topics to be audited during the year, taking into account the strategic risks facing the Council;
- ➡ received regular Internal Audit Progress reports which enabled the Committee members to have an in depth understanding of the outcomes of the audit work carried out and seek assurance as to the effectiveness of the internal control arrangements. In particular the Committee was able to probe in detail those audits which had resulted in a 'limited' audit opinion;
- ➡ received twice during the year a report summarising the progress being made by the Council on implementing internal audit recommendations. The Committee expressed a particular interest in this area and was pleased to be advised that by the latter part of the year, there had been a significant improvement in the implementation of audit recommendations;
- ➡ approved an updated Audit Charter which sets out the role and responsibilities of internal audit and had been updated to reflect changes in professional standards

### **External Audit**

The Committee considers reports on the work of the external auditors on a regular basis, including their proposed Audit Plan. The Committee also receives the External Auditor's independent audit findings for the year. The external auditors attend all Audit and Standards Committee meetings.

Members also regularly consider emerging national issues and developments which are brought to their attention by the external auditors. This is undertaken primarily to seek assurance that the authority is aware of and considering these issues. Issues brought to the attention of members during 2017/18 included business rate retention and health and social care integration.

# Looking Forward

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The Committee's work programme over the coming year will continue to focus on supporting good governance and strong financial management. The Committee is committed to taking a proactive role in assessing the adequacy of the risk management framework, the internal control environment and the integrity of the Council's systems and processes.

It is hoped that this Annual Report helps to demonstrate to Warwickshire residents and stakeholders the contribution that the Committee makes to the Council's overall governance and provides assurance in relation to the Council's systems of control.

