



Minutes

Audit and Standards Committee

Date:	Thursday, 25 June 2015
Venue:	Town Hall, St Annes.
Committee Members:	Councillor John Singleton (Chairman) Councillor David Donaldson (Vice-Chairman) Councillors Christine Akeroyd, Delma Collins, Peter Collins, Roger Lloyd, Edward Nash and Graeme Neale.
Officers Present:	Tracy Morrison, Paul O'Donoghue, KPMG, Katharine McDonnell.

Prior to the commencement of the meeting the Chairman welcomed all the members to the first meeting of the Audit and Standards committee.

1. Declarations of interest

Members were reminded that any disclosable pecuniary interests should be declared as required by the Localism Act 2011 and any personal or prejudicial interests should be declared as required by the Council's Code of Conduct for Members.

2. Substitute members

The following substitutions were reported under Council procedure rule 24(c):

Councillor Christine Akeroyd for Councillor Roger Small

Decision Items

3. Annual Governance Statement

Tracy Morrison, Director of Resources, presented the Annual Governance Statement. She explained that preparation and publication of an annual governance statement was necessary to comply with Regulation 4(3) of the Accounts and Audit Regulations Act 2011, forming part of the Annual Statement of Accounts. She further advised that the Council had adopted a code of corporate governance which was consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) 'Delivering Good Governance' Framework, which was before the committee for information.

Ms Morrison explained that the Corporate Governance Group, having met to review the effectiveness of the Council's governance framework, had identified a key area of action for the forthcoming year. She advised that a review of the new governance system – 'the committee system' – would be undertaken in six months to ensure that it was working effectively both operationally and structurally.

Following questions and discussion, the committee RESOVLED to approve the Annual Governance Statement for signature.

4. Risk Management Report

Andrew Wilsdon (Risk and Emergency Planning Officer) presented the Risk Management Annual Report. He explained that the report provided a summary of the 2014/15 Risk Register Action Plans and presented the Strategic Risk Register 2015/16 and the annual review of the Strategic Risk Management Strategy.

Mr Wilsdon summarised the outstanding actions from the 2014/15 Risk Action Plans providing explanations for the non-compliance. He provided the Committee with new completion dates for two of the outstanding actions. He advised that the action plan in relation to the travelers and the delays caused by the legal actions required a new approach to dealing with the risk management plan. He advised that it would be managed on a dynamic basis, with each new challenge and stage in the process risk managed as necessary.

He advised that the Strategic Risk Management Strategy had been reviewed with minor amendments made to reflect the new governance arrangements.

In referring the committee to the Strategic Risk Register for 2015/16, Mr Wilsdon advised that the six risk areas would be monitored differently to previous years. The risks would be mitigated through different plans, project groups and action plans. These mitigation methods would be monitored through different bodies including management team, the Finance and Democracy committee, and the Audit and Standards committee.

The committee having sought, and received, further information regarding potential risks from the cessation of the LCC waste cost sharing agreement, and in light of the potential for the extraction of shale gas, RESOLVED

- (1) To note the year-end report and progress on the 2014/15 Risk Action Plans, with an update on the outstanding items to be reported to committee in January 2016;
- (2) To approve the Strategic Risk Register 2015/16;
- (3) To approve the updated Strategic Risk Management Strategy; and
- (4) That officers ensure that any implications regarding the extraction of shale gas (fracking) were kept under review at the Strategic Risk Management Group.

5. Internal Audit Annual Report 2014/15

Savile Sykes, Head of Internal Audit, presented the Internal Audit Annual Report for 2014/15. In a comprehensive summary Mr Sykes explained the purpose of the report, the context and the internal audit opinion.

Mr Sykes referred the committee to the average and main system assurance scores, advising that the main financial systems were demonstrating sound systems of control for 2014/15. He advised that reliance could be placed on the Council's control environment, particularly in terms of the fundamental financial systems.

He also referred the committee to 7 high priority findings, advising that four of the risks had already been addressed, one of the remaining actions had not yet reached its agreed date for completion, with the remaining two actions having a new completion date of July 2015.

Mr Sykes advised the committee of two minor amendments to table six, that one high priority recommendation for Trade Waste and Mayoralty respectively had been erroneously omitted. He further advised that both had been implemented and did not affect the overall implementation percentages significantly.

Mr Sykes drew the committee's attention to the overall implementation and high/medium implementation rates for agreed internal audit recommendations. He advised there had been an improvement on last year's figures.

Following discussion the committee RESOLVED

- (1) To approve the annual report of the Head of Internal Audit;
- (2) To confirm the report provided suitable assurance regarding the Council's control environment in terms of the overall adequacy and effectiveness of the controls and processes in place to achieve the objectives of the Council;
- (3) That an update regarding the outstanding high priority risks identified from 2013/14 (as outlined in Table Four of the report) be brought to the September 2015 meeting of the committee; and
- (4) The follow-up audits as outlined in Table 5 be reviewed, with a report brought to the September 2015 meeting.

Information Items

6. Regulation of Investigatory Powers Act 2000: Authorisations

The Committee was presented with the quarterly report on the Regulation of Investigatory Powers Act 2000: Authorisations. It was noted that for the quarter to March-June 2015, there were no authorised operations.

It was RESOLVED that the Committee note the information in the report.

7. Year End Performance 2014/15

The report provided details of the key performance outcomes for the whole of the financial year 2014/15. Performance was reported against the targets set for the year.

The Committee RESOLVED to note the report.

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