

3 July 2014

10. REPORTS OF COMMITTEES

(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE

Annual Statutory Financial Statements for the year ending 31 March 2014

1. The Statement of Accounts for the year ending 31 March 2014 has been completed and independently audited to meet the statutory deadline for the 2013/14 accounts to be formally approved by 30 June 2014. The County Council goes a step further than what is required statutorily (approval by 30 September 2014) and ensures these are finalised, audited and approved by 30 June 2014.

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 and there being no matters arising from the public inspection period.

3. The Committee has approved the Final Accounts Pack including the Statement of Accounts for the financial year ending 31 March 2014 and authorised the Director of Resources to sign the Letter of Representation on behalf of the Council.

Annual Governance Statement

4. 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. The Committee has approved the Annual Governance Statement.

Overview of changes to Risk Management processes

5. The Committee has noted the changes made to the Council's Risk Registers and the risks that have been identified as a result of the review of risk management. The changes include that:

- the Corporate Risk Register (CRR) has been reviewed and the number of risks reduced from 24 to 10
- a Transformation Risk Register has been produced which includes the 'shared risks' and also the top three transformation risks for each directorate

**Draft Internal Audit
Annual Report 2013/14**

- the risk register template has been amended to provide opportunity to make the CRR and Transformation Risk Register more dynamic documents
- a rank has been set for each risk. The rank has been calculated using the information provided by each directorate
- an owner has been suggested for each risk. The role of the risk owner is to take responsibility for the risk and to have sufficient authority to ensure that the risk is managed effectively.

6. The Risk Management Strategy has been reviewed and updated to support the revised approach for the management of both corporate and transformational risks. The strategy includes a revised corporate governance structure as well as roles and responsibilities for members, officers and staff throughout the organisation. The strategy is supported by a Guide to Managing Risk which provides information for managers on how to set and manage risk, enabling a consistent approach. The Committee has noted the revised Risk Management Strategy and accompanying Guide to Managing Risk, taking note of the proposed governance arrangements.

7. The Risk and Business Continuity Manager is currently creating a forward plan for reporting risk management for the next twelve months. The Committee has agreed that a further report be brought to the Committee meeting on 12 December 2014 and further reports be brought on a 6 monthly basis.

8. The Annual Internal Audit Report presents a summary of the audit work carried out over the past year. The report specifically:

- Includes a Moderate assurance opinion of the overall adequacy and effectiveness of the Council's risk management, control and governance processes
- Makes reference to any issues relevant to the Annual Governance Statement, and
- Details work carried out in respect of the 2013/14 internal audit plan and individual audit opinions.

9. During the year there have been a number of areas where Internal Audit has identified the need to strengthen individual control processes. Internal Audit continues to work with the Audit and Governance Committee and management to both maintain and improve risk, control and governance processes.

10. The Committee has approved the Internal Audit

Annual Report 2013/14. The Committee has requested that future Internal Audit Reports provide information regarding the tracking of high risk audit areas. The Committee has agreed that future reports be brought to Committee on areas of work that internal audit have identified as being of limited assurance, in particular Disaster Recovery Procedures.

Final Internal Audit Risk Assessment and Operational Plan 2014/15

11. Following approval of the draft Internal Audit Risk Assessment and Operational Plan at the Audit and Governance Committee held on 21 March 2014, the plan has been discussed further with directorate management teams to obtain their final approval.

12. There have only been two small changes to the Plan since the last meeting: the omission of specific reference to Systems and Customer Access with regard to ICT audits; and the inclusion of care and support planning.

13. The Committee has approved the content of the final Internal Audit Risk Assessment and Operational Plan 2014/15.

Work Programme

14. The Committee noted its future work programme and agreed that a progress report on the commissioning of the Internal Audit section be brought to the September 2014 meeting with a final report to the December 2014 meeting.

Mr W P Gretton
Chairman

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Director of Resources) 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 27 June 2014