

Committee/Date:	Council 9 July 2015
Report Title:	Audit and Governance Committee Annual Report 2014-15
Directorate:	Governance
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Wards affected:	None specifically
Public Access	Open

1. SUMMARY

- 1.1. To provide an overview of the work of the Audit and Governance Committee during the 2014/15 civic year.

2. RECOMMENDATION

- 2.1. Council is recommended to receive the Audit and Governance Committee's 2014/15 Annual Report.

3. BACKGROUND

- 3.1. The Audit and Governance Committee was established to provide independent assurance of the robustness of, and compliance with, the Council's corporate governance procedures and its financial management and controls and risk management.
- 3.2. On 24 May 2012 Council delegated to the Audit and Governance Committee its functions relating to the standards regime.
- 3.3. The Audit and Governance Committee's composition and role are set out in its terms of reference, in Part 7 of the Council's Constitution.

4. OVERVIEW

- 4.1 **Constitution** - The Committee has considered in detail amendments to the Constitution before recommending them to Council. The main changes this year have concerned changes to the Property Procedure Rules and Contract Procedure Rules. As a result the thresholds for approval of compulsory purchase orders are now clearer and more corporate, and there is greater clarity around seeking quotations as opposed to going to tender. The Committee has also noted the consequential amendments made to the Constitution arising from the Annual Council Meeting in May 2014 that were delegated to the Director of Governance.

4.2 Internal Control System – The Committee have considered and approved draft Annual Governance Statement. Monitoring of the Treasury Strategy and matters such contract waivers continues routinely. In particular:

4.2.1 Audit – The External Auditor has reviewed the Council's accounts and the Pension Fund's business processes: not more than a few minor adjustments were required. The Committee has approved the External Audit Plan for 2014-15. The Internal Audit Plan and Strategy for 2015-16 has been considered.

4.2.2 The Committee continues to monitor internal audit and is proactively following up those instances where Priority 1 recommendations resulting from these have not been picked up. Members have noted the Assistant Director of Finance (Audit, Fraud and Risk)'s opinion that there is reasonable assurance overall on the adequacy and effectiveness of the Council's controls.

4.2.3 **Revised Anti-Fraud Strategy** – The Committee has systematically reviewed the different elements of the Council's internal control systems, in particular during 2014-15 the anti-fraud strategy. We have therefore amended the following to reflect changing circumstances and strengthen protection of the public purse:

- Anti-fraud and Corruption Policy;
- Anti-money Laundering Policy;
- Anti-bribery Policy;
- Prosecution and Sanctions Policy; and
- Anti-fraud and Corruption Response plan.

4.2.4 The **Whistleblowing strategy** has also been revised and updated.

4.2.5 **Risk Management** – The Committee has kept the risk management strategy and the corporate risk register under review. In particular the risk matrix has been revised to place a greater weighting on impact than likelihood.

4.3 Local Government Ombudsman – The Committee has considered the Ombudsman's annual review and noted a marked downward trend in the number of complaints against the Council that have been upheld.

5. CONSULTATION

5.1. This is an information report.

6. IMPLICATIONS

6.1. **Finance, Value for Money and Risk**

6.1.1. The work undertaken by the Audit, Fraud and Risk Division May Disclose financial malpractice, prevent fraud and inefficiency, and improve the Council's internal control system, and is a key part of the Council's improvement strategy.

6.2. **Legal**

6.2.1. The Annual Governance Statement forms part of the annual accounts under The Accounts and Audit Regulations 2011..

6.3. **Equalities and Diversity**

6.3.1. None.

6.4. **Sustainability (including climate change, health, crime and disorder**

6.4.1. None.

6.5. **Council Infrastructure (e.g. human resources, accommodation or IT issues**

6.5.1. None.

Background Information

None.