

Safest People, Safest Places

County Durham and Darlington
Fire and Rescue Authority



COMBINED FIRE AUTHORITY

27 SEPTEMBER 2017

NOTES OF THE AUDIT AND RISK COMMITTEE HELD ON 27 JULY 2017

REPORT OF THE CHAIR OF THE AUDIT AND RISK COMMITTEE

Members Present: Cllr J Turnbull in the Chair
Cllrs L Marshall, B Avery, D Bell, G Lee

In Attendance: T Hope, S Carter C Dearden and P Bradley

Apologies: None

Purpose of the report

1. The purpose of this report is to provide members with an update of the discussions and recommendations of the Audit and Risk Committee held on 27 July 2017.

Draft Statement of Accounts Year ended 31 March 2017

2. The Treasurer provided members with details of the draft unaudited accounts for the financial year ended 31 March 2017 which had been certified by the treasurer on 30 June 2017.

The total net expenditure for 2016/17 was £28.679M compared with an original budget of £28.609M. The total underspend on ordinary activities for the year was £0.0719M after allowing for capital financing and transfers from reserves.

The Committee **commented** on the draft statement of accounts and **noted** the audited final statement of accounts would be presented for approval at the Audit and Risk Committee on 28 September 2017.

Local Code of Corporate Governance

3. Members were provided with the draft Code of Corporate Governance which was to be included in the Authority's Constitution. The statement, a public document, sets out the way the Authority will meet its commitment to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively and has been updated to meet the requirements of the new Delivering Good Governance in Local Government Framework (2016).

The Committee **approved** the updated Code of Corporate Governance which would replace the existing version in the Authority's Constitution.

Annual Governance Statement 2016/17

4. Members discussed the content of the draft 2016/17 Annual Governance Statement in advance of the formal approval at the next meeting of the Committee on 28 September 2017.

The Committee **commented** on the draft Annual Governance Statement and **noted** it would be presented for approval at the 28 September 2017 meeting.

Corporate Risk Register

5. The Corporate Risk Register was presented and the Committee discussed the nine risks. There had been no changes to the register since the period ending 31 March 2017.

The Committee **considered** and **commented** on the Corporate Risk Register.

Fraud and Corruption Annual Report

6. The Committee considered a report which advises and provides assurance to Members of the results of the work being undertaken within the Authority in seeking to identify, control and prevent fraud and corruption. It was noted that there were no incidents of fraud and corruption identified.

The Committee **noted** the report.

Internal Audit Progress Report

7. The Committee considered the detailed work undertaken by Internal Audit between 1 April and 31 March 2017 looking at progress against planned work along with the audit recommendations and work undertaken to prepare for the Annual Governance Statement.

The Committee **noted** the progress that had been made to date on delivering the internal audit plan.

Annual Internal Audit Report 2016/17

8. The Annual Internal Audit Report 2016/17 was presented to the Committee. The report highlighted the internal audit work that had been undertaken, and assurances on the effectiveness of the Authority's control environment, risk management and corporate governance arrangements in place during the year. Based on this work Internal Audit had issued a moderate overall assurance opinion on the adequacy and effectiveness of internal control operating across the Authority in 2016/17.

There were no adverse implications for the Annual Governance Statement arising from any of the work undertaken and all of the risks and proposed actions made had been accepted and agreed by management.

The Committee **noted** the report.

Annual Review of the System of Internal Audit

9. Members considered and commented on the Annual Review of the System of Internal Audit. To address the Accounts and Audit regulations requirement an assessment of Internal Audit had been carried out and presented for consideration by those charged with governance. The report and the supporting evidence including the external assessment peer review carried out by Newcastle City Council were discussed by the committee.

The supporting evidence provided confirmation that subject to implementing those areas identified for improvement, the Authority's Internal Audit Service 2015/16 had operated effectively.

The Committee **noted** the report.

Internal Audit Charter

10. Members were presented with the revised Internal Audit Charter for approval which will take immediate effect and be applied to all reviews undertaken as part of the Internal Audit Plan 2017/18.

The Committee **considered** and **approved** the Charter.

Internal Audit Plan

11. Members were presented with the details of the internal audit plan for the period 1 April 2017 to 31 March 2018, which had been agreed with the service leadership team on 10 July 2017.

The internal audit plan will deliver 72 productive audit days in 2017/18, in line with the Service Level Agreement (SLA) with the Authority. The scope of the planned audit reviews were explained to the committee.

The Committee **considered** and **noted** the report.

Co Durham and Darlington FRA Audit Progress Report

12. The Committee considered an update report from the Authority's external auditors. The report noted that since the revised value for money conclusion risk assessment had been presented to the Committee on 23 February no additional significant risks had been raised.

The Committee **noted** the report.

PART B

Internal Audit Recommendations Appendix 3

13. The Committee considered the three outstanding audit recommendations as at 31 March 2017, noting to date only cash handling policy was outstanding and work was well underway to address the issue.