

COUNCIL
14 SEPTEMBER 2017**REPORTS OF COMMITTEES****(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE**

External Audit Progress – Worcestershire County Council Annual Statutory Financial Statements for the year ended 31 March 2017

1. It has been usual practice for many years for the Audit and Governance Committee to approve an audited set of accounts and the Annual Governance Statement, subject only to matters arising from the public inspection period or the statistical Whole of Government Accounts reporting exercise, at its annual June/July meeting.
2. This year the process has proved more difficult to complete, and further work will be required by the County Council and subsequently the External Auditor over August 2017 to complete the process.
3. Whilst this is later than originally planned, the County Council has met its statutory obligations by issuing a set of accounts before the end of June on the County Council's website and advertising the formal 30 day public inspection period which finished on 14 July 2017. The final stage in this process will be the Committee approval in September 2017.
4. The Committee has noted the progress made on the External Audit of the 2016/17 Worcestershire County Council Statement of Accounts and the plan return to the Committee meeting on 26 September 2017 for final approval.

External Audit Progress – Worcestershire County Council Pension Fund Annual Statutory Financial Statements for the year ended 31 March 2017

5. The audit work is substantially complete and the External Auditor anticipates providing an unqualified opinion on the Pension Fund's Statement of Accounts. This is expected to take place at the 26 September 2017 Committee meeting alongside the County Council's Statement of Accounts.
6. The key headlines are:
 - The Pension Fund's Net Assets increased by 27.1% (£529 million) to £2.48 billion
 - During the year a surplus resulted on the Pension Fund account totalling for 2016/17 £34.4 million, a decrease of £4.2 million from the surplus of £38.6

million for 2015/16

- The last actuarial valuation of the Fund at 31 March 2016 indicated assets covered 75% of liabilities (69% at 31/03/2013).

7. The Committee has noted the progress made on the External Audit of the 2016/17 Worcestershire County Council Pension Fund Statement of Accounts and the plan return to the Committee meeting on 26 September 2017 for approval. The Committee has noted the Worcestershire County Council Pension Fund Audit Findings Report for the financial year ending 31 March 2017.

Corporate Risk Report

8. The Corporate Risk Register provides a mechanism for collating and reporting strategic risks that could affect the delivery of corporate objectives. Each risk listed on the Corporate Risk Register is monitored by Directorates and reported through the corporate process to provide assurance on the adequacy of arrangements to mitigate the risks.

9. Two risks are rated as 'red':

- serious harm or death due to a failure on the part of the Council
- demographic changes lead to changed demand for services.

10. The changed rating of the first reflects the recent identification of issues with Children's safeguarding services. The second is a Council-wide risk but with particular significance because of the increasing older population and its impact on Council services.

11. The Committee has noted the latest refresh of the Corporate Risk Register including the red risks identified and mitigating actions.

Internal Audit Annual Report 2016/17

12. Internal Audit is required by professional standards to provide a written annual report. The content of the report is prescribed by mandatory codes of practice which specifically require the report to provide an opinion on the overall adequacy and effectiveness of the Authority's governance, risk and control framework.

13. The Committee has endorsed the Internal Audit Annual Report 2016/17.

Internal Audit Risk Assessment, Plan and Charter 2017/18

14. The role of internal audit is primarily to provide reasonable assurance to the organisation and ultimately the taxpayers that the Council maintains an effective control environment that enables them to manage its significant business risks. Internal Audit does this by providing risk-based and objective assurance, advice and insight. To ensure the best use of limited audit resources audit work needs to be carefully planned. In accordance with best practice the Committee's role is to review and approve the annual internal audit work plan. The Committee has approved the Internal Audit Strategy 2017/18.

15. The Internal Audit function is governed by its Audit Charter, which is a requirement of the Public Sector Internal Audit Standards and sets out the purpose, authority and responsibility of internal audit. The Charter establishes the internal audit activity's position within the organisation, including the nature of the service's functional reporting relationship; authorises access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities. A number of minor changes to the Charter are now required to reflect recent changes to professional standards. The Committee has approved the Internal Audit Charter.

Work Programme

16. The Committee has noted its future work programme subject to the following reports being brought to the meeting on 8 December 2017: External Audit Progress Report – Annual Statutory Financial Statements for the year ending 31 March 2018; and an analysis of the difficulties experienced with the Annual Statutory Financial Statements for the year ending 31 March 2017.

Mr N Desmond
Chairman

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

Simon Lewis, Committee Officer

Tel: 01905 846621

Email: slewis@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Audit and Governance Committee held on 21 July 2017.