

COUNCIL
15 SEPTEMBER 2016**REPORTS OF COMMITTEES****(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE**

Annual Statutory Financial Statements for the year ending 31 March 2016

1. The preparation of the Statement of Accounts for the 2015/16 financial year and their approval by the Audit and Governance Committee is the first stage in the process of accountability for the County Council's finances during 2015/16
2. The independent external auditor has indicated that they will issue an unqualified audit opinion subject to the Audit and Governance Committee approving the statements.
3. The key headlines are:
 - a) Break even against the County Council's cash limited revenue budget; and
 - b) A decrease of £8.0 million in the County Council's useable reserves.
4. The Committee has approved the Final Accounts Pack including the Statement of Accounts for the financial year ending 31 March 2016 and authorised the Chief Financial Officer to sign the Letters of Representation on behalf of the Council.

Annual Governance Statement

5. The Accounts and Audit Regulations 2011 require the Council to conduct a review at least once a year of the effectiveness of its system of internal control and publish an Annual Governance Statement each year with the financial statements.
6. The Annual Governance Statement confirms the overall assurance of the Council's systems and has been signed by the Chief Executive and Leader of the Council. The Committee has approved the Annual Governance Statement.

Corporate Risk Report

7. 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.
8. One risk continues to be rated as red: demographic changes lead to changed

demand for services. This risk was being addressed through demand management work streams however there remained a lot of work still to be done therefore it remained a red risk.

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

Internal Audit Annual Report 2015/16

10. 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.

11. The Committee has endorsed the Internal Audit Annual Report 2015/16.

Internal Audit Risk Assessment, Plan and Charter 2016/17

12. The overall objective of internal audit is to provide an opinion on the overall adequacy and effectiveness of the Council's risk management strategy, control and governance processes. To do this audit work during the year needs to be planned to cover the significant risks facing the Council. In accordance with best practice the Committee's role is to review, assess and approve the annual internal audit work plan. The proposed Internal Audit Strategy and Plan for 2016/17 has been subject to extensive consultation with management. The Committee has approved the Internal Audit Strategy.

13. An Audit Charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and sets out the purpose, authority and responsibility of internal audit. It has to be formally agreed and approved by the organisation and periodically reviewed. The Charter establishes the internal audit activity's position within the Council and defines the scope of internal audit activities. In accordance with best practice the existing Charter, which was considered by the Committee in September 2013, has been reviewed to ensure it remains appropriate. A number of changes are required to reflect changes in PSIAS, updated Accounts and Audit Regulations and the creation of the shared audit service with Warwickshire. The Committee has approved the Internal Audit Charter.

Work Programme

14. The Committee noted its future work programme. The Committee has agreed that its meeting scheduled on 9 September 2016 be cancelled and replaced with a training session for members on Treasury Management and Capital Expenditure

Mr N Desmond
Chairman

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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 2016.