

## **Appendix A - ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE FOR 16/17**

### **1. Background**

The purpose of the Audit and Risk Committee is to provide assurance of the adequacy of the risk management framework and control environment, scrutiny of the authority's financial and non-financial performance in that context, and oversee the financial reporting process, including:

- To review summary internal audit reports and actions arising from them.
- To consider reports of external audit and inspection agencies and monitor action arising from them.
- To monitor the effective development and operation of risk management and corporate governance.
- To monitor the effectiveness of the whistleblowing and anti-fraud and anti-corruption policies.
- To approve the annual governance statement.
- To approve the annual statement of accounts for publication

The Terms of Reference can be found in the Constitution and were updated in April 2017.

This report, in line with best practice, sets out the committee's work and performance during the year, including how it has met its terms of reference.

### **2. Membership of the Committee and meetings**

The Committee has met on the following dates with the following attendees:

	July 19 <sup>th</sup>	Sept 20 <sup>th</sup>	Jan 31 <sup>st</sup>	April 26 <sup>th</sup>
Cllr MacDuff	X	X	X	X
Cllr Walters	X	X	N/A	N/A
Cllr Baines	-	-	X	X
Cllr Lammie	X	X	X	-
Cllr Waller	X	X	X	X
Cllr Begy	-	X	X	X
Cllr Oxley	N/A	N/A	X	X
Cllr Conde	N/A	N/A	N/A	-

Cllr Walters was replaced by Cllr Oxley from Jan 31<sup>st</sup> with Cllr Conde also joining the Committee in April 2017.

Senior Officers from the Council are also present, including the Director for Resources, Section 151 Officer, the Lead Internal Audit Manager and where appropriate the External Auditor (KPMG) will also attend. The Chair of the Committee also meets in private with Audit Services & the Section 151 Officer on a regular basis.

### **3. Audit Committee business**

During the year the Committee conducted the following business:

- Received the annual internal audit report for 2015/16
- Received the external audit plan for 2015/16
- Received the annual fraud report for 2015/16
- Received limited assurance reports across a number of areas and requested follow up work to assess the implementation of agreed actions
- Reviewed and contributed to a draft of the Annual Governance Statement
- Approved the Internal Audit plan for 2016/17
- Advised on the future provision of the Internal Audit service
- Received Internal Audit updates of progress against the Audit Plan
- Considered its training requirements
- Received and reviewed the Councils fraud risk register
- Received and contributed to the Council's new Risk Management Strategy
- Approved the Statement of Accounts for 2015/16
- Received the external auditors Annual Governance Report
- Reviewed and approved the Internal Audit Charter
- Approved the Internal Audit plan for 2017/18

#### **4. The Committee's main achievements**

The Committee believes its key achievements during the year were:

- Effective challenge and questioning of officers in respect of audit reports rated as "limited"
- Implemented a process for follow up of "limited" audit reports which gives assurance that control weaknesses are being addressed. In the year the following areas previously rated as "limited" (IT Asset Management, IT System Administration, Oakham Enterprise Park and External Placements) were reviewed and improvements were found to have been made in all areas.
- Improving its knowledge base through a training session in relation to the Annual Governance Statement and an interactive session on the development of the Audit Plan for 2017/18.
- Reviewing the Council's new Risk Management strategy.
- Review of Risk Register and Fraud Risk Register in order to seek assurance that key risks are being appropriately mitigated. Thereby, providing additional assurance through a process of independent review.
- The Committees terms of reference were reviewed and aspects of its role made clearer
- Scrutinising the Statement of Accounts prior to approval

#### **5. Implementing actions from the Audit Committee effectiveness review**

The Committee completed an effectiveness review in 2016 and will repeat this assessment in 2018. In 2016/17, the Committee addressed the action points previously identified.

- In order to continue to raise the profile of internal control matters, Directors will be asked to present to the Committee on any area rated by internal audit as 'limited' – this has happened for all reports in 16/17
- The Committee has agreed to dedicate 30 minutes prior to every other meeting to training – training has been delivered as noted in 4 above

- The Committee will suggest to the Constitutional Review Working Group that its terms of reference are reviewed to ensure they are still fit for purpose – this was completed as noted above.

## **6. Conclusion**

The Committee was able to confirm:

- That the system of internal control, governance and risk management in the authority was adequate in identifying risks and allowing the authority to understand the appropriate management of these risks.
- That there were no areas of significant duplication or omission in the systems of internal control, governance and risk management that had come to the Committee's attention, that had not been adequately resolved or were in the process of being resolved.

The Committee's conclusion is based on assurance gained from its own work and the work of Internal Audit and External Audit.

A handwritten signature in black ink, appearing to be 'D. M. J.', with a horizontal line underneath it.