

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Wednesday, 22 March 2017 commencing at
2:00 pm**

Present:

Chair
Vice Chair

Councillor R Furolo
Councillor Mrs H C McLain

and Councillors:

K J Cromwell, Mrs P A Godwin, B C J Hesketh and Mrs S E Hillier-Richardson

AUD.40 ANNOUNCEMENTS

- 40.1 The evacuation procedure, as noted on the Agenda, was taken as read.
- 40.2 The Chair welcomed David Johnson, Grant Thornton's Audit Manager for Tewkesbury Borough Council, and Julie Masci, the Engagement Lead from Grant Thornton, to the meeting.

AUD.41 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

- 41.1 Apologies for absence were received from Councillor A J Evans. There were no substitutions for the meeting.

AUD.42 DECLARATIONS OF INTEREST

- 42.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.
- 42.2 There were no declarations made on this occasion.

AUD.43 MINUTES

- 43.1 The Minutes of the meeting held on 14 December 2016, copies of which had been circulated, were approved as a correct record and signed by the Chair.

AUD.44 AUDIT COMMITTEE WORK PROGRAMME

- 44.1 Attention was drawn to the Audit Committee Work Programme, circulated at Pages

No. 12-18, which Members were asked to consider.

44.2 A Member raised concern that the July Agenda was very heavy and she questioned whether any items could be moved to September. The Head of Corporate Services explained that some items, such as the Annual Governance Statement 2016/17, must go to the next meeting; however, there may be some scope to push back the Annual Report on Health and Safety Activities and the Bulky Waste Follow-Up Audit and he undertook to consult with the Head of Finance and Asset Management following the meeting.

44.3 It was

RESOLVED That the Audit Committee Work Programme be **NOTED**.

AUD.45 GRANT THORNTON CERTIFICATION LETTER MARCH 2016

45.1 Attention was drawn to Grant Thornton's Certification Letter March 2016, circulated at Pages No. 19-21, which set out the findings of the claim which had been certified during the year. Members were asked to consider the information provided.

45.2 The Audit Manager from Grant Thornton reminded Members that the findings of the Certification Letter had been flagged at the last meeting of the Committee. Appendix A to the report provided details of the claims and returns certified for 2015/16; this confirmed that the housing benefits subsidy claim had been certified and had resulted in an overall adjustment of approximately £7,000 which, for expenditure of £18.7M, was a fairly good result. Clarification was provided that the figure of £7,000 was an extrapolation; the pure amendment to the claim was £1,169. The fee for the 2015/16 certification work was outlined at Page No. 21, Appendix B to the report, and was the same as had been outlined in previous plans.

45.3 It was

RESOLVED That the Grant Thornton Certification Letter March 2016 be **NOTED**.

AUD.46 GRANT THORNTON AUDIT PLAN 2016/17

46.1 Attention was drawn to Grant Thornton's Audit Plan 2016/17, circulated at Pages No. 22-42, which set out the Audit Plan for the year ended 31 March 2017. Members were asked to consider the information provided.

46.2 The Engagement Lead from Grant Thornton explained that the Audit Plan outlined the planned scope and timing of the audit which allowed Grant Thornton to discharge its responsibilities under the Code of Audit Practice, issued by the National Audit Office, in terms of giving an opinion on the Council's financial statements and specific responsibilities around the value for money conclusion. Pages No. 25-26 of the report gave a high level overview of the key areas which had been considered in understanding the challenges faced by the Council and identifying key risks. The ongoing financial challenges, particularly in terms of the delivery of the Medium Term Financial Plan, had been well documented and there had been a lot of conversations around continuing business rates appeals and the impact of the Autumn Statement. In terms of financial reporting, the most significant change to the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2016/17 was a presentational reporting requirement which aimed to try to tell the story better in terms of how organisations reported financial outturns to stakeholders and relevant readers of the accounts. It was also necessary to restate the accounts for the previous year. Members were reminded that the Accounts and Audit Regulations 2015 required Councils to bring forward the approval and audit of the financial statements to 31 July by the 2017/18 financial year and a dry-run was being carried out this year to ensure that both the Council and Grant Thornton were prepared for the earlier timeframes.

- 46.3 Members were advised that the concept of materiality was applied when performing the audit so Grant Thornton did not look at every single transaction. Materiality was risk-based and required a professional judgement to be made in the context of Grant Thornton's knowledge of the Council. This was determined as a proportion of the gross revenue expenditure of the Council and, for the purposes of planning the audit, this had been deemed to be £707,000, or 2% of the gross revenue expenditure. Any adjustments over and above £35,000 were referred to as 'trivial' matters but still needed to be stated in the accounts. The Engagement Lead explained that this would be kept under review and she would report back to the Audit Committee meeting in July if necessary. There were certain items where separate materiality levels were appropriate, for instance, if they were sensitive or in the public interest, and these were set out at Page No. 26 of the report. Page No. 27 of the report set out the significant risks that had been identified for the audit. There were two presumed significant risks that were applicable to all audits under the accounting standards: that the revenue cycle included fraudulent transactions and management over-ride of controls. Two other significant risks had been identified: fraudulent transactions in the expenditure cycle and the valuation of the pension fund net liability and the details were set out at Page No. 29 of the report. Other key risk areas included operating expenses - specific work would be carried out to ensure that expenditure was not being underestimated in this area - and employee remuneration which was a key item of expenditure for the Council. Page No. 30 of the report referred to the specific risk around the new requirement of the CIPFA Code of Practice and the specific work in terms of the restatement of the previous years' figures in order to comply with the new requirements. The Finance Team had already prepared the statements and shared these with Grant Thornton.
- 46.4 The scope of the value for money conclusion had changed and the table at Page No. 32 of the report set out the three sub-criteria. The main risk was the Medium Term Financial Strategy and the ongoing challenge of delivering the savings plan over the next couple of years, particularly given the continuing reduction in central government funding and the need to find alternative strategies in terms of income sources. Members had considered the Ubico contract monitoring arrangement at the last meeting of the Committee and, given the concerns raised following the outcome of the internal audit work, Grant Thornton wanted to understand how the Council was working with partners to address this. This linked to the sub-criteria around the Council's arrangements for working with third parties effectively to deliver services.
- 46.5 It was noted that Grant Thornton had carried out an interim visit to the Council and the early findings from the interim audit work were summarised at Pages No. 36-37 of the report. A high level overview of internal audit's overall arrangements had been undertaken which had given assurance that it provided an independent and satisfactory service to the Council. In terms of entry level controls, a review of the assurance framework and risk management arrangements identified that the risk registers were not being sufficiently reviewed on a regular basis. This had been included as a recommendation in the action plan and it was understood that a piece of work was being carried out to address this. The audit timetable was set out at Page No. 38 of the report and the fees for the audit could be found at Page No. 39; these were based on rates set by Public Sector Audit Appointments Limited.
- 46.6 In terms of operating expenses, which had been identified as a 'reasonably possible risk', a Member noted that the risk related to year-end creditors and accruals not being recorded and he questioned how this was tested. Members were advised that it would be necessary to look at what had been paid by BACS in

the first few months of the financial year 2017/18 and to check that these payments had been properly accounted for in 2016/17 under the accrual process. Another Member sought clarification as to why it was necessary to restate the accounts for 2015/16. The Engagement Lead explained that, under the accounting standards, it was necessary to have comparable information and the previous years' figures had to be restated alongside the current figures in order to allow this comparison to be made. This was a presentational change which would mean that the information would be more in line with how it was received internally and would therefore be more relevant to the authority.

46.7 With regard to the Medium Term Financial Strategy, a Member went on to question how further income generation opportunities would be identified. The Engagement Lead explained that this risk specifically related to the robustness of the Council's financial plans. Grant Thornton did not consider the details; rather it sought assurance that the Council was actively looking at ways to deliver services more effectively, or options for generating additional income, in order to mitigate the gap in funding. Tewkesbury Borough Council had a RAG (Red, Amber, Green) rated savings plan and Grant Thornton focused on the likelihood of the new income streams coming to fruition, for example, if the savings plan said that an income source would generate £200,000 then Grant Thornton would be looking for the substance behind that and "stress-testing" the plans to make sure they were realistic.

46.8 Having considered the information provided, it was

RESOLVED That Grant Thornton's Audit Plan 2016/17 be **NOTED**.

AUD.47 STATEMENT OF ACCOUNTING POLICIES

47.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 43-62, set out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 supported by International Financial Reporting Standards. Members were asked to approve the accounting policies to be used during the 2016/17 closedown.

47.2 Members were advised that the Council was required to produce an annual Statement of Accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. In order to do this, the Council had to review all of its accounting policies to ensure that it complied with the Code. The proposed accounting policies were largely unchanged from those used in the 2015/16 accounts, with the exception of a few minor amendments. The main change was the way in which the accounts were reported. Due to the revised format of the income and expenditure statement, and the introduction of the new expenditure and funding analysis, the Council no longer had to show the costs of overheads and support services within the service segments as they were not included within the quarterly management reports. Property, Plant and Equipment (PPE) had been tidied up to ensure that their value at year end reflected their current value and the Council Tax and Non-Domestic Rates policy had been amended to explain the relationship between the Council and other preceptors and how this was accounted for. The full list of accounting policies was attached at Appendix A to the report.

47.3 It was

RESOLVED That the accounting policies to be used during the 2016/17 closedown be **APPROVED**.

AUD.48 CRITICAL JUDGEMENTS AND ASSUMPTIONS MADE DURING THE PREPARATION OF THE STATEMENT OF ACCOUNTS

48.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 63-71, set out the critical accounting judgements and key sources of estimation uncertainty that would be used in preparing the 2016/17 accounts. Members were asked to approve the judgements and to note the key sources of estimation uncertainty.

48.2 The Finance Manager explained that the Council had to apply its accounting policies in order to produce the annual Statement of Accounts. In applying those policies, certain judgements had to be made about complex transactions, or those involving uncertainty about future events. There were quite a few compared to the previous year and the full list was attached at Appendix A to the report. It was particularly noted that the Council had entered into several leases during the year which had been considered in detail to establish whether they should be classed as operating or finance leases. The accounting code stated that the cost of redundancies needed to be recognised, and communicated to relevant staff when there was an expectation that future redundancies would be taking place. A report in relation to an internal restructure had been taken to Council in February 2017 and a provision had been made for this potential cost within the accounts. In terms of investments, e.g. the purchase of Challenge House and the land at Cascades, a judgement needed to be made as to their property class.

48.3 The Finance Manager advised that, in preparing the Statement of Accounts, there were areas where estimates were made. This included the useful lives and valuations of properties, which were estimated by qualified valuers; the amount of arrears that would not be collected, which was estimated based on past experience of collection of different types of debt; and the liability for future pension payments, which was estimated by qualified actuaries. These areas were set out in detail at Appendix B to the report, however, it was noted that the exact figures would not be known until the accounts had been completed.

48.4 In response to a Member query regarding accounting for assets and the way they were held, the Finance Manager explained that capital appreciation would be shown in the accounts. If assets had gone up in value this would be shown as an unrestricted gain. The Head of Finance and Asset Management advised that the Council was currently in the process of appointing an Investment Manager to work with Officers in respect of investing in new commercial properties and reporting on the existing portfolio. It was intended that a quarterly report on performance would be shared with an internal board but it would also be possible to produce an annual report for Council which could include capital appreciation and rental yields. A Member expressed the view that it would be difficult to value the land which had become vacant following the demolition of Cascades until the Council had decided what to use it for. He pointed out that the use of greatest value to the community might not necessarily be the most financially rewarding. The Finance Manager clarified that the valuers looked at the best use of the land and the highest value – the accounts were done purely from a financial point of view.

48.5 Having considered the information provided, it was

RESOLVED That the critical accounting judgements that would be used in completing the 2016/17 annual accounts be **APPROVED** and the key sources of estimation uncertainty be **NOTED**.

AUD.49 EARLY CLOSE DOWN CHECKLIST FOR STATEMENT OF ACCOUNTS

49.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 72-78, attached the Council's completed self-assessment checklist which was

required to meet the new closure date for the Statement of Accounts. Members were asked to consider the responses to the self-assessment checklist and note the progress that had been made to date.

- 49.2 Members were informed that the revised Audit and Accounts regulations required authorities to produce a draft Statement of Accounts by 31 May with effect from the 2017/18 financial year. To ensure the Council was prepared, a 'dry-run' was being followed for the closure of accounts for 2016/17; this would be an opportunity to test for readiness for the following year and to refine processes and practices to comply with the deadlines. As part of its preparations, Officers had used Grant Thornton's best practice checklist which was attached at Appendix A to the report. It was clear that good progress had been made by the Finance Team in most areas. There were six negatives and, in most cases, plans were already in place to address these. It was noted that some of the requirements were unnecessary for Tewkesbury Borough Council. It was hoped that the report and checklist would give reassurance that the preparations would lead to the successful conclusion of this year's accounts, within the timetable promised, and, as such, demonstrated that the Council would be ready for the following year.

- 49.3 It was

RESOLVED That the responses to the self-assessment checklist and the progress made to date to meet the new closure date for the statement of accounts be **NOTED**.

AUD.50 INTERNAL AUDIT PLAN MONITORING REPORT

- 50.1 The report of the Head of Corporate Services, circulated at Pages No. 79-119, was the third monitoring report of the financial year and summarised the work undertaken by the Internal Audit team during the period December 2016 to February 2017. Members were asked to consider the audit work completed and the assurance given on the adequacy of the internal controls operating in the systems audited.
- 50.2 The Head of Corporate Services advised that full details of the work undertaken in the period were attached at Appendix 1 to the report. It was generally a very positive report with one 'limited' opinion in relation to the cascading of insurance conditions to relevant staff. A list of audits within the 2016/17 Audit Plan and their progress to date could be found at Appendix 2 to the report. Approximately 93% of the 2016/17 Internal Audit Plan had been completed and days had been allocated within the 2017/18 Plan for any which needed to be carried forward. There had been a small degree of slippage due to sickness absence and the Finance Team had provided an additional resource to assist with non-financial audits. One member of the team had recently gone on maternity leave and a secondment arrangement was in place to cover this. Members were advised that notification had been received that Tewkesbury Town Council wished to terminate its contract for the provision of Tewkesbury Borough Council's internal audit function. A total of 20 days had been allocated for this provision within the 2016/17 plan which would now be available for additional Borough Council work within the 2017/18 Internal Audit Plan.
- 50.3 With regard to the audit of the Council's insurance arrangements, there was a good level of control in terms of the information provided to the Council's insurers to ensure that the cover was appropriate; however, the controls and environment in relation to insurance policies being disseminated to appropriate Officers had been

found to be limited. Whilst the risk of not disseminating insurance conditions to Officers could potentially affect the Council's ability to defend a claim, this risk was considered to be minimal based on the limited number of claims received that had resulted in a claim being settled in favour of the claimant. The Finance Team had been working on this and the relevant information would all be available on the intranet by the end of the month. A Member questioned whether it was possible to take out insurance to protect against lost planning appeals. The Borough Solicitor advised that it was highly unlikely that it would be possible to obtain insurance for planning decisions made by the Council when the risks were known. The determination of planning applications was a legal process and there were certain requirements which needed to be observed. Whilst she recognised that the costs of losing appeals could be significant, this was taken into account in the Council's financial planning. It was potentially different if there was a case for negligence but this would only be in very exceptional circumstances.

- 50.4 It was noted that the Council Tax audit for 2016/17 had looked at the fundamentals of the system and found a good level of control in terms of billing, valuations and liabilities. The Council Tax audit included in the 2017/18 Internal Audit Plan would go beyond the key controls. In terms of the Tourist Information Centres (TICs) audit, the collection of income was generally satisfactory. There was a slight issue at Winchcombe TIC in terms of the method for recording sales in respect of event tickets and a recommendation around improved reconciliation between income and ticket sales had been accepted. Whilst the stock held by TICs was of relatively low value, improvements could be made by carrying out more frequent stock checks. Whilst completing the audit, two ancillary issues had been identified in relation to data retention and the rental agreement for the lease of Winchcombe TIC from Winchcombe Town Trust.
- 50.5 The overall arrangements in respect of recycling had been found to generally be satisfactory and recommendations had been made around formalising the arrangements with the Joint Waste Team and establishing a protocol for operational responsibility which had been accepted by the Head of Service. Whilst testing had confirmed that the Grundon invoices for May and October 2016 had been accurately stated, it had been found that there was no verification of the invoices prior to payment and it was recommended that verification be completed before payment. The main accounting audit 2016/17 had been satisfactory but there was a similar recommendation in terms of verification. There was a good level of control around entries and reconciliation which stood the Council in good stead for the Statement of Accounts. The creditors' audit 2016/17 had shown there was an up-to-date signatory list and invoices were correctly authorised and coded. Tewkesbury Borough Council had become a deemed contractor under the Construction Industry Scheme (CIS) with effect from 6 April 2016 and all payments made for construction operations falling under the scheme were subject to CIS rules. Audit testing of the monthly return had shown that, of the seven sub-contractors, one had been incorrectly processed and two had related to mixed contracts whereby not all payments due to the sub-contractor had been processed through CIS. Given these findings, it was recommended that a review of the CIS monthly returns processed to date be carried out in order to ensure that the scheme was being correctly applied. The Finance Manager advised that, when the CIS had come into effect in April, Officers had undergone training and the scheme had been implemented. There had been some issues at the start when staff had been learning the system but these had all been addressed. The system had been reviewed a few weeks earlier and a procedure had been put in place to determine whether CIS applied.
- 50.6 The 2016/17 audit of the Environmental Health flood grants had found a satisfactory level of assurance in terms of external funding being appropriately spent and monies due being received promptly and for the correct amount. Notwithstanding this, it was noted that the agreement between Tewkesbury

Borough Council and Gloucestershire County Council with regard to grant payments to undertake flood alleviation schemes still needed to be finalised. In addition, the Borough Council was acting as an accountable body for the Isbourne Catchment Group and currently held funds for that Group; however, there was an issue regarding governance and it was necessary to put a formal agreement in place so that the Council's responsibilities were clear. In terms of corporate improvement work, it was noted that the Council had purchased a new vehicle fleet and one of the Internal Audit Team was working with the Head of Community Services on an agreement to ensure that the vehicles were appropriately maintained and managed by Ubico. A Member questioned the basis on which these vehicles were provided to Ubico and what checks were being undertaken to ensure that the Council's assets were being looked after. The Finance Manager clarified that a lease agreement was being put in place with Ubico in terms of how it used the assets and the expectations in terms of maintenance etc. A final draft had been received from One Legal earlier that day and it was anticipated that it would be signed the following week. The Head of Finance and Asset Management indicated that there should be a performance indicator within the lease agreement to ensure that the vehicles were used in accordance with the agreed terms. The Member went on to question whether spot checks were carried out and the Head of Corporate Services confirmed he would expect this to be the case. A number of days were allocated in the Internal Audit Plan 2017/18 specifically for the vehicle contract.

50.7 Members were informed that Appendix 3 to the report contained a summary of all audit recommendations and their status. There were 22 follow-up recommendations in the period; 12 had been implemented, three were in progress and seven were yet to be implemented which would be taken up with the relevant Officers. A Member raised concern that the expected implementation dates for a number of actions had passed some time ago, or were due to very shortly, and there was nothing in the other columns to provide an update as to whether this had been achieved. The Head of Corporate Services advised that these actions were yet to be followed-up by the Internal Audit Team and he pointed to the 'Target Follow-Up Date' column at the end of the table which showed when this would be achieved. He advised that any outstanding recommendations would be brought to the next Audit Committee meeting.

50.8 Having considered the information provided, and views expressed, it was

RESOLVED That the Internal Audit Plan Monitoring Report be **NOTED**.

AUD.51 TREE INSPECTIONS FOLLOW-UP AUDIT REPORT

51.1 The report of the Asset Manager, circulated at Pages No, 120-122, provided an update in relation to the recommendations arising from the tree-inspections audit. Members were asked to consider the progress that had been made.

51.2 The Head of Finance and Asset Management reminded Members that responsibility for the management of trees on Tewkesbury Borough Council-owned land had transferred to the Asset Management Team in September 2015. A new system for plotting trees had been introduced in November 2015 which had involved new software and GPS hardware and that had been very successful once initial teething problems had been addressed. In February 2016, it was established that Ubico had been inspecting trees that were not within the ownership of the Borough Council and the process for future inspections had subsequently been reviewed. The Asset Management Team had reviewed all trees on Council-owned land and risk categorised them and, in November 2016, the Executive Committee had approved an updated Tree Policy which incorporated the new risk categories and inspection regime. Additional training had also been provided to Ubico on the software and risk categorisation system. As of February

2017, Ubico had completed 70% of tree inspections on Tewkesbury Borough Council-owned land and only one had been wrongly inspected during 2016/17 that was not within the ownership of the Borough Council. The Head of Finance and Asset Management acknowledged that the tree inspection regime had been very poor 18 months ago but he was pleased to be able to provide assurance that there was now a solid and robust system in place and trees were being maintained responsibly.

- 51.3 A Member raised a query in relation to the maintenance of trees next to waterways and whether those would have been linked. The Head of Finance and Asset Management indicated that he would need to make some enquiries and come back to Members outside of the meeting. It was

RESOLVED That the progress made in respect of the recommendations arising from the tree inspections audit be **NOTED**.

AUD.52 INTERNAL AUDIT PLAN 2017/18

- 52.1 The report of the Head of Corporate Services, circulated at Pages No. 123-127, attached, at Appendix 1, the Internal Audit Plan 2017/18. Members were asked to approve the Plan.

- 52.2 Members were advised that the Internal Audit Plan 2017/18 was divided into key areas: governance related activity; corporate improvement; fundamental financial systems; service areas; and other areas. The Head of Corporate Services drew attention to a typographical error at Appendix 1 which should state that 80 days had been allocated for Corporate Improvement rather than none. The areas that would be covered under corporate governance included absence management, health and safety and data protection. There would be some new work under the fundamental financial systems audits in respect of the new e-ordering system and off-payroll regulations. In terms of specific service areas, days had been allocated to client monitoring for both the leisure centre and Ubico; Disabled Facilities Grants, where there had been significant change; the vehicle contract; the Public Service Centre refurbishment; and property leases.

- 52.3 It was

RESOLVED That the Internal Audit Plan 2017/18 be **APPROVED**.

AUD.53 INTERNAL AUDIT CHARTER

- 53.1 The report of the Head of Corporate Services, circulated at Pages No. 128-139, set out the Internal Audit Charter which Members were asked to approve.

- 53.2 Members were advised that it was a requirement of the Public Sector Internal Audit Standards (PSIAS) for the authority and responsibility of the internal audit activity to be formally defined in an Internal Audit Charter which must be periodically reviewed and presented to the Corporate Management Team and the Audit Committee for approval. The Charter had last been approved by the Committee on 23 March 2016 and a number of amendments had been made since that time, the majority of which were minor textural changes. The only real significant change was at Page No. 135, Paragraph 4.2.2, in order to clearly highlight the operational responsibilities of the Head of Corporate Services. The Head of Corporate Services indicated that audit was only one part of his remit, however, he made a commitment under his professional standards that he would present reports in an objective and transparent manner and would not have any influence in changing the opinions given by the Internal Audit Team. He pointed out that he was responsible for the complaints framework and business continuity which had both been given limited audit opinions.

- 53.3 It was

RESOLVED That the Internal Audit Charter be **APPROVED**.

AUD.54 MONITORING OF SIGNIFICANT GOVERNANCE ISSUES

54.1 The report of the Borough Solicitor, circulated at Pages No. 140-146, set out the Significant Governance Issues and the action to be taken to address them as identified in the Council's Annual Governance Statement. Members were asked to consider the progress made against those issues.

54.2 Members were advised that the table set out at Appendix 1 to the report comprised the Significant Governance Issues and the proposed actions and timescales for completion, with further columns indicating the progress as at 30 November 2016 and 1 March 2017. The Borough Solicitor indicated that she had hoped to be able to advise that all of the issues identified had been completed, unfortunately, this was not the case. She explained that the approval of a Workforce Development Strategy was programmed for consideration by the Executive Committee at its meeting in June so this would be completed on time. In terms of the Audit Committee effectiveness, an initial 'Meet the Audit Team' session had been held in February and this would be followed-up with training on the role of the Audit Committee and a review of the effectiveness of the Audit Committee using the CIPFA framework. This had been given a revised implementation date of September. Both risk management and business continuity were corporate matters and dependent upon staffing; there had been quite a significant resource shortage over the past few months but it was important that there was corporate ownership and these outstanding matters would be addressed now that the new team was in place. Any outstanding risks would be rolled forward into the Annual Governance Statement 2016/17 which would be brought to the Audit Committee in July. In terms of the review of the Council's Constitution she explained that the Democratic Services Team was very small and the majority of time had been taken up with unexpected matters such as the Ward Boundary Review which had not been included in the work programme for that service. She provided assurance that, whilst it did require updating, the current Constitution continued to be used as a working document. Assuming that there was no snap election in 2018, there would be an opportunity to carry out the review at that time.

54.3 A Member queried whether there was a date for the Audit Committee training and was advised that Grant Thornton would be running the session on the role of the Audit Committee and Members would be advised of the arrangements in due course. It was subsequently

RESOLVED That progress against the Significant Governance Issues identified in the Council's Annual Governance Statement be **NOTED**.

The meeting closed at 3:10 pm