

AUDIT COMMITTEE – ADDRESSING TERMS OF REFERENCE, SEPT 2016

ToR	Term of Reference	How discharged and when.	Update – September 2016
1	Overarching responsibility to provide independent scrutiny and assurance	Discharged through the specific arrangements set out below.	Annual Report on the activity of the Audit Committee was considered and approved at the June 2016 meeting.
2-5	External Reporting	Unaudited accounts, including Annual Governance Statement, received in June. Final audited accounts and External Auditor’s opinion received in September.	<p>Final audited accounts and External Auditor’s opinion are on the Audit Committee’s September agenda. This includes the Annual Governance Statement (AGS) 2016.</p> <p>There are four areas of focus included in the AGS. An update of progress is as follows:</p> <ol style="list-style-type: none"> 1. <u>Devise and put in place a contract and contractor management toolkit</u> <p>The first two components of the toolkit have been drafted and shared, for comment, with the Risk Management Group. These are, firstly, a checklist for managers setting out health and safety concerns when appointing contractors and, secondly, an agreement for contractors’ signature setting out the key points of relevant policies that they should comply with while undertaking work for MVDC. These drafts will next be shared with officers working directly with contractors to test their usefulness and practicality.</p> <p>The next phase of the toolkit is to produce guidance on contract management and the steps managers should take to ensure that the key elements of a contract can be easily reviewed and monitored by its manager or successor.</p> 2. <u>Produce an officers’ guide to procurement rules</u> <p>The revised 2016 Procurement Policies & Principles have recently been adopted by</p>

			<p>the Executive and form the foundation on which the officers' guide to procurement rules will now be based.</p> <p>3. <u>Review strategy and processes for embedding organisational values</u></p> <p>A paper has been drafted for consideration by the Senior Management Team. This is due to take place early autumn and will agree the strategy and processes required to further embed our organizational values.</p> <p>4. <u>Establish the principles and scope for a new Workforce Plan for the organisation</u></p> <p>Discussions are underway between the HR & Organisational Design Manager and the Senior Management Team. These include consideration of relevant HR data which will form the basis of the exercise. A forward plan of action will subsequently be proposed for implementation during the latter part of 2016/17.</p> <p>The most recent audit of corporate governance was completed in May 2016. The conclusion was that: 'The governance control framework is satisfactorily defined and applied. We found good evidence that transparent public reporting of this framework is taking place'. The Internal Audit Opinion was that, 'Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified areas are suitably designed, consistently applied and operating effectively'.</p> <p>The Internal Audit Annual Report 2015/16 is included on the Audit Committee September Agenda. The opinion of the Head of Internal Audit is that 'The organisation has an adequate and effective framework for (risk management) and governance'.</p>
	Review of Internal Audit	Approval of Strategy (March), quarterly progress updates (Sept, Nov, March and	The latest quarterly progress report on 2016/17 and the Annual Report 2015/16 are included on the Audit Committee September Agenda.

		June) and Annual Report (June/Sept).	
9	Scrutiny of Treasury Management (TM)	Three reports during the year: TM Strategy (Nov or March), TM Mid-year Monitoring (Nov) and TM Outturn (Sept)	<p><u>Update from Financial Services Manager</u></p> <p>(i) The TM Strategy, approved by Audit Committee and Council in March 2016, for 2016/17 includes provision to borrow for the first time since 1997</p> <p>(ii) Full report on the TM Outturn for 2015/16 is included on September Agenda for Audit Committee.</p> <p>(iii) The impact of the Bank of England decision to adjust interest rates for the first time in 9 years, both on the Council's investments and potential borrowing, will be assessed in the mid-year TM report in November</p>
10	Scrutiny of Risk Management arrangements	Annual Report (March)	<p><u>Update from Policy & Performance Manager</u></p> <p>The following arrangements are in place across the organisation:</p> <ul style="list-style-type: none"> • Monthly updating and reporting of strategic risks to the Senior Management Team. Mitigating controls are clearly set out and there is a fully implemented assurance framework in place to support management of these risks. • Full implementation of the risk management assurance framework ensures up to date detailed assessments, gap analysis and an action plan is in place. This is reported monthly to the Senior Management Team. • Risk management is integrated into corporate and service business planning. Strategic risks are assessed to ensure alignment with the Corporate Strategy. Business Plans include a section where risks and opportunities are highlighted. • Facilitated challenge of risks are held with Corporate Heads of Service every other month, and with all service managers every three months. New and emerging risks

			<p>are reported to the Senior Management Team where appropriate. This ensures that the risk profile of the Council is up to date and consistent.</p> <ul style="list-style-type: none"> • Reporting to Members through a number of channels. Senior Managers update their respective Executive Members on risks arising from discussion at management meetings. Regular written briefings are provided to Executive Members which include risk; these are made available to all Members. Each Committee report has a section on risk. All Business Plans include risk and are signed off by Executive Members. • The Risk Management Group, chaired by a Corporate Head of Service, meets at least quarterly to ensure that risk management is embedded across the Council. Updates from the Group are made to the Senior Management Team. <p>Our strategic risks are:</p> <ul style="list-style-type: none"> • Failure to deliver financial resilience through the Medium Term Financial Strategy • Failure to make the most of our assets and create additional income • Failure to successfully realise the benefits of our civic offices refurbishment project • Failure to have good health and safety arrangements in place • Failure to protect our IT systems from being hacked • Failure to ensure personal data is secure and the right to privacy is protected • Failure to have business continuity plans in place <p>The most recent internal audit of risk management was completed in April 2016. The findings were that: 'the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively'.</p> <p>The Internal Audit Annual Report 2015/16 is included on the Audit Committee September Agenda. The opinion of the Head of Internal Audit is that 'The organisation has an adequate and effective framework for risk management (and governance)'.</p>
11	Scrutiny of Counter Fraud	Annual Report (March)	<p><u>Update from Fraud & Investigations Team Manager</u></p> <p>(i) Anti Fraud Policy revised, updated and approved by Executive. Whistleblowing Policy</p>

	arrangements		<p>revised and included on September Audit Committee Agenda</p> <p>(ii) Regular monthly liaison now established with the Government's new Single Fraud Investigation Service (SFIS). Status of live investigations is monitored monthly.</p> <p>(iii) Partnership work with other Surrey authorities is working well and will continue beyond Government grant expiry on 31 March 2017.</p> <p>(iv) High profile publicity campaign related to tenancy fraud included appearance on national TV.</p>
12	Overview of Contract Standing Orders and Financial Regulations	As required	A comprehensive update was recently carried out. It was submitted to, and approved by, Council (23 February 2015)
13	Other matters – Overview of Procurement	Annual Report (November)	<p><u>Update from Financial Services Manager</u></p> <p>(i) Procurement Policy & Principles revised, updated and approved by Executive in July 2016</p> <p>(ii) Work progressing on Contract Management Toolkit and Guide to Procurement Rules in line with Annual Governance Statement 206</p> <p>(iii) Increase in amount of Procurement advice and support required in services due to number of high profile, multi million pound capital projects – Pippbrook refurbishment, Meadowbank regeneration, Deepdene Trail, Swan Centre lease purchase.</p>