



Hinckley & Bosworth Borough Council

Finance, Audit and Performance Committee

ANNUAL REPORT
2014/2015

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1. ROLE AND RESPONSIBILITY

- 1.1 The Finance, Audit and Performance Committee (FAP) operates as the Audit Committee for Hinckley and Bosworth Borough Council. The Chartered Institute of Public Finance and Accountancy (CIPFA) ¹states that “The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.”
- 1.2 Finance, Audit and Performance Committee (the Committee) operates alongside the Scrutiny Commission to perform the Overview and Scrutiny function for the Authority in accordance with the Local Government Act 2000.
- 1.3 The Committee assists in addressing the Authority’s responsibilities with regard to financial reporting, external and Internal Audits and controls. This includes reviewing the Authority’s annual Statement of Accounts, periodic financial reports, together with monitoring and reviewing the effectiveness of the Internal Audit activities and systems of risk management and internal controls. The ultimate responsibility for reviewing and approving the Statement of Accounts, Annual Governance Statement and Budget remains with Council.
- 1.4 The principal functions of the Finance, Audit and Performance Committee are outlined in the CIPFA guidance as follows:
- Be satisfied that the Council’s assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the Council’s objectives (Assurance role)
 - In relation to the authority’s Internal Audit functions (Internal Audit Role):
 - oversee its independence, objectivity, performance and professionalism
 - support the effectiveness of the Internal Audit process
 - promote the effective use of Internal Audit within the assurance framework.
 - Consider the effectiveness of the authority’s risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations (Risk Management Role).
 - Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority’s exposure to the risks of fraud and corruption (Value for Money Role/ Fraud and Corruption Role).
 - Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control (External Audit Role).
 - Support effective relationships between external audit and Internal Audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process (see both audit roles above).
 - Review the financial statements, external auditor’s opinion and reports to members, and monitor management action in response to the issues raised by external audit (Financial Statement Role).

¹ “Audit Committees- Practical Guidance for Local Authorities and Police” (2013)

- 1.5 Further details of the role of the Committee and the terms of reference are contained in Part 2 Article 6 of the Council's Constitution.

2. MEMBERSHIP AND STRUCTURE

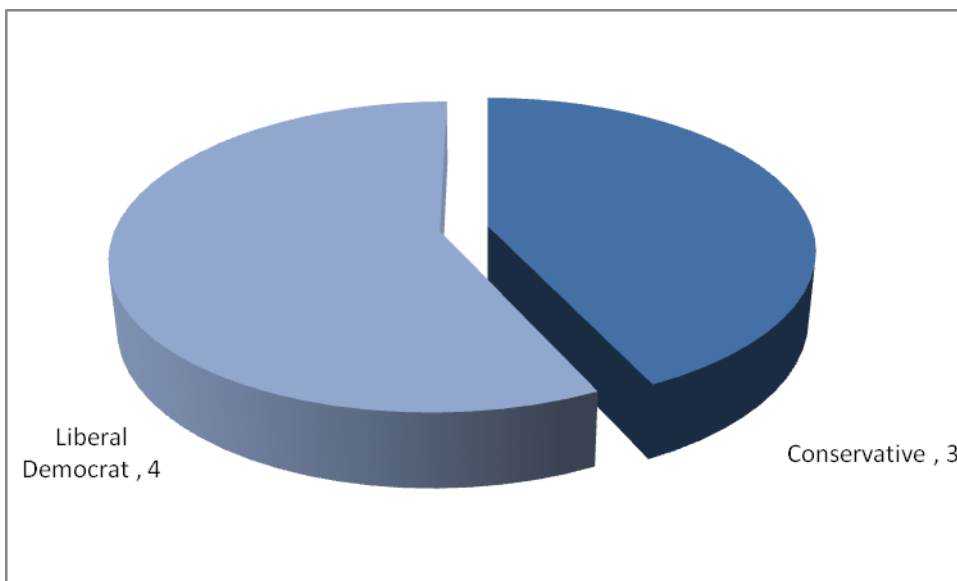
2.1 Requirements for the structure of the Finance, Audit and Performance Committee are set out in the Constitution. As per Part 2, Article 6, section 6.5 “Finance, Audit & Performance Committee [should consist] of seven members of Council and ...be politically proportionate. The Mayor and members of the Executive may not be a member... The Chairmanship of the Scrutiny Commission will be allocated to a Councillor who is not from the majority group, by decision of the Council, and two Vice-Chairmen appointed from each of the other two Groups. One of these Vice-Chairmen will be Chairman of the Finance, Audit & Performance Committee. Non-Council members may be co-opted to Overview & Scrutiny bodies in a non-voting capacity for specific areas of investigation, by agreement of the Scrutiny Commission.

2.2 Chapter 7 of the CIPFA guidance states that “good” Audit Committees are characterised by the following membership attributes:

- A membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role
- A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
- A strong independently minded chair – displaying a depth of knowledge, skills and interest.
- Unbiased attitudes – treating auditors, the executive and management fairly
- The ability to challenge the executive and senior managers when required

2.3 The membership of Finance, Audit and Performance Committee for 2014/15 is detailed below, along with the political makeup

- Councillor Miss DM Taylor (Chairman)
- Councillor JS Moore
- Councillor PR Batty
- Councillor Mrs R Camamile
- Councillor PAS Hall
- Councillor Mrs L Hodgkins
- Councillor K Morrell



2.4 The functions of the Committee are supported by Internal Audit, External Audit and the Council's finance officers who attend meetings as required. The key contacts of these parties are detailed below:

Organisation	Name	Contact number
Hinckley and Bosworth Borough Council – Finance	Katherine Plummer – Chief Officer (Finance, Customer Services & Compliance) and Deputy s151 officer	01455 255 609
PricewaterhouseCoopers LLP – External Audit	Alison Breadon – Engagement Leader	07740 894817
	Sophia Mouyais – Audit Manager	0751 554 1313
Coventry and Warwickshire Audit Services – Internal Audit	Tim Ridout – Chief Internal Auditor	07590 960639

2.5 Both the Internal Audit and External Audit contracts have been reappointed for 2015/2016. Contact details will be provided to members of the committee in due course.

3. 2014/2015 ACHIEVEMENTS

3.1 An outline of the reports discussed at each meeting of the committee in 2014/2015 is included in Appendix 1.

3.2 The following table highlights how the committee has achieved each of the functions outlined in 1.4

Role	Achievements
Assurance Role	<ul style="list-style-type: none"> • Reviewed the draft Annual Governance Statement ahead of submission to Council for approval • Received, as requested a full copy of an Internal Audit review of Fees and Charges which contained benchmarking of the fees and charges booklet against other Councils
Internal Audit Role	<ul style="list-style-type: none"> • Received and reviewed periodic Internal Audit reports which include recommendation tracking updates to ensure that any issues with internal control are identified • Received the Annual Internal Audit report and considered any impact on the Annual Governance Statement • Received updates on the procurement of the outsourced Internal Audit contract
Risk Management / Performance Role	<ul style="list-style-type: none"> • Considered quarterly Performance Management reports to identify any issues with the achievement of corporate objectives • Considered quarterly Risk Management reports • Received service review reports on each Council area outlining performance, risk and budget information. These reports were newly requested by the Committee in 2014/2015 • Requested and received a report on the Council's use of homeless accommodation including detailed performance information in this area • Received, as requested an update on performance in the housing repairs area. A further report was also brought to the committee covering how complaints are dealt with in this service area
Value for Money Role	<ul style="list-style-type: none"> • Monitored the General Fund, capital and Housing Revenue Account outturn reports; ensuring the Council maintains a strong financial position • Reviewed quarterly Treasury Management reports; ensuring that the Council's investment and borrowing activities are prudent and secure • Reviewed the 2015/2016 Budget Strategy ahead of approval by Executive • Reviewed those areas where fees and charges could potentially be levied by the Council and made recommendations to Scrutiny Commission on findings • Monitored the financial performance of the Local Council Tax Scheme and Business Rates Pool

	<ul style="list-style-type: none"> • Requested and received regular aged debt analysis, including information on recovery processes • A joint meeting of Finance, Audit and Performance and the Scrutiny Commission was held on 29th January 2015 to consider the 2015/2016 budget ahead of submission to Council
Fraud and Corruption Role	<ul style="list-style-type: none"> • Reviewed compliance with the “Protecting the Public Purse Survey” checklist and agreed an action plan for areas of non compliance • Monitored implementation of the fraud action plan • Received updates on the corporate fraud log and cases that arose in year
External Audit Role	<ul style="list-style-type: none"> • Received the ISA(260) Report as “Those Charged with Governance” • Received the External Auditor’s Annual Report and Audit Plan • Received the External Auditors Annual Grants Certification Report
Financial Statements Role	<ul style="list-style-type: none"> • Received training on the Statement of Accounts • Reviewed the annual Statement of Accounts ahead of submission to Council for approval

3.3 In addition to the above, various members of the Committee have attended external training events run by the External Auditors on issues relevant to Audit Committee members.

4. LOOKING FORWARD

- 4.1 Looking forward, the Committee is keen to continue to develop its role as a key function of the Council's Scrutiny and assurance function. As such, a work programme will be developed to ensure that this is achieved
- 4.2 A work programme for is key to ensuring that the Committee's work is:
- Outcome focussed;
 - Prioritised accordingly;
 - Resourced properly; and
 - Project planned properly.
- 4.3 In devising the work programme for 2015/2016, the Committee should consider the following questions, many of which are highlighted by the CIPFA guidance:
- Is the Committee sufficiently trained to carry out its role? Is any further training required to support members?
 - Does the Committee robustly review the Annual Governance Statement and Statement of Accounts ahead of recommending these to Council for approval?
 - Does the Committee encourage ownership of the internal control and risk management framework by officers by requesting their attendance at meetings?
 - Is due attention given to ensuring that the Council obtains required support from both Internal and External Audit?
 - Does the Committee focus activity around risk?
 - Does the Committee review major projects and programmes to ensure that governance and assurance arrangements are in place?
 - How does the Committee ensure that fraud risks are identified and adequately addressed through both preventative and detective means?
 - Does the Committee ensure that assurance on value for money arrangements is included in the assurances received?
 - Does the Committee effectively challenge?

APPENDIX 1**2014/2015 MEETINGS HELD**

Date	Report
12-May-14	Internal Audit Annual Report 2013/14 Protecting the Public Purse update Treasury Management Activity 2013/14 Audit Committee Practical Guide
23-Jun-14	Internal Audit Block Report Draft Annual Governance Statement 2013/14 Draft Outturn 2013/14 Performance & Risk Management Framework Annual Report 2013/14
04-Aug-14	Fees & Charges - Internal Audit Report Aged Debt - Quarter 1 Treasury Management - Quarter 1 Business Rates & Pooling Update Finance, Audit & Performance Service Review - Planning Homeless Temporary Accommodation
15-Sep-14	Statement of Accounts 2013/14 & Annual Governance Statement Report to those charged with governance (ISA 260) - Report of the External Auditor Revenue & Capital Outturn - Quarter 1 Internal Audit Block Report Performance & Risk Management Framework Finance, Audit & Performance Service Review - Corporate Services Budget Strategy 2015/16 Fraud update
03-Nov-14	Annual Audit Letter - Report of the External Auditor Fees & Charges update Finance, Audit & Performance Service Review - Streetscene & Environmental Health Treasury Management - Quarter 2 Housing Repairs Update Aged Debt - Quarter 2
12-Jan-15	Finance, Audit & Performance Service Review - Housing & Community Safety Finance, Audit & Performance Service Review - Housing Repairs Customer Complaints - Housing Repairs Internal Audit Block Report Revenue & Capital Outturn - Quarter 2 Performance & Risk Management Framework Business Rates & Pooling Update
23-Feb-15	External Audit Plan 2014/15 Grant Certification Report - Report of the External Auditor Internal Audit Block Report Finance, Audit & Performance Service Review - Resources Revenue & Capital Outturn - Quarter 3 Treasury Management - Quarter 3 Business Rates & Pooling Update Aged Debt - Quarter 3

