



Havering

L O N D O N B O R O U G H

AUDIT COMMITTEE

AGENDA

6.30 pm	Thursday 30 June 2016	Town Hall, Main Road, Romford
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Members 6: Quorum 3

COUNCILLORS:

**Conservative
(2)**

Viddy Persaud (Chairman)
Frederick Thompson

**Residents'
(1)**

Julie Wilkes (Vice-Chair)

**East Havering Residents'
(1)**

Clarence Barrett

**UKIP
(1)**

David Johnson

**Independent
Residents'
(1)**

Graham Williamson

**For information about the meeting please contact:
James Goodwin 01708 432432
james.goodwin@OneSource.co.uk**

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

(if any) – received.

3 DISCLOSURE OF INTERESTS

Members are invited to declare any interest in any of the items on the agenda at this point of the meeting.

Members may still disclose any interest in any item at any time prior to the consideration of the matter.

4 MINUTES OF THE MEETING (Pages 1 - 4)

To approve as correct the minutes of the meeting held on 10 May 2016 and authorise the Chairman to sign them.

5 STATEMENT OF ACCOUNTS 2015/16 (Pages 5 - 8)

6 ANNUAL GOVERNANCE STATEMENT (Pages 9 - 26)

7 ANNUAL AUDIT REPORT (Pages 27 - 44)

8 FORWARD PLAN FOR THE AUDIT COMMITTEE 2016/17 (Pages 45 - 50)

9 TRAINING PLAN FOR THE AUDIT PLAN (Pages 51 - 54)

10 URGENT BUSINESS

To consider any other item in respect of which the Chairman is of the opinion, by reason of special circumstances which shall be specific in the minutes that the item should be considered at the meeting as a matter of urgency.

11 EXCLUSION OF THE PUBLIC

To consider whether the public should now be excluded from the remainder of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972; and, if it is decided to exclude the public on those grounds, the Committee to resolve accordingly on the motion of the Chairman.

**Andrew Beesley
Committee Administration
Manager**

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
Committee Room 3A - Town Hall
10 May 2016 (7.00 - 8.10 pm)**

Present:

COUNCILLORS:

Conservative Group Viddy Persaud (in the Chair) Frederick Thompson

Residents' Group Julie Wilkes (Vice-Chair)

**East Havering
Residents' Group** Clarence Barrett

UKIP Group David Johnson

**Independent Residents
Group** Graham Williamson

Through the Chairman, announcements were made regarding emergency evacuation arrangements and the decision making process followed by the Committee.

40 MINUTES OF THE MEETING

The minutes of the meeting of the Committee held on 2 March 2016 were agreed as a correct record and signed by the Chairman.

41 2015/16 AUDIT PLAN - ERNST YOUNG

Debbie Hanson, Audit Director from Ernst & Young presented the Audit Plan for 2015/16. She advised the Committee that the auditors had identified 3 significant financial statement risks. These were:

- Risk of fraud in revenue recognition;
- Risk of management override; and
- Valuation of investment property and property, plant and equipment.

She informed the Committee that these were risks which would be identified in any audit and did not indicate a specific problem for Havering.

The Committee was informed that new guidance in respect of the Value for Money risks had been issued. For 2015/16 this would be based on:

“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.”

Proper arrangements were defined by statutory guidance issued by the National Audit Office. They comprised the Council's arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

The one significant risk identified was 'Sustainable resource deployment: Achievement of savings needed over the medium term. Ernst and Young were still looking at the Council's work with third parties.

In response to questions from the Committee they were informed that the external auditors would not be looking at the Housing Holding Company as part of this audit but it would feature in next year's audit. The Committee were given an assurance the Ernst & Young had experience in dealing with these types of entity.

The external auditors had indicated that they had determined that overall materiality for their audit of the Council's financial statements was £12,191k. Using their norm of 5% they would not be communicating audit misstatements less than £609k to the Council.

The Committee had concern that given the rapid growth in their Government and Public Sector work Ernst & Young might not have sufficient resources to carry out the audit on time. Debbie Hanson had given an assurance that Ernst & Young were aware of a potential issue and had been recruiting at Manager and Executive level to ensure they had adequate resources to meet all their requirements. The next two years would present a greater challenge as the time they had to complete the audit would be reduced from three months to two months. Ernst & Young were already looking at ways to deal with this.

The report was noted.

42 2015/16 AUDIT PLAN FOR HAVERING PENSION FUND - ERNST YOUNG

Steve Bladen, Audit Manager for Ernst & Young presented the Audit Plan for 2015/16 in respect of the Havering Pension Fund. In preparing the Audit Plan Ernst & Young had identified just one significant risk, Risk of management override of controls. Again this risk was not specific to Havering.

The Committee had asked how the Pension Fund's increased participation in the London Collective Investment Vehicle would affect future audits. Steve Bladen advised that Ernst & Young would be looking in to this.

Materiality had been fixed at 1% of net assets, (£5.7m) and Ernst & Young would only communicate uncorrected audit misstatements greater than £287,000 to the Committee.

The report was noted.

43 HEAD OF INTERNAL AUDIT - QUARTER FOUR PROGRESS REPORT: 4TH JANUARY TO 3RD APRIL 2016

The Interim Head of Internal Audit advised the Committee that she had not revised her opinion, based on the work undertaken in quarter four, and could give a reasonable assurance that the internal control environment was operating adequately.

The oneSource service transformation restructure had been formally launched on 15 April; this had included the new partner, London Borough of Bexley. The 45 day consultation period would end at the end of May and it was anticipated that the new structure would go live in late August. This restructure would deliver additional resilience, savings and efficiencies in line with the Joint Committee Business Case.

The Audit service was required to make £1.393m of savings per annum. The proposed structure for three partners would see a net reduction in the service from the 2015/16 combined staffing levels (post Fraud phase one from 57 FTEs to 39 FTEs. In anticipation of the restructure vacancies had been maintained.

As part of the proposals all three boroughs would join the London Framework (Bexley was currently part of the framework). This would give access to specialist staff, at favourable rates if required and ensure future resilience..

The next step would be to align the team, policies and procedures of the three boroughs, and report format to help achieve the efficiencies required. HR had harmonised salary bands and grades.

One report had received a limited assurance. The Committee had no concerns with this reports.

The report was noted.

44 OUTSTANDING AUDIT RECOMMENDATIONS

The Committee received an update on the number of outstanding audit recommendations. The Interim Hard of Internal Audit indicated that in future a revised version of the report would be available which would provide the Committee with more pertinent risk focused information.

The Committee asked why Responsive maintenance had not been revisited as no updates were available a progress report would be provided at the next meeting.

The report was noted.

45 ANNUAL REPORT OF THE AUDIT COMMITTEE 2015/16

Officers had prepared the draft annual report summarising the Committee's activities in 2015/16, which once approved would be reported to Council in July. During the year the Internal Audit team had completed 48 audits (19 system audits, 6 follow up audits, 3 computer audits and 20 schools audit.) Only one systems audit and its follow up had received a nil assurance, but this was being resolved.

The Committee had questions regarding IT and were assured that there had been no significant breaches of IT security.

Proposals for the forward plan and training were included in the Annual report.

The Committee have **approved** the Annual Report for submission to Council.

Chairman



AUDIT COMMITTEE

22June 2016

Subject Heading:	Statement of Accounts 2015/16
CMT Lead:	Andrew Blake-Herbert
Report Author and contact details:	Contact: Mike Board Designation: Corporate Finance & Strategy Manager Telephone: (01708) 432217 E-mail address: mike.board@oneSource.co.uk
Policy context:	This report advises the Audit Committee of the progress to date in preparing for the Closure of Accounts 2015/16
Financial summary:	There are no direct financial implications to the report.

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	<input type="checkbox"/>
People will be safe, in their homes and in the community	<input type="checkbox"/>
Residents will be proud to live in Havering	<input checked="" type="checkbox"/>

SUMMARY

As required by the Accounts and Audit Regulations 2011, the Council's Statement of Accounts must be approved and signed by the Group Director of Communities and Resources no later than 30th June 2016. The accounts must be published after the conclusion of the external audit of accounts; no later than 30th September 2016.

RECOMMENDATIONS

The Committee is asked to note that:

- a) The Council's Statement of Accounts must be approved and signed by the Council's Chief Financial Officer; the Chief Executive no later than 30th June 2016.
- b) A verbal update on progress in preparing the statement of accounts will be given by officers on the night.
- c) The draft statement of accounts will be published on the Council's website on 30th June 2016.
- d) The accounts are planned to be considered and approved by the Audit Committee on 27th September 2016.
- e) The accounts must be published following the conclusion of the audit, no later than 30th September 2016.

REPORT DETAIL

1. Statement of Accounts 2015/16

- 1.1. At the time of preparing the report the statement of accounts were nearing completion. A verbal update will be given to the Committee on the night.
- 1.2. As previously reported to the Committee, there are no significant changes in, to the code of practice which affect the 2015/16 closedown. However, the following changes were noted as being matters of significant concern to the closure of accounts programme
 - a) Preparing for early closedown.
 - b) Transformation and One-Source service review.
 - c) Implementation of One Oracle at Newham

These matters have not impacted upon the completion of the accounts within the statutory timescale. Progress has been made in developing the earlier closedown timetable although much work is still required to bring the publication date forward to 31 May by 2017/18. This matter is discussed further in paragraph 2.

- 1.4. In accordance with the Accounts and Audit (England) Regulations 2011. The Completed accounts will need to be approved and signed by the Chief Financial Officer no later than 30th June 2016.
- 1.5 The draft accounts will then be subject to audit by the Council's external auditors Ernst & Young. Following the conclusion of the audit, the accounts

must be approved by the Audit Committee (on 27th September 2016) and published no later than 30th September 2016.

2. Planning for Early Closedown 2017/18

- 2.1 In 2017/18 the statutory closedown period will be brought forward by one month. (i.e. closure and production of the statement of accounts by the 31 May and conclusion of the audit by 30 August).
- 2.2 In 2015/16 officers introduced changes to the closedown timetable in an attempt to bring forward the deadlines and to test the Council's ability to achieve the closure of accounts within the proposed timescales.
- 2.3. Despite some notable successes, in particular the production of the pension fund accounts by 31 May, the earlier closedown timetable slipped by approximately two weeks mainly as a consequence of the following:
 - a) The launch of the finance transformation review in April 2016 which led to resources being re-directed to that process at key points in the closedown programme.
 - b) A delay in the Capital closedown programme as a consequence of additional testing requirements associated with an upgrade in the Asset Register and staff vacancies in the capital accounting team. Capital remains the most complex year end procedure and has a major impact on the financial statements.
- 2.4. It is intended to carry out a review of the process after the publication of the draft accounts in order to inform the development next year's closedown programme.

Financial Implications and risks:

There are no direct financial implications arising from the publication of the 2015/16 Statement of Accounts.

Legal Implications and risks:

Regulation 8 of the Accounts and Audit (England) Regulations 2011 require the approval and publication of the Statement of Accounts after the conclusion of the audit but in any event no later than the 30th September 2016.

There are no apparent legal implications in noting the content of the Report.

Human Resources Implications and risks:

None arising directly

Equalities and Social Inclusion Implications and risks:

None arising directly

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ANDREW BLAKE-HERBERT
Chief Executive

Background Papers List

AUDIT COMMITTEE

22 June 2016

Subject Heading:	Annual Governance Statement
CMT Lead	Jane West Managing Director oneSource
Report Author and contact details:	Sandy Hamberger Interim Head of Internal Audit Tel: 01708 434506 Sandy.hamberger@onesource.co.uk
Policy context:	This report presents the draft version of the 2015/16 Annual Governance Statement for comment and approval.
Financial summary:	N/A

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	X
People will be safe, in their homes and in the community	X
Residents will be proud to live in Havering	X

SUMMARY

This report provides the background for the requirement to produce an Annual Governance Statement (AGS).

The report will update the Committee on progress against the significant governance issues monitored during 2015/16, the status of these issues and the new issues arising from 2015/16 AGS for monitoring in 2016/17.

RECOMMENDATIONS

1. To comment on the draft 2015/16 Annual Governance Statement, attached as Appendix 1.
2. To agree the draft 2015/16 Annual Governance Statement subject to any changes made as a result of recommendation one.

REPORT DETAIL

1. The Accounts and Audit Regulations (England) 2015 require the Council to conduct at least annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control.
2. The Annual Governance Statement is prepared in accordance with the requirements of 'Delivering Good Governance in Local Government: Framework' (CIPFA/SOLACE, 2012).
3. The Council must review its systems of internal control and governance annually and assure itself that its internal control environment is effective. The assurance framework sets out the sources of assurance that are relied upon on to enable preparation of the Annual Governance Statement. These include the work of the internal auditors and of directors and managers within the Council who have responsibility for the development and maintenance of the internal control environment, and also the comments made by the external auditors and other review agencies and inspectorates. The Head of Audit opinion set out in the internal audit annual report forms a key element of the review, as does the Council's work on risk and performance management.
4. The Annual Governance Statement covers all significant corporate systems, process and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure that:
 - the Council's policies are implemented in practice;
 - high quality services are delivered efficiently and effectively;
 - the Council's values and ethical standards are met;
 - laws and regulations are complied with;
 - required processes are adhered to;
 - financial statements and other published performance information are accurate and reliable;
 - human, financial, environmental and other resources are managed efficiently and effectively.

5. The AGS is required to disclose any issues that the Council consider to be significant governance issues. The three issues identified in the 2014/15 Annual Governance Statement, **Scheme of Delegation (oneSource), Declaration of Interest, Assurance** have been monitored by management and the Governance Group throughout the year with regular updates to the Audit Committee. These issues have now progressed and two new issues have been agreed for inclusion in the draft 2015/16 AGS and monitoring during 2016/17; **Havering Scheme of Declaration and Commissioning & Contracts (including compliance with procurement rules)**. Actions to address each of these governance issues are set out in the statement and progress will be monitored throughout 2016/17 by the Governance Board, CMT and Audit Committee.
6. Approval of the Annual Governance Statement should be at a corporate level and should be confirmed by the most senior officer (CE) and member (Leader) signing the statement on behalf of the Council. The Council's Constitution delegates the responsibility for approving the AGS to the Audit Committee. The Audit Committee is required as part of its role to consider any corporate governance related issues that need to be referred to the Governance Committee for review.
7. The officer Governance Group, during 2015/16 was responsible for monitoring and reviewing all aspects of corporate governance and driving the AGS process. The group met quarterly, ensuring that the framework and process to produce the AGS was fully embedded within the Governance Group's annual timetable and agenda.
8. The Annual Governance Statement is subject to audit alongside the Statement of Accounts. The auditors do not give an opinion on the statement as such, but consider whether it reflects their understanding of the Council's governance arrangements obtained through all aspects of their work. They also form a view as to whether the statement adequately discloses any significant governance issues.
9. A draft version of the AGS is attached as appendix 1.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications arising directly from commenting on/agreeing the Annual Governance Statement. However implementation of the planned actions set out in the AGS may have financial implications. The expectation is that these will be contained within existing resources. Where this is not the case issues will be raised through the appropriate channels.

Failure to produce a robust AGS could result in adverse comments from the Council's External Auditors.

Legal implications and risks:

The Authority is statutorily obliged to conduct an annual review into the effectiveness of its systems of internal control prepared in accordance with proper practices. The Annual Governance Statement complies with that requirement.

Human Resources implications and risks:

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

Equalities implications and risks:

None arising directly from this report.

BACKGROUND PAPERS

*Delivering Good Governance in Local Government (CIPFA/SOLACE).
2015/16 Annual Governance Statement.*

ANNUAL GOVERNANCE STATEMENT

This statement, from the Leader and Chief Executive, provides reasonable assurance to all stakeholders that within the London Borough of Havering, processes and systems have been established which ensure that decisions are properly made and scrutinised, and that public money is being spent economically and effectively to ensure maximum benefit to everyone who is served by the Borough.

The Annual Governance Statement is co-ordinated within the audit service and the production and progress of the statement is monitored by the officer Governance Group.

Scope of responsibility

The London Borough of Havering is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The London Borough of Havering also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the London Borough of Havering is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The London Borough of Havering is committed to operating in a manner which is consistent with the seven principles of the CIPFA/SOLACE* Framework *Delivering Good Governance in Local Government*. This statement explains how the London Borough of Havering has complied with these principles and also meets the requirements of regulations 6(1) (a) and (b) of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the London Borough of Havering's policies, aims and objectives, to evaluate the

*Chartered Institute of Public Finance Accountancy

likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the London Borough of Havering for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

The governance framework

The key elements of the systems and processes that comprise the Council's governance arrangements are described in more detail below.

Our Vision for the Borough – Clean, Safe and Proud

The Council has a three point vision for Havering:

- Havering will be clean and its environment looked after for future generations.
- People of all ages will be safe, in their homes and in the community.
- Residents will be proud to live in Havering, where we respect each other, value our traditions and work together to improve our quality of life.

To achieve this vision, the Council will support the local community with direct investment in the services and projects that matter most to local people, use its influence to attract investment to Havering, while preserving 'green Havering' and its quieter communities, and lead by example, by running a low cost, high standard local authority.

The organisation's Values

The work of the Council and its staff is anchored in the organisation's Values:

- Be Positive;
- Respect Others; and
- Work Together.

Corporate Performance Framework

The Corporate Performance Framework has several functions:

- To focus on priorities, which have been set according to the needs of the Council and the public;
- To ensure relevant, timely and accurate information is available to measure and monitor performance to support decision making; and
- To ensure high quality public services that provides value for money.

The Council's Corporate Plan 2015/16 has been at the heart of the organisational Corporate Performance Framework. It sets out the overall priorities and objectives of the organisation and outlines the key activities that will be undertaken as well as the measures put in place to monitor delivery. Sitting beneath the Corporate Plan are service plans, which outline in more detail the work that will be undertaken to achieve the corporate objectives. Market research into public opinion, the outcome of the residents' survey, studies of needs in the Borough and the requirements of the Council's priorities also help to define corporate and service plan objectives.

During 2014/15, the Council engaged in a process of refreshing the Corporate Plan and the service planning process and template in readiness for 2015/16. The refreshed Corporate Plan was endorsed by Cabinet in March 2015 and sets out the Council's new Vision **Clean | Safe | Proud** and the activities that the Council will undertake to support our community, use our influence and lead by example.

The Council's new approach will be to "get there, together":

- We will **support our community** by spending your money on the things that matter most to residents - like clean, safe streets and protecting people in need. We will support local firms to grow and create jobs and we will energise our towns to improve the quality of life in Havering.
- We will **use our influence** to bring more jobs, homes, schools and transport to Havering. We will use our planning powers to balance the growth of business centres with the protection of 'green Havering' and its quieter communities. We will encourage local people to do the right things - keep Havering tidy, be good neighbours and lead healthier lives.
- We will **lead by example** by running a low cost Council that respects residents by using their money wisely. We will work with others to reduce costs, we will help people to do business with us at any time of the day or night and we will hold ourselves to the high standards residents expect from us.

The annual service planning process for 2016/17, which has been undertaken during quarter four of 2015/16, has included the following enhancements to the approach taken in previous years:

- The narrative at the beginning of service plans has been more focused on the outcomes the service is seeking to achieve and on clarifying the 'golden thread' between the Corporate Plan, the service's target outcomes and what this means for individual teams within services.
- The addition of a section analysing key volumetrics and recent trends in demand for services as well as projecting forward how demand for services is expected to change in the future and setting out the service's plans for mitigating / managing this.
- Increased use of benchmarking to inform target setting.
- The introduction of a more sophisticated approach to performance thresholds, with the blanket approach of $\pm 10\%$ replaced by the setting of specific tolerances for each individual performance indicator as part of the annual service planning process.

- More robust scrutiny and challenge of performance indicators and targets, with the Council's new Overview and Scrutiny Board participating in this process for the first time this year.
- The introduction of a quarterly review, progress monitoring and change control process, making Service Plans 'live' documents that will be revisited and refreshed throughout the year in light of changing and emerging priorities.

The Corporate Performance Framework operates at a number of different levels throughout the organisation. For example, in addition to the Corporate Management Team (CMT) and Members scrutinising the quarterly Corporate Performance Reports, individual performance management takes place as part of the Performance Development Review (PDR) process within the Council's two Directorate Management Teams and oneSource. Each of the Council's two Directorate Management Teams also receive and discuss a monthly performance pack detailing performance against the key performance indicators in their respective service areas. There are changes to this structure for 2016/17 with CMT moving to Senior Leadership Team under the leadership of a new Chief Executive.

The Overview and Scrutiny Committees also consider the quarterly Corporate Performance Reports, together with any other reports that they have commissioned, and carry out their own independent reviews.

During 2015/16 a particular issue was identified with the arrangements for reporting performance to Members and, as a result, improvements have been made going forwards. Under the arrangements for 2015/16, the quarterly and annual corporate performance reports were reported to Cabinet first, then the Overview and Scrutiny Board and then the various Overview and Scrutiny sub-committees. Depending on the corporate meetings schedule for any given quarter, this resulted in the whole cycle of reporting taking between four and seven months to complete. From 2016/17 onwards, it has now been agreed with Members that the reports will be presented to the sub-committees first, then to the Overview and Scrutiny Board and finally to Cabinet. As well as reducing the time taken to complete the entire reporting cycle, this will allow the Cabinet reports to reflect the value that Overview and Scrutiny is adding in scrutinising performance.

The Council's Annual Report reviews performance against the objectives of the organisation. This is published on the website and is also produced for distribution as hard copy on request.

There are clear guidelines around data quality to ensure that all performance indicators are reported to the same robust standard. Methodology statements are in place in respect of all the corporate performance indicators in order to ensure that changes in personnel do not impact on the manner in which performance data is collected and analysed, and any performance data can be subject to either internal or external audit. Regular data quality reports are produced and regular data cleansing is carried out in respect of key areas such as Adults' and Children's Social Care.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The Council's financial management approach has in the past broadly been led through its Medium Term Financial Strategy (MTFS), which had customarily been produced in the summer, ahead of the detailed budget process, setting out the approach to financial planning for the subsequent three financial years. A new financial strategy was developed by the Council's new administration following the May 2014 elections. The strategy reflected the ongoing reductions in Government funding and focussed on balancing the Council's MTFS over a two year period. The proposals were subject to review by the Overview and Scrutiny Committee and options impacting upon service delivery were subject to extensive public consultation prior to the approval of the Budget and the MTFS in early 2015.

There are a number of strategies linked directly with the MTFS; this includes the Capital Strategy, the Corporate Asset Management Plan, the Risk Management Strategy, the ICT Strategy and the Workforce Planning Strategy. These are now refreshed to reflect any material changes, rather than solely on an annual basis.

Codes of Conduct

The Council has Employee and Member Codes of Conduct supported by the requirement to make declarations of interest and to declare gifts and hospitality. Interests must be declared by officers above a certain grade or who hold specific decision making and procurement positions. All officers, regardless of their employment status, are required to adhere to the Code of Conduct and to decline gifts and hospitality to ensure that they are not inappropriately influenced. Members are required to register within their declaration of interest any gifts and hospitality accepted. The Codes and related policies and procedures are communicated via induction sessions and are available via the intranet. During 2014/15 the Employee Code of Conduct was updated and re-launched to ensure that there was awareness of all requirements and of responsibilities. The relevant Corporate Management Team member is tasked with ensuring that appropriate arrangements are in place for declarations and the systems are reviewed periodically by internal audit.

Financial Rules and Regulations

The Council has Financial and Contract Procedure Rules, Policies and Guidance, along with other procedural documents. These guide officers in their everyday duties and ensure appropriate processes and controls are adhered to. The iProcurement system makes use of authorisation limits which are built into the management hierarchies rather than being manually checked before transactions are processed. Transactions are gradually being migrated onto this new system. Compliance with the various financial rules and regulations is monitored by management and considered during audits of systems and processes. Reports are available to managers through the One Oracle dashboards to enable monitoring and transparency of specific financial delegations.

Effective Audit Committee

The Audit Committee operates in accordance with the relevant CIPFA guidance. The Committee's terms of reference set out in the Constitution contain responsibilities relating to internal control, external audit and internal audit. Members are expected to serve a four year term on the Committee to ensure consistency; they also nominate named substitute members who receive the same level of induction and on-going training to ensure there is sufficient expertise at every meeting to challenge officers. During 2015/16 six members sat on the Audit Committee representing the Conservative, Residents', East Havering Residents', UKIP and Independent Residents' Groups of the Borough. The membership mirrors the political make-up of the Council. The Audit Committee met five times in 2015/16 and has an annual work plan made up of regular and specific agenda items. In March 2016 members attended a Head of Audit risk management training session where the 2014/15 review of effectiveness toolkit and actions were circulated and considered.

Compliance with laws, regulations and internal policies

The Constitution sets out the framework for decision making and the publication of those decisions. There is a scrutiny system in place to ensure that the work of the Council complies with all appropriate policies and achieves value for money. Overview and Scrutiny has the power to call in and challenge all decisions of Cabinet and individual Cabinet Members and key decisions of staff. Legal, finance and human resources staff, as well as the Corporate Diversity Advisor, review every Cabinet, Council and Committee report and every Cabinet Member decision for compliance with laws, policies and regulations. The statutory officers also provide advice to Members at all appropriate times. Internal policies and procedures exist to guide officers and ensure compliance with legislation and proper practice.

Counter Fraud and Confidential Reporting

The Council has a corporate strategy for the prevention and detection of fraud and corruption. The oneSource Fraud Structure was launched on 1st April 2015. Responsibility for investigating and prosecuting housing benefit fraud has moved to the Department for Work and Pensions with effect from 1 April 2015.

The work of the service and achievement of the corporate fraud strategy is monitored by the Audit Committee. Proactive promotion of the strategy takes place throughout the year as part of the fraud strategy action plan. Integral to these arrangements is a suite of policies and strategies including; Confidential Reporting (also known as Whistleblowing) Policy, Bribery and Corruption, Money Laundering and a revised Anti-Fraud and Corruption Strategy which was agreed at the September 2015 Audit Committee. Each policy and strategy is communicated to staff via induction, the intranet and awareness raising initiatives. The effectiveness of arrangements is reviewed annually as part of a wider review of anti-fraud and corruption. The results of fraud investigations are publicised to further promote the arrangements in place, as appropriate.

The Council also undertakes and participates in a number of data matching exercises including the National Fraud Initiative (NFI). The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and is conducted every two years. The 2014 NFI matches are available in 2015 and comprise 11,329 High Risk matches.

The council has signed a memorandum of understanding with London Councils to join the London Counter Fraud Hub, which is currently subject to a procurement process. The hub will enable all 33 councils in London to share their data in order to prevent and detect fraud in such as areas of business as council tax, business rates, and housing tenancies. It will operate on a payment by results commercial model, requiring no-up-front investment by the council. It is anticipated that the Hub pilot will go live in the autumn, moving to full operation early in 2017.

In addition, the council has re-launched its housing fraud work, targeted at illegal sub-letting of council houses, RTB fraud and fraud associated with its homelessness operation.

Complaints

A new Corporate Complaints Policy and procedure was introduced with effect from 1st April 2015, following consultation with services across the Council. The Policy sets out a clear definition of a complaint, and now encompasses robust auditing and performance monitoring procedures. Appropriate procedures are also in place to ensure that statutory complaints relating to adults' and children's social care are dealt with in accordance with the relevant regulations. The procedures are supported by the relevant technologies to ensure efficiency and streamlined processes and include an escalation procedure if a complainant remains dissatisfied.

Ombudsman

The Council comes within the jurisdiction of the Local Government Ombudsman. In 2015/16, the Ombudsman found 11 cases of maladministration against the Council. Six cases were "maladministration & injustice" and five were "maladministration, no injustice".

Training and Development

The Council has a commitment that every member of staff has an ongoing Performance Development Review (PDR) throughout the year as well as formal timescales for agreeing targets and objectives and outcomes.

The Council's One Oracle system captures performance, development and training information within modules meaning that system generated management information is available for both strategic and operational management of resources and decision making. It also allows for senior management to ensure that there is compliance within the organisation with corporate policy in this area and efficiently provides assurance that mandatory training, required for officers to competently fulfil their roles, has been completed.

The Council's expectations and demands on managers are high; a behavioural competency framework is in place and annually all people resources are assessed against the competencies as part of the annual Performance Development Review which also rates progress towards objectives. This has been carried out offline during 2015/16 due to some issues with the PDR section on Oracle.

The Council has attained the Member Development Charter. A development programme to keep Members up to date with changes and support their individual training needs is provided, with training is tailored to individual roles. Training is supplemented by information through briefings and bulletins.

Communication and Engagement

The Council strives to identify and develop new effective mechanisms to communicate and consult with the community. A wide number of fora take place to consult with members of the community, particularly targeting 'hard-to-reach' groups, such as the Over 50s forum, the BME (Black and Minority Ethnic) forum and the Inter Faith forum. The Council also has a small Community Development Team which focuses on community development but also supports and seeks to maximise engagement in key corporate consultation exercises.

The Council maintains a website to provide information and services to the residents of the Borough. The publication 'Living in Havering' is distributed to all households on a quarterly basis, promoting access to services and raising the profile of the work done by the Council and local people to make Havering a good place to live. This is augmented with regular emailed bulletins on a host of subjects to over 90,000 subscribers, as well as communication through a host of other channels, from social media to poster sites and the local press.

Consultation is carried out as part of the development of the MTFS and annual budget. Views are sought through various media and the budget itself is subject to scrutiny through Cabinet and Overview and Scrutiny Committees.

The public are also consulted on the Council's future priorities. The Council's budget consultation exercise in 2014 was extremely comprehensive surveying views on the overall budget priorities, as well as specific savings proposals. The feedback in these surveys informed the 'Clean, Safe, and Proud' Vision and Corporate Plan. This was followed by a survey in 2015 on the budget proposals for 2016/17 and followed by a separate survey on the Government's plan to allow all councils to introduce a two per cent Council Tax charge to support services for vulnerable adults. There have also been a number of stand-alone surveys including a comprehensive housing survey in 2015 for Council tenants.

Transformation

A number of new programmes/projects have been initiated to deliver savings required to close the budget gap to 2018. In many cases these comprise a change to the way services are delivered or reduction in grant funding. All activity and savings are the responsibility of the Director or Assistant Director of the relevant service area. A new system to ensure transparency and a consistent approach to reporting activity is being developed by the Transformation Programme Manager to ensure; 1) visibility to the Senior Leadership Team (SLT), Members and the public, 2) interdependencies between service areas are identified and managed; and 3) slippage is identified at an early stage. Full oversight and strategic decision making will be held the Senior Leadership Team who will review progress against the overall plan on a monthly basis and also the position on budgets and benefit achievements to ensure any risks are identified early and mitigations put in place.

Star Chamber sessions are also to be held with Members to look at the Council's priorities. A series of new initiatives are also being evaluated to assess the benefits of new ways of working to support the financial position and promote a stable workforce.

Partnerships and Collaborative Working

There are a number of partnership boards in place such as the Community Safety Partnership, the Health and Wellbeing Board and the Children's Trust. There are also a number of other fora in existence in Havering including the Culture Forum, a range of equality and diversity forums and many others.

The Council has for a number of years worked closely with neighbouring boroughs to share good practice and efficiency success. In response to the reduced funding for local government this work has expanded to consider stronger relationships that will yield cost savings to all parties. These initiatives have in the past involved shared procurements, information technology developments and shared management posts.

oneSource

In April 2014 the Council's shared back office service with the London Borough of Newham was launched. This arrangement is comprised of 22 services, 1350 staff and an agreed business case to save £40m over five years. This has resulted in significant changes to the governance framework. A Joint Committee was established to oversee the partnership arrangements and a shared management structure established with officers from both councils having executive responsibilities delegated to them within the two Constitutions via the Scheme of Delegation. The London Borough of Bexley signed a memorandum of understanding and are anticipated to join in early 2016/17.

Mercury Land Holding

Mercury Land Holding has been established as a wholly owned subsidiary of LBH. The directors are Andrew Blake-Herbert – Deputy Chief Executive Communities and Resources, Garry Green – Head of Property Services, Tony Huff – Assistant Director of Business Services and Tom Dobrashian – Head of Economic Development.

The purpose of setting up the company is to generate an income stream to the Council, by acquiring property for development and rental. No equity or loan has been provided by the Council to support the company during 2015/16.

Review of governance effectiveness

Outlined below are the arrangements in place to review the effectiveness of the governance framework and the sources of information and assurance on which this statement is based.

Constitution

The Monitoring Officer keeps the Constitution under continual review, having delegated powers to make amendments arising from organisational changes and legal requirements and to correct errors. Other amendments are considered by the Governance Committee and Council.

Governance Group

The London Borough of Havering has an established governance group which is charged with reviewing the governance arrangements, overseeing the production of the Annual Governance Statement, monitoring progress against significant issues raised as part of

this and reviewing arrangements for Risk Management including being the custodian for the Corporate Risk Register.

Corporate Management Team and Corporate Leadership Team

For 2015/16 the Corporate Management Team consisted of a part-time Chief Executive, a Deputy Chief Executive Communities and Resources and a Deputy Chief Executive Children, Adults and Housing. The back office services are managed for both Havering and Newham by the Managing Director of oneSource with a number of other members of the Corporate Leadership Team having a dual role across the two organisations.

Governance Committee

The Council's Governance Committee, attended by the Leader of the Council and other Group Leaders, is charged with overseeing the organisation's governance arrangements including the Code of Conduct for Members.

Audit Committee

The Audit Committee is responsible for monitoring the adequacy and effectiveness of internal audit, the risk management environment, fraud and corruption arrangements and the provision of the external audit service. They receive regular reports in line with this remit and agree the annual audit plan, draft Annual Governance Statement and revisions to related policies. This monitoring is integral in the process to compile a robust Annual Governance Statement, which is approved by the Audit Committee. Significant governance issues are escalated to the Governance Committee by the Chair of the Audit Committee as required. Approval of the annual Statement of Accounts also falls under the remit of the Audit Committee.

Adjudication and Review Committee

The Adjudication and Review Committee is made up of ten Councillors and is politically balanced. The committee provides members for panels to consider complaints against councillors and also to make up 'Member review' panels (which is the default panel for considering complaints made by members of the public at Stage Three of the Corporate Complaints procedure through a paper exercise). Should a Member Review Panel consider that a complaint warranted a formal hearing it would adjourn and reconvene to hear the matter with the parties present. The Adjudication and Review Committee is also responsible for overseeing and confirming the appointment of 'Independent Persons' for the Independent School Appeal panels which are convened to review permanent pupil exclusions.

Overview and Scrutiny

The Overview and Scrutiny function reviews decisions made by the Executive and other bodies, e.g. National Health organisations, Police. The focus of their role is to provide a challenge to decisions made by the Executive and to assist in the development of policy.

In late 2014 a review of the Overview and Scrutiny arrangements was undertaken which led to a revision of its governance structure.

An overarching Board has been established which undertakes all call-in functions and acts as a vehicle by which the effectiveness of scrutiny is monitored and where work undertaken by themed sub-committees is co-ordinated to avoid duplication and to ensure that areas of priority are being pursued.

The Board has subsumed the role of the former Value Scrutiny Committee which oversaw general management matters. The remaining six Overview and Scrutiny Committees have become sub-committees of the new Overview and Scrutiny Board. The Board's membership is politically balanced but includes the Chairmen of the Overview and Scrutiny sub-committees amongst others.

The Overview and Scrutiny Board and its sub-committees have the opportunity to consider performance information within their area of responsibility using monthly Members packs and other relevant performance data.

Each year Overview and Scrutiny is tasked with identifying areas of the Council's work that it wishes to consider in detail, for which purpose task groups comprised of members of the Board and its sub-committees are set up to research the issue with the assistance of officers and sometimes external bodies and report their findings and recommendations.

Internal Audit

Internal Audit is an independent appraisal function that measures, evaluates and reports upon the effectiveness of the controls in place to manage risks. In doing so Internal Audit supports the Deputy Chief Executive Communities and Resources in his statutory role as Section 151 Officer. Annually a Head of Internal Audit Opinion and annual report provide assurance to officers and Members regarding the system of internal control; this assurance has also been considered in the production of this statement.

The Internal Audit service is part of the oneSource shared arrangement and for 2015/16 had an Interim Head of Internal Audit across both boroughs. The review of the audit and assurance function was identified as a significant issue in the 2014/15 Annual Governance Statement. The planned restructure has been delayed until 2016/17 to enable the London Borough of Bexley to be included in the review.

Risk Management

The revised Risk Management Policy and Strategy was agreed by the March 2016 Audit Committee. This saw the adoption of a roles and responsibility approach inclusive of the Mayor / Leader, various boards and forums down to an individual level.

The strategic risks to the achievement of the Authority's objectives are captured within a Corporate Risk Register which is overseen by the Governance Group and reported to Audit Committee twice during 2015/16. The Corporate Risk Register was last reviewed by CLT and approved by CMT, before being presented to the Audit Committee in March 2016.

External Inspectors

The Council is subject to review and appraisal by a number of external bodies; results of such reviews are considered within the performance management framework. The work of the Council's External Auditor, currently Ernst and Young (E&Y) is reported to the Audit

Committee. The Council's accounts are audited annually by the external auditor and an unqualified opinion was given for 2014/15 following similar opinions in previous years. The results of all external reviews have also been considered in the process of compiling this statement.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Management Team and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

As part of the improvement programme for Housing Services, the Chartered Institute of Housing (CIH) carried out a re-inspection of the service in February 2016. This followed the poor outcome of the inspection undertaken in 2014. The outcome of the latest inspection showed that the service had made significant improvements in most of the areas of concern identified previously. Action plans are in place to address all remaining areas of concern and reported monthly to Housing Board.

Significant governance issues 2014/15

The issues identified in the 2014/15 Annual Governance Statement have been monitored by management and the Governance Group throughout the year with review periodically to challenge actions and progress by both the Corporate Management Team and the Audit Committee.

1. Scheme of Delegation – This primarily related to the oneSource joint Scheme of Delegation. Work to review the Scheme of Delegation has been undertaken to ensure oneSource delegations have been accurately captured and are comprehensive. The Joint Committee agreed a consolidated Scheme of Delegation to oneSource officers on 22nd January 2016 which is now available on the intranet. This has highlighted some issues with the LB Havering Scheme of Delegation and this is raised as a significant issue going forward for 2015/16.
2. Declaration of Interests – This was highlighted as a significant issue for 2014/15 as there were instances identified of failings by officers to comply with expectations regarding declarations. A number of actions have taken place during 2015/16 to deal with this including; a project to implement an online form, update and re-launch of the Code of Conduct and an improvement to the process made to include a third tier management sign off. The Declarations of Interest policy has been updated and issued. The form for the online process is completed and is live with communication issued to staff via global news on 1st April 2016.
3. Assurance – As a result of reduced capacity the organisation's approach to ensuring compliance with policy and procedure had to shift. Compliance issues identified gaps in this assurance framework that needed to be addressed. The Governance Group was refreshed with a new approach established and the audit structure vision was amended to be based around assurance. The only additional action for this issue was to implement the new assurance structure within oneSource. This restructure has been delayed until 2016/17 to enable LB Bexley to be included in the review.

Significant governance issues 2015/16

The issues identified around the Declaration of Interests and Assurance have been determined to have been sufficiently addressed to allow removal from the AGS for 2015/16. The work around the Scheme of Delegation is continuing with a focus now on LB Havering so this will remain as a significant issue.

Significant issues 2015/16

Significant Issue and action already taken	Planned action	CMT Lead
<p>1. Scheme of Delegation</p> <p>Issues with the scheme of delegation were identified following the amendments to include oneSource.</p> <ul style="list-style-type: none"> ➤ Work to review the scheme of delegation has been completed to ensure oneSource delegations have been accurately captured and are comprehensive. ➤ Joint Committee agreed a consolidated Scheme of Delegation to oneSource officers on 22nd January 2016. This is now available on the intranet. 	<ul style="list-style-type: none"> ➤ Planned review of the scheme of delegation and it's place within the Constitution; ➤ Audit work around effectiveness and efficiency of delegations. 	<p>Managing Director, oneSource</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Leader of the Council

Chief Executive

AUDIT COMMITTEE

22 June 2016

Subject Heading:	Annual Audit Report
CMT Lead:	Jane West Managing Director oneSource
Report Author and contact details:	Sandy Hamberger Interim Head of Internal Audit Tel: 01708 434506 Sandy.hambberger@onesource.co.uk
Policy context:	To present a summary of the outcomes of work completed by the Internal Audit Service during 2015/16 and the Head of Audit's annual opinion.
Financial summary:	N/A

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	[X]
People will be safe, in their homes and in the community	[X]
Residents will be proud to live in Havering	[X]

SUMMARY

This report brings together all aspects of audit assurance and counter fraud work undertaken in the 2015/16 financial year, including actions taken by management in response to audit and counter fraud activity, which supports the governance framework of the authority. The report includes the Head of Internal Audit opinion on the internal control environment for 2015/16. The main body of the report also highlights key outcomes from audit & counter fraud work and provides information on wider issues of interest to the Audit Committee. The appendices provide greater detail of the performance of each of the Teams for the period

The information is contained within an Annual Report which is attached as Appendix 1 of this report

RECOMMENDATIONS

Members are asked to note the contents of the report.

REPORT DETAIL

In accordance with the Accounts and Audit (England) Regulations 2015 this report details the work undertaken to review the system of internal control and provides Senior Management and Members with assurance that an adequate system of internal control is in place within the London Borough of Havering.

The reports summarises the work undertaken by the internal audit team that supports the assurance provided and well as formally communicating key messages and issues.

The report aims to summarise overall themes, however the findings of individual audits have also been included within quarterly reports to Audit Committee during the year.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications or risks arising directly from this report which is for information only.

Legal implications and risks:

None arising directly from this report.

Human Resources implications and risks:

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

Equalities implications and risks:

None arising directly from this report.

BACKGROUND PAPERS

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**INTERNAL AUDIT ANNUAL
REPORT
Including
ANNUAL ASSURANCE
STATEMENT
2015 / 2016**



Havering
L O N D O N B O R O U G H

1. Level of Assurance

- 1.1 Based on the work undertaken during the year, the Head of Audit has given an annual “reasonable” assurance opinion for 2015/16, which supports the review of effectiveness of the Council’s governance as reported in the Annual Governance Statement.

2. Executive Summary of Outcomes of Work Undertaken in 2015/16

- 2.1 The Governance and Risk Management arrangements have been strengthened and support the Council’s self-service agenda. Nationally austerity and the pace of change required by councils to innovate, generally sees councils accepting a higher risk appetite.
- 2.2 The 2015/16 Audit Plan has been delivered. The performance of the Audit Team, in terms of satisfaction with the service provided, and the response of management in implementing recommendations in a timely fashion, remains strong.
- 2.3 The Fraud Service, which was initially impacted on by the transfer of staff along with the Housing Benefit Investigation function to the DWP, has been significantly strengthened.
- 2.4 The restructure of the Audit Service between three partner councils launched in April 2016 and will be implemented in September 2016. This achieved the oneSource savings target, whilst ensuring future service resilience.
- 2.5 The work of the Audit Service and Audit Committee has increased the risk, governance and internal control environment, which has increased transparency and public confidence. Ultimately this safeguards the Council’s reputation and public funds.

3. Current/Future Key Issues

- 3.1 The new Accounts and Audit Regulations 2015 for Local Authorities in England came into effect on 1 April 2015, with some further changes proposed for 2016. Key changes from April 2015 include: The existing requirement to have internal audit has been amended to undertake an effective internal audit *‘to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or Guidance’*.
- 3.2 Organisations are no longer required to undertake an annual review of effectiveness, though the requirements of the Public Sector Internal Audit Standards – they should have an on-going programme of quality assessment and improvement. In-line with the requirement to have an external review every five years, Havering will have an external review undertaken by March 2018.
- 3.3 Austerity and the pace of change have enabled Local Authorities to revisit their risk appetite. The Audit Committee adopted roles and responsibilities approach to risk management that is In line with empowering services and embedding risk management across the organisation. This will require a mature attitude to risk

management in 2016/17 with the Corporate Risk Register being considered by the Audit Committee twice a year and reviewed by the Governance Group on a quarterly basis.

- 3.4 The oneSource service transformation restructure was formally launched on the 15th April; this included the new partner-Bexley. It is anticipated that the structure will go live late August. This will deliver additional resilience, savings and efficiencies required in line with the Joint Committee Business Case.
- 3.5 The oneSource Audit Service was required to make £1,393m of savings per annum. The proposed structure for three partners will see a net reduction in the service from the 2015/16 combined staffing levels (post Fraud phase one required in April 2015 due to the statutory transfer of Housing Benefit Investigators to the DWP) from 57FTEs to 39FTEs. In anticipation of the restructure vacancies have been maintained.
- 3.6 Subject to the end of consultation phase, the savings will be £744k from reduction in staffing, “other” non-staffing elements to be reviewed. This is in addition to the £449k levels, £50k from the reduction of legal expenditure and £150k required already delivered by the Fraud 2015 Restructure.
- 3.7 The proposed Target Operating Model was agreed by the three partner statutory Section 151 Finance Officers. The combined proposed staffing element cost for 2017/18 is £1,864,000.
- 3.8 The 2015/16 planned audit days was 800, which has reduced by 8% (67 days) compared to 2014/15. This is line with the 2013/14 London average of 900 days. Looking ahead this will not be adversely impacted on by the restructure.
- 3.9 Post the implementation of the oneSource restructure of Internal Audit, there will be a “One Policy, Strategy and Procedure” approach, in line with the principles in the business case that will ensure duplication is removed and partners receive the same service standard. The Audit Committee agreed the Havering/oneSource Anti-Fraud and Corruption Strategy at the September 2015 meeting.
- 3.10 With the demise of the Audit Commission from April 2015, councils are required to consider how they will procure External Audit. The LGA have set up a company to oversee the existing contracts and councils will be required to determine if they wish to remain part of that arrangement or look at an alternative. After discussion with all three partner Section 151 Officers, it has been agreed that in-line with the London Senior Treasurers approach, Havering will remain part of the LGA procurement route.
- 3.11 The DCLG funded Fraud Data Sharing Hub is under development across London Boroughs. This will enable data to be shared in order to help deter and prevent crime. Havering signed the required Memorandum of Understanding during 2015/16.

4. Head of Internal Audit Opinion

- 4.1 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide a written report to those charged with governance, to support the Annual Governance Statement, which should include an opinion of the overall adequacy and effectiveness of the Council's control environment.
- 4.2 Internal Audit provides assurance from the work it undertakes in respect of the internal control systems operating within the Council. The Head of Internal Audit opinion is given annually, timed to inform the Council's Annual Governance Statement, which is published alongside the Annual Financial Accounts.
- 4.3 For 2015/16 the Head of Audit is able to give **reasonable** assurance that the internal control environment within audit's sphere of coverage is operating adequately; on the basis of work undertaken by Internal Audit, as set out below, and drawing on other assurance sources upon which reliance can be placed and which have not identified any major failings or weaknesses.

Risk Management Arrangements

- 4.4 The Council's Risk Management Policy and Strategy was revised and agreed in March 2016, this will ensure that the 2016/17 Audit Plan is focused on areas of highest risk.

Governance Arrangements

- 4.5 The Council has addressed the three Significant Governance Issues raised in the 2014/15 AGS and has identified two new areas for action in 2016/17:
- Havering Scheme of Delegation post amendments to oneSource; and
 - Commissioning and Contracts (including compliance with procurement rules).

The Audit Board will have a key role in monitoring the progress of these.

- 4.6 CIPFA has just released a revised guide on governance in local government, "Delivering Good Governance in Local Government: Framework 2016". This takes account of social and economic changes and a plethora of legislative developments. Local authorities will be required to prepare a revised governance statement in accordance with this from the financial year 2016-17 onwards. The Governance Group will oversee this and the Head of Internal Audit will report on this to the Audit Committee.

Internal Control Environment - Internal Audit reports, assurance levels and implementation of high risk recommendations given in 2015/16

- 4.7 The Audit Service undertook 44 audits in 2015/16 and 82% received Substantial or Full Assurance, 20% received Limited or Nil. These audits raised 242 improvement recommendations for management, 59 (24%) were classified "High" risk and are subsequently reported to the Audit Committee, 120 (50%) were classified as "Medium" risk and 63 (26%) as "Low" risk.

4.8 Of the 12 Council “High” priority recommendations one was due and had been implemented within the year. The remaining 11 are due for implementation in 2016/2017. There are no “high” 2015/16 recommendations outstanding.

4.9 At the end of the year, six ‘High’ priority recommendations remain unimplemented from previous years, after review none of these are judged to impact on the reasonable assurance Head of Audit opinion.

Schools Programme

4.10 Internal Audit delivers a full audit review to each school on a three yearly cycle. There is also a traded service available to each school in the form of an annual Health Check.

4.11 There are currently 56 borough maintained schools within Havering with 42 schools having received a triennial audit between the financial years 2012/13 – 2015/16. Of the remaining 14 schools, 11 have received at least one Health Check since their last triennial visit. The outstanding three schools are included within the audit plan for 2016/17.

4.12 Assurance opinions are given for each school report, which are generally strong within Havering. Of the 46 school audits and health checks undertaken, eight Full, 33 Substantial and one Nil assurance were given. Of the 20 schools receiving a triennial audit in 2015/16, four received full assurance and 16 substantial.

4.13 Recommendations raised during the 2015/16 audits produced some common themes found across multiple schools:

- Procurement; specifically due to schools raising orders on the SIMS Finance system retrospectively upon receipt of an invoice. This creates issues with budget monitoring processes for the schools as they are potentially unaware of spend before the invoice arrives.
- Inventory controls, the need for an inventory to be maintained, reviewed at least annually and reported to the Governing Body.
- Staff use of their car for business, specifically that they have the appropriate level of insurance cover.

4.14 The ‘High’ priority recommendations for schools will be reviewed as part of the triennial schools rolling programme.

4.15 During 2015/16, the Audit Service have undertaken work with Schools Support, Schools and Academies to develop a future “assurance” offer that would be bought in above the current level of support available.

Follow Ups

4.16 The Audit Team track the completion of all audit recommendations. Information regarding outstanding recommendations is reported as part of the quarterly report to Audit Committee. Annually the Audit Committee receive a full list of all outstanding recommendations.

- 4.17 There were five 'limited assurance' reports in 2014/15. Follow up work was undertaken on all five of these during 2015/16, four were given a substantial assurance and one a full assurance

Corporate Fraud

- 4.18 The work of the Fraud Team sends a strong message in support of the Councils zero tolerance to Fraud, ensuring money is spent on delivering members priorities and not lining fraudsters pockets.
- 4.19 Following the transfer of the Housing Benefit function and staff to the DWP on 1st April 2015, the remaining workload has been reassessed and a largely new team recruited to prevent detect and undertake proactive and reactive corporate fraud. The team comprises four investigators, a financial investigator and a data analyst. Council Tax Fraud remains with the Council.
- 4.20 Working closely with services we have introduced a number of initiatives for front line services to ensure stronger verification checks to prevent fraud occurring. The team can offer a criminal and proactive support service.

Housing Fraud

- 4.21 The Council had a number of Housing Benefit legacy cases in the court system and achieved six successful prosecutions in the year. Additionally the Proactive Tenancy project saw the recovery of 19 properties and cancelled 16 Right to Buy applications, ensuring Havering's houses were allocated to those with genuine entitlement.

The team have undertaken 5,427 tenancy visits and completed 1,778 audit checks. They had 231 cases under investigation and of these 62 required no further action.

Asylum and Immigration Fraud

- 4.22 The Council is at risk of a £20,000 fine for every person who is employed with no right to work, in addition to them taking a job that should have gone to someone else. Whilst there were no cases identified in 2015/16, we are seeking to strengthen the vetting process via chip scanning of all identify documents in 2016/17.

Proceeds of Crime Act (POCA)

- 4.23 The Fraud Team received £40k during the year and this money will be used proactively to prevent future fraud e.g. funding the document chip scanners this year.

Insurance

- 4.24 The Insurance team received 274 new claims during 2015/16, including public liability, employer's liability, motor vehicle and property. The team successfully defended five cases at trial, saving £559k, lost two cases incurring £86k and

had six discontinuances, saving £884k. The three areas that generate most claims in respect of volume and value are:

- Highways;
- Trees; and
- Housing.

Other

4.25 During 2015/16 the Council established Mercury Land Holding, a wholly owned subsidiary of Havering Council; no audit work has been undertaken in year.

Summary

4.26 The Audit Committee has had a pivotal role in ensuring the risk management, governance and internal control environment is adequately robust. The contribution from the work undertaken and outcomes in 2015/16 is a major contributor to maintain the Council's reputation and public confidence.

5. Detail of Audit Work Undertaken

5.1 Delivery of 2015/16 Audit Plan

The percentage delivery of the 2015/16 Audit Plan has exceeded target. The plan was flexible to accommodate the needs of management. Six audits have been deferred to the 2016/17 plan due to timing issues. The remainder of the plan is expected to be delivered in the first quarter of 2016/17.

5.2 Summary of Internal Audit & Assurance Levels

Assurance Opinion	Number of Audits	%
Full	7	16
Substantial	29	66
Limited	6	14
Nil	2	4
Totals	44	100

5.3 Audit Recommendations Raised in 2015/16

Recommendations	Number of Recs	%
High	59	24
Medium	120	50
Low	63	26
Totals	242	100

5.4 Customer Satisfaction Rating

Rating	Number of Ratings	%
5 (Very Good)	328	73
4 (Good)	78	18
3 (Satisfactory)	23	5
2 (Poor)	0	0
1 (Very Poor)	0	0
0 (No Rating)	19	4
Totals	448	100

6. Position of the 2015/16 Internal Audit Plan as at 03/04/2016

	Audit Title	Status End Qtr4	Report Assurance
Corporate	Car Pool Scheme	Field Work Commenced	
	Procurement - capitalE sourcing	Moved to 16/17 Plan	
	NEPRO System	Field Work Commenced	
	Compliance with Procurement Rules	Moved to 16/17 Plan	
	i-Procurement	Final	Substantial
	Savings Programme	Field Work Commenced	
	CRR – Assurance on Mitigations	Removed	
	Declarations of Interest	Moved to 16/17 Plan	
	Mayors Appeal Fund	Final	N/A
	Service Manager - Transactional Services	Final	Limited
	Scheme of Delegation	Removed	
	Service Manager - ICT	Final	Substantial
	Careers Group	Field Work Commenced	
Communities & Resources	Waste Contract Management	Final	Substantial
	Council Tax	Final	Full
	Housing Benefit & Council Tax Support	Final	Full
	Accounts Payable	Final	Substantial
	Accounts Receivable	Final	Substantial
	Payroll	Final	Substantial
	Pensions	Final	Substantial
	Oracle PWC Review	Final	N/A
	Governance Risk Control (GRC) Compliance	Moved to 16/17 Plan	
	Talent Link	Field Work Commenced	
	Council Tax Collection	Moved to 16/17 Plan	
	NNDR (oneSource Joint review)	Moved to 16/17 Plan	
Children, Adults & Housing	Service Charges	Final	Substantial
	Responsive Maintenance	Final	Substantial
	Manor Green Pupil Referral Unit	Final	No
	Pupil Place Planning	Final	Substantial
	Tenant Incentive Scheme	Final	Limited
	Capital Work in Schools	Field Work Commenced	
	Catering Services	Field Work Commenced	
	Direct Payments	Field Work Commenced	

	Audit Title	Status End Qtr4	Report Assurance
	Troubled Families Grant	Final	N/A
Schools	Ardleigh Green Infant School	Final	Full
	Ardleigh Green Junior School	Final	Substantial
	Corbets Tey School	Final	Full
	Crowlands Primary School	Final	Substantial
	Elm Park Primary School	Final	Substantial
	Hilldene Primary School	Final	Substantial
	Hylands Primary School	Final	Substantial
	La Salette RC Primary School	Final	Substantial
	Nelmes Primary School	Final	Substantial
	Parklands Infants School	Final	Substantial
	Rainham Village Primary	Final	Full
	Scargill Junior School	Final	Substantial
	Scotts Primary School	Final	Substantial
	St Josephs RC Primary School	Final	Substantial
	St Peters RC Primary School	Final	Full
	St Ursulas RC Infants School	Final	Substantial
	Suttons Primary School	Final	Substantial
	The James Oglethorpe Primary School	Final	Substantial
	The RJ Mitchell Primary School	Final	Substantial
	Whybridge Infant School	Final	Substantial
IT Audits	3rd Party Connection	Final	Limited
	Malware	Final	Substantial
	ID Smart cards	Final	Substantial
	Off Site Storage	Final	Limited
	Data Centre (oneSource Joint Review)	Final	
	Disaster Recovery (oneSource Joint Review)	Field Work Commenced	
	Release of Software Follow Up	Final	Substantial
	Paris Application Follow Up	Field Work Commenced	
Follow Ups	Audit Recommendations	On-going	N/A
	Long Term Sick	Final	Substantial
	Housing Rents	Final	Substantial
	TMO's	Final	Substantial
	Gas Safety	Final	Substantial
	Manor Green PRU Follow Up	Final	Nil
	Members Allowance Payments	Final	Full

7. Proactive & Reactive Audit Plan Progress 2015/16

7.1 There were 185 days of the Audit Plan allocated for proactive and reactive work as detailed below.

Description	Risks	Plan days	As at 03/04/2016
Grants	Identification of grants provided to charity organisations to inspect and confirm that supporting documentation for expenditure is valid and used for the purpose intended in the original application or as stipulated by the Council on approval of the grant. Review formal acceptance documentation and payment and bank records to ensure payments are accounted for.	20	On Hold
Payment of Election Expenses	Review appointment of staff, entitlement, and payment of fees/arrangements including postal votes and counting. Completion of claims and receipt.	10	Completed
NNDR	A full review of the NNDR process to gain a position statement and establish the recovery levels to date and possible weaknesses in system particularly with Charities and 'Pop Up Shops'	20	On hold
Direct Payment Assessments	This to include the assessment and payment calculations and follow ups with the Care Assessors to establish processes and evaluate controls.	15	Planned
Employee Applications	This could involve any applications, including attempts, to gain employment or subsequently where any of the details prove to be false including, but not limited to: false identity, immigration (no right to work or reside); false qualifications; or false CVs.	20	Planned
NFI	The match identifies addresses where the householder is claiming a Council Tax Single Person Discount on the basis that they are the only occupant over 18 years of age yet the Electoral Register suggests that there is somebody else in the household who is	30	In progress

Description	Risks	Plan days	As at 03/04/2016
	already or approaching 18 years of age. This may or will make the SPD invalid.		
Purchase Card	Members requested a review into the Council expenditure via Purchase Cards following National Newspaper headlines reporting inappropriate expenditure in Council's	8	In progress
Whistleblowing	All whistleblowing referrals. 8 reported.	10	Completed
Investigation Recommendations	The recording of all investigation recommendations, follow ups and assurance of implementation. 127 recommendations made of which 27 are not yet due and all others are implemented.	15	Completed
Freedom of Information Requests	To undertake all Freedom of Information Requests relating to Internal Audit Investigations.	5	Completed
Fraud Hotline	To take all telephone calls and emails relating to the 'Fraud Hotline' and refer appropriately. 17 calls received 2 remain under investigation with the Counter Fraud Team.	5	Completed
Advice to Directorates	General advice and support to Directors and Heads of Service including short ad-hoc investigations, audits and compliance. 31 cases received and completed.	15	Completed
Advice to Local Authorities	All Data Protection Act requests via Local Authorities, Police etc. 23 cases assisted.	15	Completed
	TOTAL	185	

7.2 This generated the following outcomes:

Proactive - Improvements identified for Payment of Election Expenses	
Reactive Workload Outcomes	
Management Action Plan	15
Resigned	5
Disciplinary	5
No Case To Answer	9
Withdrawn Application	0
Total	34

Advice & Assistance	
	Cases
Directors	31
Local Authority	23
Fraud Hotline	17
	71

- 7.3 Recommendations resulting from proactive and reactive audits and special investigations are tracked for completion. One hundred and twenty seven recommendations were made to services in 2015/16, of which 96 have been implemented, 27 are not due until later in the year and four have extended implementation dates.
- 7.4 The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and is conducted every two years. The 2014 NFI matches are available in 2015 and comprise of 11,329 High Risk matches. 2,788 Council Tax 'Single Person Discount' matches were identified and 283 investigations are currently in place to establish whether Single Person Discount applies. 325 'Approaching 18' matches were identified and so far resulted in recharges applied totalling £17,284.07.

8. Criminal Investigations Team

- 8.1 The biggest demand on the team's workload was Housing related cases/referrals and the following outcomes were secured:
- Six successful Housing Benefit prosecutions with overpayments of £128k;
 - Recovered nineteen housing properties (notional savings of £342k) and ensured properties available for those on the housing waiting list;
 - Cancelled sixteen Right To Buy applications (notional value £1.4m);
 - Received £40k POCA monies from prosecutions; and
 - Provided on-line fraud awareness training for staff

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AUDIT COMMITTEE

22 June 2016

Subject Heading:	Forward Plan for the Audit Committee 2016/2017
CMT Lead:	Jane West Managing Director oneSource
Report Author and contact details:	Sandy Hamberger Interim Head of Internal Audit Tel: 01708 434506. sandy.hamberger@oneSource.gov.uk
Policy context:	To agree a draft forward plan for the Audit Committee.
Financial summary:	N/A

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	X
People will be safe, in their homes and in the community	X
Residents will be proud to live in Havering	X

SUMMARY

The Forward Plan (appendix A) provides a summary of the expected agenda items at each of the next five planned Audit Committee Meetings.

Training relevant to the agenda and based on priority is identified for each Meeting.

RECOMMENDATIONS

1. To comment on the forward plan within the report.
2. To approve the forward plan, subject to any comments made.

REPORT DETAIL

1. The Audit Committee has been in place for a number of years. The Committee's terms of reference list the responsibilities and authorities delegated in the Council's Constitution, which comprise:
 - To consider and monitor the Authority's risk management and internal control environment;
 - To focus audit resources;
 - To receive and approve the Annual Statement of Accounts;
 - To monitor performance of internal and external audit; and
 - To monitor proactive fraud and corruption arrangements.
2. The Audit Committee is currently planned to meet on four occasions during the current financial year. There are specific reports planned throughout the year, running through a mix of quarterly progress reports and annual reviews of specific strategies and policies within the remit of the Committee, together with reports from the Council's external auditor. The Audit Committee will often also add an item to their agenda relating to follow up of a specific issue.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications arising from the agreement of the forward plan. However there are financial implications associated with the delivery of training reference in the plan. A separate report has been prepared for this Committee relating the provision of member training.

The existence of an effective Audit Committee is fundamental in ensuring the Council maintains a robust system of internal control. Failure of the Audit Committee to undertake its duties in an effective manner may result in issues that arise not being addressed. Agendas not being well planned could hinder the effectiveness of the Committee.

Legal implications and risks:

None arising directly from this report.

Human Resources implications and risks:

None arising directly from this report.

Equalities implications and risks:

None arising directly from this report.

BACKGROUND PAPERS

None.

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AUDIT COMMITTEE – 2016/17 FORWARD PLAN / TRAINING

FORWARD PLAN	AGENDA ITEM	PLANNED TRAINING
27th September 2016	<ul style="list-style-type: none"> • Approval of annual Statement of Accounts 2015/16 (with AGS) • Report to those charged with Governance (External Audit) • Response to Auditors' Report to those charged with Governance (Finance) • Treasury Management Update Q1 • Internal Assurance Report Q1 • Governance update (6 months) • Corporate Risk Register Update (6 months) 	Accounts (training will be separate session before evening of committee).
1 st December 2016	<ul style="list-style-type: none"> • Annual Audit Letter • Closure of Accounts Timetable • Treasury Management Update Q2 • Internal Assurance Report Q2 • Annual Fraud Plan update 	Fraud Awareness
1 st March 2017	<ul style="list-style-type: none"> • 2015/16 Audit Report of Grant Claims and Returns • External Audit Plan 2016/17 • Accounting Policies 2016/17 • Treasury Management Update Q3 • Closure of Accounts Timetable 2016/17 • Internal Assurance Report Q3 • Internal Assurance 2017/18 Draft Plan, Strategy, Charter and Terms of Reference. 	Good Governance & Quality Review Effectiveness (longer session)
9 th May 2017	<ul style="list-style-type: none"> • Treasury Management Update Q4 • Annual Report of the Audit Committee • Annual Governance Statement 2016/17 • Corporate Risk Register Update (12 months) 	Treasury Management
June 2017 (TBC)0	<ul style="list-style-type: none"> • Accounts Closure Update • Treasury Management Annual Report • Internal Assurance Annual Report 2016/17 • Committee Forward Plan 2017/18 • Member Training Plan 2017/18 	Risk Management

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AUDIT COMMITTEE

22 June 2016

Subject Heading:

Training Plan for Audit Committee

CMT Lead

Jane West
Managing Director oneSource

Report Author and contact details:

Sandy Hamberger
Interim Head of Internal Audit
Tel: 01708 434506
sandy.hamberger@onesource.co.uk

Policy context:

To agree a forward 2016/17 training plan for the members of the Audit Committee.

Financial summary:

Most training will be delivered by internal staff; any additional costs arising will be funded from revenue budgets as detailed in the financial implications section.

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	X
People will be safe, in their homes and in the community	X
Residents will be proud to live in Havering	X

SUMMARY

This report outlines a planned approach to training for Audit Committee members in 2016/2017 and how the training will be provided.

Members can request training at any time and a needs analysis will be completed and used to guide the focus of training.

RECOMMENDATIONS

Members are asked to comment on and agree the training plan within the report.

1. To approve the training plan, subject to any comments made at the meeting.
2. To note that this is the annual review of the four year training plan, originally approved in 2014.

REPORT DETAIL

1. Below is an outline of the areas relevant to the Audit Committee's Terms of Reference:
 - Statement of Accounts including International Financial Reporting Standards;
 - Treasury Management;
 - The role of the Audit Committee in Local Government;
 - The role of Internal and External Auditors
 - Risk Management and Internal Control;
 - Corporate Governance including the Annual Governance Statement;
 - Internal Fraud and Corruption risks including Bribery Act and Money Laundering;
 - External Fraud risks; and
 - Confidential Reporting (Whistle Blowing).
2. An extract from the constitution regarding training and membership is included below:

Part 4 – Committee Procedure Rules paragraph 18 Training and continuity of membership of certain committees

(a) In the interests of business continuity, each Group and Group Leader shall ensure that any Member appointed to a place allocated to that Group on each of the Committees referred to in the following table shall have received, or shall within six months of appointment receive, training appropriate to its membership. If a member does not undertake the required training within six months of appointment then that member shall not partake in the decision making of the Committee until their training has been completed.

(b) Each Group and Group Leaders shall strive to avoid making changes to their representation on the Committees referred to in the table for as long as possible and shall accordingly seek to ensure that their members remain on the particular committee for the period indicated:

Committee	Period
Adjudication and Review	At least two years
Audit	Full four year term
Licensing	At least two years
Pensions	Full four year term
Regulatory Services	At least two years

(c) For the Audit, Pensions, Regulatory Services and Adjudication and Review Committees, Groups shall nominate members other than those appointed to the respective Committees to be “designated substitutes”, to attend a meeting in the event that an appointed member is unable to do so. “Designated substitutes” shall participate in the same training opportunities as appointed members. Non nominated members may not act as substitutes.

(d) This rule shall operate without prejudice to the ability of the Council and the Adjudication and Review Committee to require changes in membership where to do so is appropriate for other reasons, or to comply with statutory requirements.

3. A skills analysis was completed for all members and nominated substitutes in 2014 to identify any specific training needs. Members have the opportunity to review the training programme. Members and substitute members can request at any time a briefing on an agenda item.
4. The most appropriate method of delivery will be selected based on the development or learning need. This is likely to be officer briefings (verbal or written), e learning or training with external specialists. The Committee will also receive ad-hoc briefings from the relevant officer on new topics relevant to the Committee’s role.
5. Substitute Members will be invited to attend all training and in some circumstances the training may be offered to all Members, where it is considered relevant.
6. Training is included on the forward plan and presented at each meeting. Details of training provided and undertaken will be included in the Annual Report of the Committee.
7. The table below outlines the draft plan 2016/17 for comment and agreement.

Frequency	Contents	Method of Delivery	Timing
Annual or as required	Statement of Accounts	Group session	27 th September 2016 Meeting
Annual or as required	Treasury	Group session	9 th May 2017
Annual or as required	Fraud & Corruption <ul style="list-style-type: none">• Bribery• Money Laundering• Whistle blowing• Housing Fraud	Group session	1 st December 2016
Annual or as required	Risk Management		June 2017 (TBC)
Annual or as required	Corporate Governance	Group session	1 st March 2017

IMPLICATIONS AND RISKS

Financial implications and risks:

Most training referred to in this report is provided by officers and therefore does not incur a cost other than staff time and a small amount of training resources which would be funded from the Audit and Risk revenue budgets. The costs of any external training will either be contained within the Member development budget or the Audit and Risk revenue budgets.

The contribution of an effective Audit Committee is fundamental in ensuring the Council maintains a robust system of internal control. Failure of the Audit Committee to undertake its duties in an effective manner may result in issues that arise not being addressed and an erosion in public confidence.

Legal implications and risks:

None arising directly from this report.

Human Resources implications and risks:

None arising directly from this report.

Equalities implications and risks:

None arising directly from this report.

BACKGROUND PAPERS

None.