

Audit, Governance & Standards Committee

21 September 2015

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Member Briefings

Final Decision-Maker	Audit, Governance & Standards Committee
Lead Head of Service	Rich Clarke, Head of Audit Partnership
Lead Officer and Report Author	Rich Clarke, Head of Audit Partnership
Classification	Public
Wards affected	N/A

This report makes the following recommendations to this Committee:

1. **Approve**, subject to any comment or amendment, the briefing session timetable proposed in this document.
2. **Add** to its ongoing work programme an annual revisit and reassessment of the nature and topics of its briefing programme.
3. **Delegate** to the Chairman of this Committee the ability to decide, in consultation with officers and fellow Members as appropriate, the details of format, content and timing of individual briefings.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all -
- Securing a successful economy for Maidstone Borough -

The report supports the good governance of Maidstone Borough Council and so contributes broadly to achievement of its corporate priorities.

Timetable

Meeting	Date
Committee (Audit, Governance & Standards)	21 September 2015

Member Briefings

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report builds on the November 2014 version in proposing a timetable of Member briefings that will, over time, provide illumination and background across its wider responsibilities.
 - 1.2 The report proposes briefings last around 45 minutes, take place immediately before Committee meetings and be open to all Members to attend (not just Committee Members). Also, to be clear, the briefings run alongside and do not replace any more in-depth or detailed training sessions that may be offered to or requested by Members in helping them fulfil their duties.
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2. INTRODUCTION AND BACKGROUND

- 2.1 This Committee's predecessor group, the Audit Committee, instituted in November 2014 a programme of briefings aimed at providing updates and context to issues within its responsibility. At the suggestion of the Head of Audit Partnership, the Audit Governance and Standards Committee in its first meeting in June 2015, mindful of its remit, requested a paper proposing a refreshed and expanded briefing programme.
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3. AVAILABLE OPTIONS

- 3.1 Member briefings are not a mandatory requirement set by the Council's constitution and so the Committee might decide not to pursue the proposal. As the briefings would be prepared principally by in-house staff on topics of professional interest there would be no additional cash cost of provision and consequently no savings if briefings are not required. Members will have to pursue other options to keep their understanding of relevant issues current.
 - 3.2 If Members wish to receive briefing sessions then the content, format and timing in this proposal is but one option which is potentially variable to Member requirements in myriad ways. This report suggests delegating responsibility for approving the detail of briefing sessions to the Chairman, after consulting with colleagues as he deems appropriate.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The programme set out in this paper aligns to the full breadth of responsibilities of this Committee and aims, over time, to provide an opportunity for Members to receive updates in every area. Naturally, the proposal also retains flexibility to allow for Members to adapt the programme to reflect then current demands or circumstances.

4.2 At present, the report proposes that briefings are arranged in-house, drawing on the expertise and professional experience of officers. However, there also exists the possibility of drawing in external contributions and the Council’s external auditors – Grant Thornton – have kindly indicated a wish to be involved. Any briefings or proposed briefings that require additional expense will be considered separately on a case-by-case basis but at present no such sessions are proposed.

Format

4.3 The report proposes following the format established through 2014/15 of a session open to all Members and beginning an hour before a Committee meeting. The briefing would last approximately 45 minutes, generally divided 50/50 between time for presentations and questions/discussion although of course that will be flexible by topic.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 The earlier run of briefing sessions in 2014/15 was well received by Members and drew reasonable attendances, hence the proposal here to vary little from the overall approach but to expand its scope alongside this Committee’s broader responsibilities.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 If accepted, officers will prepare the next and subsequent briefings as set out in the appendix.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	This report supports the general good governance of the Council and so will help achievement of all corporate priorities.	Rich Clarke, Head of Audit Partnership
Risk Management	The report introduces no risks that require separate description in the Council’s risk registers, nor materially impacts any currently described.	Rich Clarke, Head of Audit Partnership
Financial	There are no additional costs or savings associated with this proposal.	[Section 151 Officer & Finance Team]
Staffing	There are no staffing implications associated with this proposal.	Rich Clarke, Head of Audit Partnership

Issue	Implications	Sign-off
Legal	There are no legal implications for this report.	[Legal Team]
Equality Impact Needs Assessment	This report does not describe circumstances which require an Equality Impact Needs Assessment.	[Policy & Information Manager]
Environmental/Sustainable Development	There are no environmental or sustainable development implications for this report.	Rich Clarke, Head of Audit Partnership
Community Safety	There are no community safety implications for this report.	Rich Clarke, Head of Audit Partnership
Human Rights Act	There are no implications for the Council's responsibilities under the Human Rights Act in this report.	Rich Clarke, Head of Audit Partnership
Procurement	There are no procurement implications for this report.	Rich Clarke, Head of Audit Partnership
Asset Management	There are no asset management implications for this report.	Rich Clarke, Head of Audit Partnership

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix I: Audit, Governance & Standards Committee Member Briefing Programme

9. BACKGROUND PAPERS

In preparing this report, we have referenced

- Maidstone Borough Council's constitution ([link](#))
- CIPFA Practical Guidance For Audit Committees ([link to sample](#), full document is proprietary and held by Mid Kent Audit Partnership)
- CIPFA Better Governance Forum updates ([link](#), only accessible to BGF Members, which will include all MBC Councillors and Officers who have registered)
- Grant Thornton Audit Committee Updates (generally available, [link](#)).

Audit, Governance & Standards Committee: Member Briefing Programme

Briefing theme & potential specific topics	Ref to AGS role/s	Suggested timing
Reviewing an audit plan <ul style="list-style-type: none"> - Member roles in relation to internal audit - Ensuring effective internal audit - Performance measures in audit 	1, 2, 7, 12	Winter ahead of March IA plan approval.
Reviewing the Annual Governance Statement <ul style="list-style-type: none"> - The AGS within the Council's governance - Specific topics within the AGS - Comparative review of AGS across local gov 	10, 11, 12	Spring to align with AGS approval in June.
Countering Fraud <ul style="list-style-type: none"> - Whistleblowing - Investigative practice - Fraud risks and the Councils response - Governance polices 	6, 9, 11	Flexible timing at any point in the year.
Risk Management <ul style="list-style-type: none"> - Risk appetite - Specific strategic and operational risks - Risk management strategy - Local government risk outlook 	8, 10	Spring or Winter to align with presenting risk register to PRC.
Role of internal and external audit <ul style="list-style-type: none"> - Differences in internal/external audit role - Assuring effective external audit - External auditor appointment 	1, 2, 3	Autumn/Winter to align with issue of audit opinion
Understanding local authority accounts <ul style="list-style-type: none"> - General understanding of accounts - Specific update/annual issues - Comparative review of LG accounts 	4	Spring/Summer to align with September accounts
Assurance across partnerships <ul style="list-style-type: none"> - Governance challenges in partnership working - Review on specific partnerships 	11, 12	Flexible timing at any point in the year.
Commissioning, procurement and contracting <ul style="list-style-type: none"> - Risks in commissioning - Effective procurement processes 	7, 12	Flexible timing at any point in the year.
Assurance on value for money <ul style="list-style-type: none"> - How external audit assess VfM conclusion - Measuring value for money in local government - Data quality and performance measurement 	3	Winter/Spring ahead of audit plan/VfM conclusion

Briefing theme & potential specific topics	Ref to AGS role/s	Suggested timing
Internal Audit Standards <ul style="list-style-type: none"> - How standards are set and monitored - Specific work on IA conformance 	1	Autumn to align with external assessment
Treasury Management <ul style="list-style-type: none"> - Investment and borrowing options for local authorities - Prudential Code - Financial outlook for local authorities 	5	Winter to align with approval of treasury management policy
Standards/Code of Conduct <ul style="list-style-type: none"> - The Kent Code - Hearing practices - Case studies 	13	Flexible, although could align with updates to code and/or complaints caseload

Constitution Extract: AGS Responsibilities

1. To consider the Head of Internal Audit Partnership's annual report and opinion, and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements
2. To consider reports dealing with the management and performance of Internal Audit Services, including consideration and endorsement of the Strategic Internal Audit Plan and any report on agreed recommendations not implemented within a reasonable timescale; and the Internal Audit Charter?
3. To consider the External Auditor's Annual Audit Letter, relevant reports, and any other report or recommendation to those charged with governance; and ensure that the Council has satisfactorily addressed all issues raised. To comment on the scope and depth of external audit work and to ensure it gives value for money.
4. To review and approve the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Policy and Resources Committee or Council.
5. Consider and review the effectiveness of the Treasury Management Strategy, Investment Strategy, Medium Term Financial Strategy, Annual Report and Mid-Year review and make recommendations to the Policy and Resources Committee and Council.

6. Recommend and monitor the effectiveness of the Council's Counter-Fraud and Corruption Strategy.
7. To maintain a financial overview of the operation of Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
8. In conjunction with Policy and Resources Committee to monitor the effective development and operation of risk management and corporate governance in the Council to ensure that strategically the risk management and corporate governance arrangements protect the Council.
9. To monitor Council policies on 'Raising Concerns at Work' (Whistleblowing') and the 'Anti-fraud and corruption' strategy.
10. To oversee the production of the authority's Annual Governance Statement and to agree its adoption.
11. The Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice and high standards of ethics and probity. This Committee will receive the annual review of the Local Code of Corporate Governance and may make recommendations to Policy and Resources Committee for proposed amendments, as necessary.
12. To consider whether safeguards are in place to secure the Council's compliance with its own and other published standards and controls.
13. Responsibilities for Standards:
 - a. The promotion and maintenance of high standards of conduct within the Council.
 - b. To advise the Council on the adoption or revision of its Codes of Conduct.
 - c. To monitor and advise the Council about the operation of its Codes of Conduct in the light of best practice, and changes in the law, including in relation to gifts and hospitality and the declaration of interests.
 - d. Assistance to Councillors, Parish Councillors and co-opted members of the authority to observe the Code of Conduct.
 - e. To ensure that all Councillors have access to training in Governance, Audit and the Councillor Code of Conduct; that this training is actively promoted; and that Councillors are aware of the standards expected under the Councils Codes and Protocols.

- f. To deal with complaints that Councillors of the Borough Council and Parish Councils may have broken the Councillor Code of Conduct.
- g. Following a formal investigation and where the Monitoring Officer's investigation concludes that there has been a breach of the Code of Conduct a hearing into the matter will be undertaken.
- h. Advice on the effectiveness of the above procedures and any proposed changes.
- i. Grant of dispensations to Councillors with disclosable pecuniary interests and other significant interests, in accordance with the provisions of the Localism Act 2011.

Proposed Briefings 15/16

Note that the specific proposal below is based on information known at the time of writing. If issues of particular interest or concern emerge we could potentially modify the schedule in consultation with the Committee Chairman.

Meeting Date	Topic Proposal	Notes
23 November 2015	Role of internal & external audit: external auditor appointment	By November we will know whether CLG has decided to extend current arrangements or whether the Council will in 2016 have to choose its own auditor. Although mentioned briefly in June 2015 training, this briefing will aim to set out in detail the practical steps the Council must take to reach this decision.
January 2016 (date tbc)	Reviewing an audit plan: Content, scope and performance of internal audit.	At its March 2016 meeting the Committee will be invited to approve a new internal audit plan for 2016/17. This briefing will aim to take Members in detail through development of the audit plan, the risk assessment process that lies beneath and details on how the audit work is conducted and results influence future planning.
March 2016 (date tbc)	Assurance on Value for Money	At its June 2016 meeting the Committee will see the external audit plan including how Grant Thornton will fulfil their responsibilities in delivering a value for money conclusion on MBC. This briefing will cover in more detail the scope and underlying work behind that conclusion, including what sources of assurance auditors look to and how they assess effectiveness.