



Meeting Audit and Governance Committee
 Date and Time Thursday, 13th June, 2019 at 6.30 pm.
 Venue Walton Suite, Guildhall, Winchester

AGENDA

PROCEDURAL ITEMS

1. **Apologies and Deputy Members**
 To note the names of apologies given and Deputy Members who are attending the meeting in place of appointed Members.

2. **Disclosure of Interests**
 To receive any disclosure of interests from Members and Officers in matters to be discussed.

Note: Councillors are reminded of their obligations to declare disclosable pecuniary interests, and non disclosable pecuniary interests in accordance with legislation and the Council’s Code of Conduct.

If you require advice, please contact the appropriate Democratic Services Officer, prior to the meeting.

3. **Chairperson's Announcements**

4. **Appointment of Vice-Chairperson for the 2019/20 Municipal Year**

5. **To note the time of future meetings of the Committee**

13 June 2019 6:30pm	25 July 2019 6:30pm	28 November 2019 6:30pm	5 March 2020 6:30pm
---------------------------	---------------------------	----------------------------	---------------------------

6. **Minutes of the Previous Meeting of the Audit Committee held on 7 March 2019 and Personnel Committee held on 4 March 2019 (Pages 5 - 12)**



BUSINESS ITEMS

7. **Public Participation**
To receive and note questions asked and statements made from members of the public on matters which fall within the remit of the Committee.
8. **Audit and Governance Committee - Human Resources and Standards Sub Committee Appointments AG007 (Pages 13 - 16)**
9. **Governance Quarterly Update Quarter 4 2018/19 AG001 (Pages 17 - 26)**
10. **Annual Internal Audit Report and Opinion 2018/19 AG002 (Pages 27 - 44)**
11. **Annual Audit Fee 2019/20 AG004 (Pages 45 - 52)**
12. **Audit and Governance Committee Work Programme 2019 2020 AG005 (Pages 53 - 58)**
13. **Draft Annual Financial Report 2018/19 (for information)**
<https://www.winchester.gov.uk/about/financial-documents/annual-financial-report>

L Kirkman
Corporate Head of Resources and Monitoring Officer

Members of the public are able to easily access all of the papers for this meeting by opening the QR Code reader on your phone or tablet. Hold your device over the QR Code below so that it's clearly visible within your screen and you will be redirected to the agenda pack.



5 June 2019

Agenda Contact: Dave Shaw, Principal Democratic Services Officer
Tel: 01962 848221 email: dshaw@winchester.gov.uk

MEMBERSHIP

Audit and Governance Committee

Chairperson:
Power (Liberal Democrats)

Vice-Chairperson:

Liberal Democrats

Achwal
Becker
Bentote
Bronk
Gottlieb
Laming

Conservatives

Godfrey
Mather
Miller
Weston

Quorum = 4 members

TERMS OF REFERENCE

Audit and Governance Committee – Included within the Council's Constitution (Part 2, Article 9)

PUBLIC PARTICIPATION

A public question and comment session is available at 6.30pm for a 15 minute period. There are few limitations on the questions you can ask. These relate to current applications, personal cases and confidential matters. Please contact Democratic Services on 01962 848 264 in advance of the meeting for further details. If there are no members of the public present at 6.30pm who wish to ask questions or make statements, then the meeting will commence.

DISABLED ACCESS:

Disabled access is normally available, but please phone Democratic Services on 01962 848 264 or email democracy@winchester.gov.uk to ensure that the necessary arrangements are in place.

This page is intentionally left blank

AUDIT COMMITTEE

7 March 2019

Attendance:

Councillors
Cutler (Chairman)

Bentote
Burns
Huxstep

Mather
Power
Stallard

Deputy Members:

Councillor Cunningham (Standing Deputy for Councillor Stallard)

Apologies for Absence:

Councillors Burns and Stallard

Other Members in attendance:

Councillor Ashton – Portfolio Holder for Finance

1. MINUTES

RESOLVED:

That the minutes of the previous meeting held on 29 November 2018 be approved and adopted.

2. GOVERNANCE QUARTERLY UPDATE - QUARTER 3 2018/19 (Report AUD225 refers)

The Strategic Director: Resources and Mr Harvey from the Southern Internal Audit Partnership presented this item.

Mr Harvey updated the meeting that 54% of Audits were now finalised and a further eight (from 13) audit reviews were at or near draft report stage and would be published in the next week. This gave confidence that the remaining audits would be completed and would inform the annual internal audit report and opinion.

The Strategic Director: Resources and Corporate Business Manager answered questions from Members as summarised below:

- i. The signing of leases by the Hampshire Cultural Trust was progressing and they had now appointed a new member of staff who would take responsibility for completion of the leases.
- ii. The overdue actions on Information Governance related to implementation of the Records Management Policy for the Council, which included a review of the Council's retention schedule for documents. As this involved automatic deletion of records that were older than set in the retention schedule, the Council was being cautious so as not to lose key documents in any disposal.
- iii. The eight pending actions for Business Continuity would be removed when the review of business critical functions took place. This was imminent, and the actions would be completed before the next meeting of the Committee.
- iv. Officers responded to questions relating to Appendix 3 – LGA Peer Challenge – Follow up Action Plan, No1 – Develop evidence based approach to the Council's understanding of the views and needs of the whole community – and how could it be demonstrated that resident's views were actioned. It was stated that Council did have a long tradition in responding to consultations and endeavoured to keep its website up to date by publishing the results of surveys and any action taken thereafter. There was the Citizens Hub, the Residents Survey and the Young Persons Survey to inform the Council Strategy and it did take time to populate these pages on the website. The Corporate Business Manager would also give this matter further consideration.

Councillor Ashton also referred to the 'You said, We did' initiative and communication involved on the output from consultation on the major projects, for example on the new Sport and Leisure Centre. A solution to the points raised could be improved indexing on the website to indicate where to search for the outputs from consultation.

RESOLVED:

That the content of the Report and the progress against the Internal Audit Plan and Annual Governance Statement as set out in Appendices 1 and 2 of the Report be noted.

4. **INTERNAL AUDIT PLAN 2019 – 20**
(Report AUD227 refers)

Mr Harvey from the Southern Internal Audit Partnership presented this item.

Mr Harvey answered Members' questions as follows:

- (i) There was regular contact with City Council officers to ensure that priority areas were identified for audit and that these reflected the needs of the

organisation and addressed significant developments. Common themes were looked at across organisations, for example, bank account mandate fraud.

(ii) The Planning and Open Spaces audit would consider the effective utilisation of the Community Infrastructure Levy (CIL) and developer contributions from Section 106 agreements.

The future audit of Human Resources and Absence Management and issues in relation to personal and workplace stress were welcomed by the Committee.

The Chairman commented that workshops on training and awareness organised by the Southern Internal Audit Partnership (SIAP) for Audit Committee Chairs and Members would be of benefit. Mr Harvey stated that he would take up this suggestion with the Head of Partnership at SIAP (Mr Pitman) and with the Strategic Director: Resources.

RESOLVED:

That the Internal Audit Plan for 2019/20 as set out in Appendix 1 to the Report be approved.

5. **INTERNAL AUDIT CHARTER 2019 – 20**
(Report AUD226 refers)

Mr Harvey from the Southern Internal Audit Partnership presented this item.

RESOLVED:

That the Internal Audit Charter for 2019/20 as set out in Appendix 1 to the Report be approved.

6. **LOCAL CODE OF CORPORATE GOVERNANCE 2019**
(Report AUD228 refers)

The Corporate Business Manager introduced the report.

RESOLVED:

That the Local Code of Corporate Governance as set out in Appendix 1 to the Report be approved.

7. **PLANNING FOR AND AUDIT OF THE 2018/19 ACCOUNTS**
(Report AUD229 refers)

The Finance Manager and Kevin Suter from Ernst and Young (EY) introduced the Report.

Mr Suter answered questions from Members on the timetable for the audit of accounts and how Winchester's audit would be accommodated by EY.

RESOLVED:

1. That the Council's Statement of Accounts for 2018/19 be noted.
2. That the amendments to the disclosure of accounting policies be approved.
3. That the Audit Planning Report be noted.

8. **CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2017/18**
(Report AUD230 refers)

Mr Mathers from EY presented this item.

RESOLVED:

That the Annual Report 2017/18 attached to the Report as Appendix 1 be noted.

The meeting commenced at 6.30 pm and concluded at 7.45pm

Chairman

PERSONNEL COMMITTEE

4 March 2019

Attendance:

Councillors:

Read (Chairman) (P)

Achwal (P)
Berry (P)
Bentote (P)

Cook (P)
Cutler (P)
Weston (P)

Others in attendance who addressed the meeting:

Councillor Godfrey (Portfolio Holder for Professional Services).

1. **MINUTES**

RESOLVED:

That the minutes of the previous meeting of the Committee held on 14 January 2019, less exempt minute, be approved and adopted.

2. **ORGANISATIONAL DEVELOPMENT PERFORMANCE MONITORING – QUARTER 3 2018/19** (Report PER321 refers)

The Committee noted that the Report had not been notified for inclusion on the agenda within the statutory deadline. The Chairman agreed to accept the item onto the agenda as a matter requiring urgent consideration to enable consideration of the item at this meeting.

Councillor Godfrey introduced the Report.

Members asked questions on the information presented and the officers' responses given are summarised below:

- i. A Member commented on the gender pay gap and comparisons made in 2017/18 with the national average; those of other public sector bodies and other Councils. It was stated that the pay gap had increased.

The Head of Human Resources (Interim) replied that the Council was driven by the need to publish figures on 31 March 2018 and the gap had narrowed after that date with a number of female appointments to senior positions in the Council. The Strategic Director: Resources added that Winchester's position was better than the national average but that further improvement could be made. Councillor Godfrey commented that the method of measurement could also be improved

upon as it did not look at comparators within scales, between full time and part time staff and types of role undertaken, which were generally equal at Winchester.

A Member suggested that further information for Members with a gender pay comparison within quartiles would ease understanding going forward.

The Strategic Director: Resources added that an external website provided details on gender pay and guidance on fulltime equivalent pay. The City Council was near average for all organisations that had reported to date and a further update would be made at the next Personnel Committee meeting when all organisations had reported.

ii. The Council was proactive in managing sickness. Although the figures for sickness had increased, the Human Resources Department was working with Occupational Health and Departmental Managers to address issues. There was good liaison with the Health at Work Group and with Unison. Mental health was a priority within the Council's Wellbeing Strategy, and the Head of Human Resources (Interim) had recently qualified to be a Mental Health First Aider.

iii. A Member commented on the 15 per cent level of staff turnover. The Strategic Director: Resources stated that the figure was acceptable as turnover of staff could be viewed as a positive and the turnover figure was also beginning to fall.

A Member commented that a running total on staff turnover would be beneficial to Members in order to identify trends.

iv. Staff briefings were held quarterly.

RESOLVED:

1. That the Quarter 3 2018/19 Performance Monitoring figures for Organisational Development be noted.

2. That no items of significance be drawn to the attention of the Portfolio Holder or Cabinet arising from the Performance Information.

3. **EXEMPT BUSINESS**

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
4.	• Staffing review	<ul style="list-style-type: none">) Information relating to a) particular individual. (Para 1 to) Schedule 12A refers).)) Information which is likely to) reveal the identity of an) individual. (Para 2 to Schedule) 12A refers))) Information relating to any) consultations or negotiations, or) contemplated consultations or) negotiations, in connection with) any labour relations matter) arising between the authority or) a Minister of the Crown and) employees of, or office holders) under, the authority. (Para 4 to) Schedule 12A refers)

4. **EXEMPT MINUTES**

RESOLVED:

That the exempt minute of the previous meeting held on 14 January 2019 be approved and adopted.

The meeting commenced at 6.30pm and concluded at 6:55pm.

Chairman

This page is intentionally left blank

REPORT TITLE: AUDIT AND GOVERNANCE COMMITTEE – HUMAN RESOURCES AND STANDARDS SUB-COMMITTEES APPOINTMENTS

13 JUNE 2019

REPORT OF CABINET MEMBER: Deputy Leader with Portfolio for Finance and Risk

Contact Officer: David Blakemore Tel No: 01962 848217 Email dblakemore@winchester.gov.uk

WARD(S): ALL

PURPOSE

The Council has appointed an Audit and Governance Committee and in addition, two Sub-Committees. These are the Standards Sub-Committee, whose purpose is to conduct hearings relating to breaches of the Member Code of Conduct. The Human Resources Sub-Committee is responsible for the Council's Human Resources function, where not delegated to under the Scheme of Delegation.

The detailed terms of reference for each of the Sub-Committees are set out in Part 2 of Article 9 of the Constitution

<https://democracy.winchester.gov.uk/documents/s6663/Part%20%20Article%209%20Audit%20and%20Governance%20Committee.pdf>.

This report clarifies arrangements for the appointment of Members to both Sub-Committees.

RECOMMENDATIONS:

That the Committee note arrangements for the appointment of Members to the Standards Sub-Committee and the Human Resources Sub-Committee.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 The Council's Constitution and decision making structures are key to ensuring that the Council has strong and effective decision-making in place to deliver the Council's strategic aims.

2 FINANCIAL IMPLICATIONS

- 2.1 None directly.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council's Constitution and decision making structures help facilitate decision-making that is both open and transparent.

4 WORKFORCE IMPLICATIONS

- 4.1 None directly.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

6 CONSULTATION AND COMMUNICATION

- 6.1 Not applicable.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required

10 RISK MANAGEMENT

- 10.1 Note – the arrangements described in this report are as specified the Constitution as adopted by the Council.

Risk	Mitigation	Opportunities
<i>Property N/A</i>		
<i>Community Support N/A</i>		

<i>Timescales N/A</i>		
<i>Project capacity N/A</i>		
<i>Financial / VfM N/A</i>		
<i>Legal N/A</i>		
<i>Innovation N/A</i>		
<i>Reputation</i>		
<i>Other</i>		

11 SUPPORTING INFORMATION:

11.1 Introduction

11.2 The Council has appointed an Audit and Governance Committee and in addition, two Sub-Committees. These sub-committees are the Standards Sub-Committee and the Human Resources Sub-Committee.

11.3 How are both Sub-Committee appointed to?

11.4 The membership of both Sub-Committees is drawn from the parent committee – the Audit and Governance Committee

11.5 It will be drawn based on

- a) whether the Member has had the appropriate training (for example, with regards to the code of conduct)
- b) having regard to the Member's availability as meetings are arranged as and when required, and
- c) whether the Member may be conflicted in anyway.

11.6 For the Standards Sub-Committee, officers refer to an alphabetical list of the full membership (excluding any group leader). In accordance with the Localism Act 2011, there is a need for an Independent Person to attend the sub-committee and in the case of a Parish/Town Council complaint, a Parish Representative too – so meeting arrangements will often be based on their availability.

11.7 When the Standards, or a Human Resources Sub-Committee convenes, the membership of 3 will nominate a chairperson for that meeting only.

11.8 A temporary membership was agreed at Annual Council on 15 May 2019, in case there was any requirement to call a Sub-Committee before the first Audit and Governance Committee and any relevant training.

11.9 It is likely that the number of times a Standards Sub-Committee will be called will be reduced due to the Monitoring Officer having more powers to deal with Standards matters at the initial, 'pre hearing' stages. Again, the Human Resources Sub-Committee is only likely to meet occasionally, such as for recruitment of the most senior officers of the Council.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 Not Applicable

13 BACKGROUND DOCUMENTS:-

14 Previous Committee Reports:-

CL144 – Council Constitution – Review – 19 March 2019

<https://democracy.winchester.gov.uk/ieListDocuments.aspx?CId=138&MId=1854&Ver=4>

15 Other Background Documents:-

None

APPENDICES:

None

REPORT TITLE: GOVERNANCE QUARTERLY UPDATE QUARTER 4 2018/19

13 JUNE 2019

REPORT OF PORTFOLIO HOLDER: CLLR CUTLER – PORTFOLIO HOLDER FOR FINANCE AND RISK

Contact Officer: Joseph Holmes Tel No: 01962 848 220 Email: jholmes@winchester.gov.uk

WARD(S): ALL

PURPOSE

To provide members of the Audit and Governance Committee with a summary overview of the key issues in respect of governance arising during the fourth and final quarter of the 2018/19 financial year.

RECOMMENDATION:

1. That the Audit and Governance Committee notes the content of the report and the progress against the Annual Governance Statement as set out in Appendix 1.

IMPLICATIONS:

- 1 COUNCIL STRATEGY OUTCOME
 - 1.1 This summary document supports the Council's approach to providing efficient public services by managing and highlighting the latest key governance issues requiring action.
- 2 FINANCIAL IMPLICATIONS
 - 2.1 None identified.
- 3 LEGAL AND PROCUREMENT IMPLICATIONS
 - 3.1 None identified.
- 4 WORKFORCE IMPLICATIONS
 - 4.1 None.
- 5 PROPERTY AND ASSET IMPLICATIONS
 - 5.1 None
- 6 CONSULTATION AND COMMUNICATION
 - 6.1 Consultation on the content of the Report has been undertaken with the Portfolio Holder for Finance and Risk and the Chairman of the Audit and Governance Committee.
- 7 ENVIRONMENTAL CONSIDERATIONS
 - 7.1 None.
- 8 EQUALITY IMPACT ASSESSEMENT
 - 8.1 None.
- 9 DATA PROTECTION IMPACT ASSESSMENT
 - 9.1 None required
- 10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Reputation – ensuring that an effective governance framework is in place and followed</i>	This report is a summary of the arrangements in place to ensure the Council's governance processes and procedures	By pulling together the latest issues from across governance information this gives the committee more of an opportunity to

	are robust and fit for purpose.	identify any cross-cutting themes that might occur.
--	---------------------------------	---

11 SUPPORTING INFORMATION:

11.1 This report sets out the summary information in respect of the fourth quarter of the 2018/19 financial year concerning governance.

Annual Governance Statement

11.2 Progress against the actions included in the 2017/18 Annual Governance Statement is included in Appendix 1 to this report.

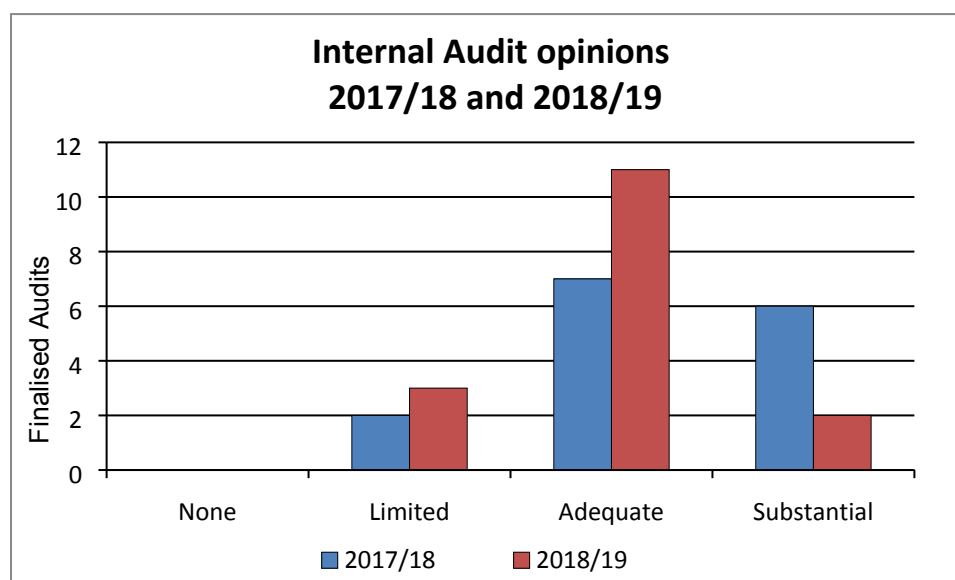
11.3 The Annual Governance Statement for 2018/19 is appended to the draft Annual Financial Report and will be brought back to the next meeting of this Committee for consideration and approval.

Gifts and Hospitality

11.4 During the period January to March 2019, there was one declaration by members or officers having received gifts or hospitality.

Internal Audit Assurance reports

11.5 The chart below shows the assurance levels of internal audits that were included in the 2017/18 and 2018/19 Audit Plans.



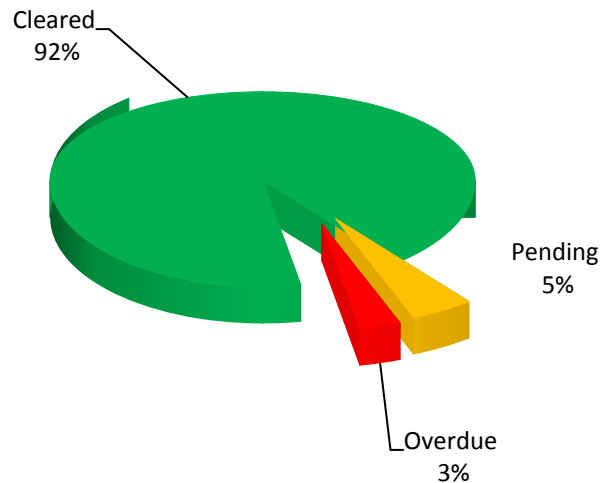
Note: For 2018/19 and included in the above chart, there are three audits at draft report stage; one with adequate opinion and two with limited opinions.

11.6 During 2018/19, there have been no published audit reports that concluded with a “no” assurance opinion.

Internal Audit Management Action Tracking

- 11.7 The chart below shows the current position (since 1 April 2015) of the progress of the management actions arising from internal audit reports.

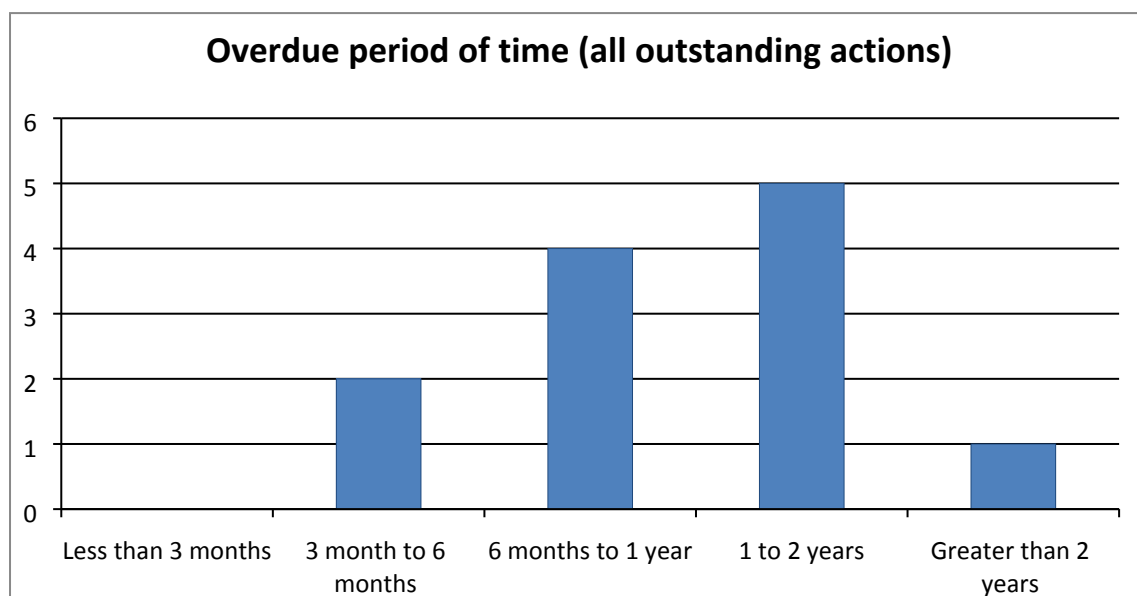
Summary of audit recommendation responses



- 11.8 Progress against the management actions that are included in the Internal Audit reports are reviewed regularly and a summary table showing the status of these actions is reported on a quarterly basis. These recommendations and actions are kept under regular review to assess where some are superseded by external or internal factors.
- 11.9 To support the Committee to quickly identify where there are overdue actions, the progress table on the next page includes only the audits where there are overdue actions. It remains a priority for officers to focus on completing their actions within the agreed timescales and progress continues to be made to reduce the total number of overdue actions.
- 11.10 There are currently 12 overdue audit actions with no high priority overdue actions.
- 11.11 There are a number of recently completed internal audits that have pending but not yet overdue actions, and as such are not included in the table. An update on these actions will be included in the Q1 report to the next meeting of this Committee.
- 11.12 The Internal Audit Annual Report and Opinion is included in report AG002 elsewhere on the Committee's agenda.
- 11.13 The report concludes with the auditor's opinion that the Council's framework of governance, risk management and control is adequate and audit testing has demonstrated controls to be working in practice

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
				Reported	Not Accepted	Pending	Cleared	Overdue
Hampshire Cultural Trust	24/05/16	SDR	Limited	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)
Information Governance	28/03/17	SDR	Adequate	11 (1)	0 (0)	1 (0)	8 (1)	2 (0)
Development Management	17/05/17	SDS	Substantial	1 (0)	0 (0)	0 (0)	0 (0)	1 (0)
Recruitment	18/05/17	SDR	Limited	6 (0)	0 (0)	0 (0)	4 (0)	2 (0)
Cyber Security	27/09/17	SDR	Limited	5 (1)	0 (0)	0 (0)	4 (1)	1 (0)
IT Software Licensing and IT Asset Management	12/03/18	SDR	Adequate	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)
Housing Planned Maintenance	01/05/18	SDS	Adequate	2 (0)	0 (0)	0 (0)	1 (0)	1 (0)
Income Generation and Collection	11/06/18	SDR	Adequate	8 (0)	0 (0)	0 (0)	6 (0)	2 (0)
Procurement	12/07/18	SDR	Adequate	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)

- 11.14 Committee members previously requested a chart be included in future quarterly governance monitoring reports that show the period of time that the outstanding audit management actions have been overdue.
- 11.15 There are currently 12 overdue actions and the chart below provides details of amount of time that has lapsed since the target date for these actions.



- 11.16 The chart above shows there is one management action that is over two years overdue. This action was included in audit that reviewed the transfer between the Council and the Hampshire Cultural Trust and was published in May 2016. Recent changes in personnel at the Trust has delayed completion of the action, however liaison between officers at the Council and the Trust is ongoing with the aim of getting the actions completed.

External Audit

- 11.17 The Council's external auditors; Ernst & Young LLP have recently written to the Chief Executive providing details of the indicative fee for the Annual Audit of Accounts for the 2019/20 financial year. Further details are provided in report AG004, elsewhere on this Committees agenda.

Risk Management

- 11.18 The annual review of the Council's Risk Management Policy is underway, including the Risk Appetite Statement and Corporate Risk Register.
- 11.19 The updated Policy will be brought to the next meeting of this committee on 25 July.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 None

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD225 Q3 Governance Quarterly Update 2018/19

Other Background Documents:-

None

APPENDICES:

Appendix 1 Annual Governance Statement (AGS) Monitoring Report

Annual Governance Statement 2017/18

Progress Report – May 2019

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
1	Asset Management – the need to ensure that the Council has the capacity and skills to deliver the approved Asset Management Plan.	Regular monitoring and reporting of the progress against the actions in the Asset Management Action Plan to be undertaken.	The updated Asset Management Plan for the period 2016-2021 was considered by The Overview and Scrutiny Committee on 25 February 2019 (Report OS223 refers)	Corporate Head of Asset Management	Ongoing	Complete
		Internal Audit planned for 2018/19 to review the assurance over effectiveness and delivery of Asset Management Plan including repairs and maintenance to non-housing assets (planned and reactive)	Audit report issued on fieldwork completed and final report issued on 4 January 2019 concluding with adequate opinion.	Corporate Head of Asset Management	Audit to be carried out during Q2 of 2018/19	Complete
2	Project Governance and Reporting – ensuring that each of the Council's significant projects follow the agreed project governance policy.	Refresh the progress monitoring reports for the Council's significant projects	Monthly programme and project monitoring reports updated to new style and layout.	Strategic Director: Resources	June 2018	Complete
		Agree the governance arrangements for managing the Council's significant projects and set out in a new Project Governance Policy	Project Gateways now established and defined alongside governance arrangements for the approval of projects to pass through the gateways.	Strategic Director: Resources	September 2018	Complete
		Ensure that all significant projects follow the arrangements as set out in the Project Governance Policy.	Programme Management Group (PMG) has responsibility for ensuring that all projects follow the new established governance arrangements	Strategic Director: Resources	October 2018	Green

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
		Internal Audit scheduled to take place in Q3 2018/19 covering Programme and Project Management. This audit was deferred from the 2017/18 Audit Plan	Audit complete and Position Statement issued on 4 February 2019.	Strategic Director: Resources	December 2018	Complete
3	Contract Management – ensuring that the Council maintains a comprehensive, publicly accessible contract register, following its own contract procedure rules.	Ensure that a comprehensive contract register of all contracts over £5,000 is maintained and available to the public.	Continued increase in the number of contracts added to the register. Review to be undertaken during June/July to identify improvements that can simplify or enhance the current arrangements. Issue to be carried forward to 2018/19 Annual Governance Statement.	Strategic Director: Resources	Ongoing	Green
4	Corporate Peer Review Action Plan	Completion of the actions included in the 2017 Corporate Peer Challenge Action Plan , including a review of political structures and developing a shared understanding of the financial challenges ahead	LGA Peer Challenge follow-up review took place over two days during September 2018. A report summarising the follow-up visit was included on the agenda for the March meeting. (Report AUD224 refers).	Strategic Director: Resources	October 2017	Complete

This page is intentionally left blank

REPORT TITLE: ANNUAL INTERNAL AUDIT REPORT AND OPINION 2018/19

13 JUNE 2019

REPORT OF PORTFOLIO HOLDER: COUNCILLOR CUTLER – PORTFOLIO
HOLDER FOR FINANCE AND RISK

Contact Officer: Antony Harvey Tel No: 01962 845 701 Email
antony.harvey@hants.gov.uk

WARD(S): ALL

PURPOSE

The purpose of this paper is to provide the Audit and Governance Committee with the Chief Internal Auditor's opinion on the adequacy and effectiveness of the Council's framework of risk management, internal control and governance for 2018/19.

RECOMMENDATION:

1. The Audit and Governance Committee accept the Chief Internal Auditor's annual report and opinion for 2018/19 attached as Appendix 1.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 Internal audit plays a vital role in supporting the Council accomplish its strategic outcomes and service plan objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2 FINANCIAL IMPLICATIONS

- 2.1 The Internal Audit Plan is comprised of 310 resource days and was delivered within the agreed budget.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None.

4 WORKFORCE IMPLICATIONS

- 4.1 None.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

6 CONSULTATION AND COMMUNICATION

- 6.1 The Corporate Governance Group and the Strategic Director (Resources) has been consulted on the contents of the Annual Internal Audit Report and Opinion 2018/19.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

10 RISK MANAGEMENT

- 10.1 The audit needs assessment follows a risk based audit approach taking cognisance of the Council's risk register.
- 10.2 The audit needs assessment includes a range of factors. For example:-

- Materiality – the relative significance of the area concerned, affected by the level of income/expenditure, external consequences etc.;
- Organisational impact/Corporate importance – the extent to which the organisation depends upon the efficient and effective operation of the system to deliver corporate objectives;
- Impact of management and staff – management concerns, identified problem areas, the extent of staff or system changes etc.;
- Vulnerability – the extent to which the system is vulnerable to breakdown, loss or error, corruption etc.;
- Audit/Inspection - length of time since the last review and the results of previous audits;
- Other sources of assurance – the extent to which reliance can be placed upon other external inspections.

10.3 The Southern Internal Audit Partnership follow a risk based audit approach in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.

Risk	Mitigation	Opportunities
<i>Financial / VfM</i>	Internal audit supports the Council to ensure proper financial management through its audit activities and assurance service.	Sound financial management ensures that the Council is making best use of public money and achieving value for money for the residents of the District.

11 SUPPORTING INFORMATION:

11.1 In accordance with the Public Sector Internal Audit Standards, the Chief Internal Auditor is required to provide a written report reviewing the effectiveness of the system of internal control to inform the production of the Annual Governance Statement.

- 11.2 The Annual Report for 2018/19 (attached at Appendix 1) provides the Chief Internal Auditor's opinion on the system of internal control and summarises the audit work from which that opinion is derived for the year ending 31 March 2019.
- 11.3 The Audit and Governance Committee's attention is drawn to the following points:
- Internal audit was compliant with the Public Sector Internal Audit Standards during 2018/19;
 - The revised internal audit plan for 2018/19 has been substantially delivered;
 - The Council's framework of governance, risk management and control is considered to be 'Adequate' and audit testing has demonstrated controls to be working in practice; and
 - Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD203 – Internal Audit Plan 2018/19

AUD213 – Annual Audit Report and Opinion 2017/18

Other Background Documents:-

None.

APPENDICES:

Appendix 1 – Annual Internal Audit Report and Opinion 2018/19

Annual Internal Audit Report & Opinion

2018 - 19

Winchester City Council



Southern Internal Audit Partnership

Assurance through excellence
and innovation

Contents

Section	Page
1. Role of Internal Audit	3
2. Internal Audit Approach	4
3. Internal Audit Opinion	5
4. Internal Audit Coverage and Output	6-7
5. Key Observations	8
6. Anti-Fraud and Corruption	9
7. Quality Assurance and Improvement	9
8. Disclosure of Non-Conformance	10
9. Quality Control	10
10. Internal Audit Performance	11
11. Acknowledgement	11

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.



2. Internal Audit Approach

To enable effective outcomes, internal audit provide a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

A full range of internal audit services is provided in forming the annual opinion.

The approach to each review is determined by the Deputy Head of the Southern Internal Audit Partnership and will depend on the:

- level of assurance required;
- significance of the objectives under review to the organisation's success;
- risks inherent in the achievement of objectives; and
- level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.



3. Internal Audit Opinion

The Deputy Head of the Southern Internal Audit Partnership (SIAP) is the Council's Chief Internal Auditor and is responsible for the delivery of an annual audit opinion and report that can be used by Winchester City Council to inform its governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & consultancy);
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- the extent of resources available to deliver the internal audit work;
- the quality and performance of the internal audit service and the extent of compliance with the Standards; and
- the proportion of Winchester City Council's audit need that has been covered within the period.

Annual Internal Audit Opinion 2018-19

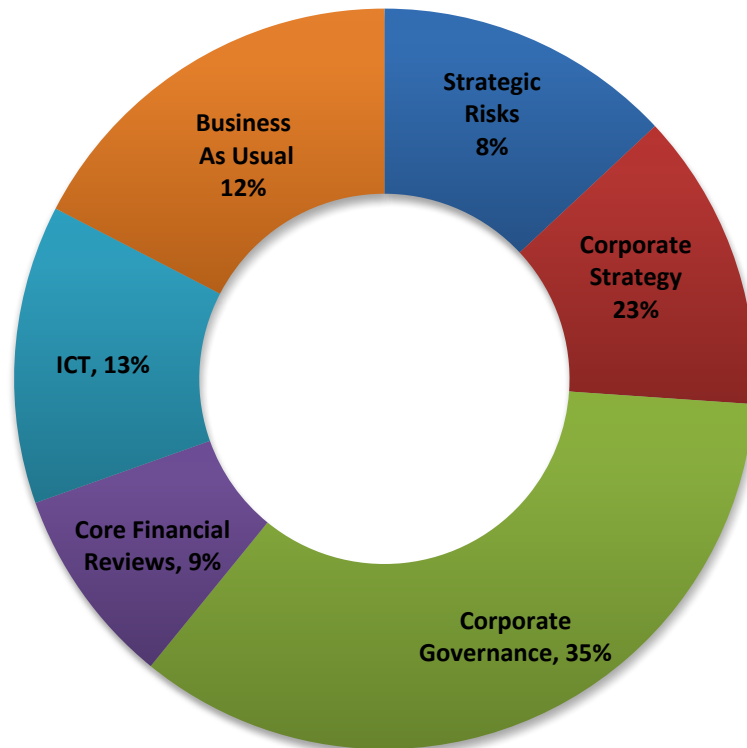
"I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Winchester City Council's internal control environment.

In my opinion, Winchester City Council's framework of governance, risk management and control is 'Adequate' and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and timescales for improvement."

4. Internal Audit Coverage and Output

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council’s activities and to support the preparation of the Annual Governance Statement.



Work has been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the internal control system is operating effectively.

The 2018-19 Internal audit plan, approved by the Audit Committee on 08 March 2018, was informed by internal audits own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation.

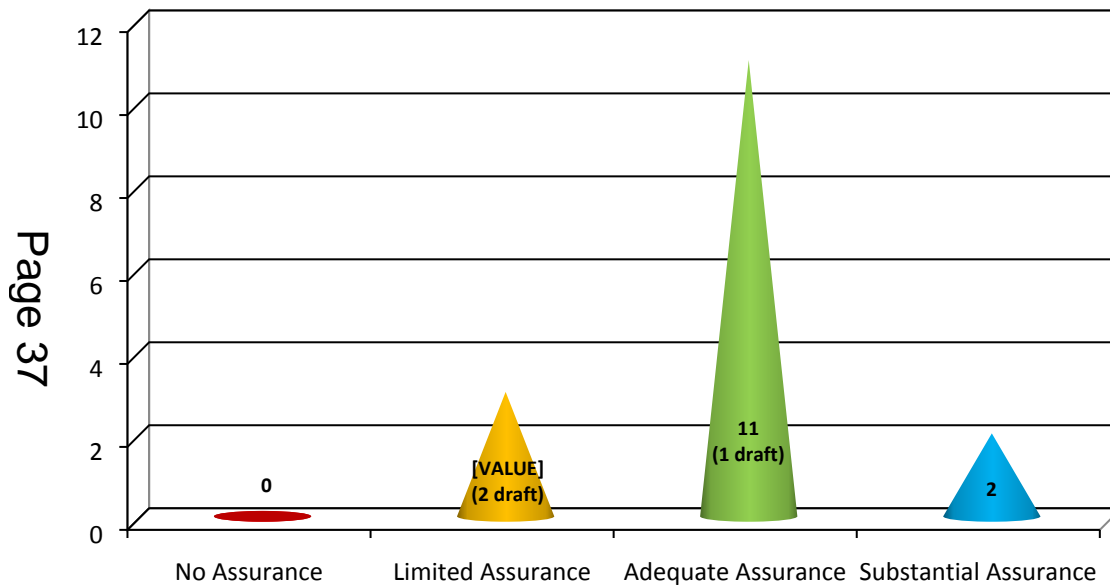
The plan has remained fluid throughout the year to maintain an effective focus.

In delivering the internal audit opinion the Southern Internal Audit Partnership have undertaken 23 reviews during the year ending 31 March 2019.

The revised 2018-19 internal audit plan has been delivered with the following exceptions:

- Fieldwork is complete and an opinion has been formed for three reviews, however, the final reports have not yet been agreed with management (HR – Use of Agency Staff; Main Accounting including Reconciliations; and Mobile Devices).

I do not consider these exceptions to have an adverse impact on the delivery of my overall opinion for the period. The opinion assigned to each internal audit review on issue (including draft reports) is defined as follows:



Substantial - A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified;

Adequate - Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified;

Limited - Significant weakness (es) identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk; or

No - Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives.

*7 reviews did not culminate in an audit opinion as they relate to work conducted in respect of consultancy, advice, grant certification or concluded with a position statement.

A list of the 2018-19 assurance reviews undertaken and their respective opinions is provided in Annex 1

5. Key Observations

There were no 'No Assurance' opinions issued during the year. In general, internal audit work found there to be sound control environments in place across a majority of review areas that were working effectively to support the delivery of corporate objectives. Three reviews concluded with a 'Limited Assurance' opinion.

Main Accounting (including bank reconciliations) – Whilst the audit found appropriate arrangements in place for most aspects of the main accounting system, concerns were identified through discussion with WCC staff regarding bank reconciliations. SIAP undertook a detailed month by month review of all reconciliations from March 2017 onwards which identified control issues across both the Drawings and Income Account reconciliations, including inconsistencies within the reconciliation spreadsheets and the carry-forward of aged reconciling items without appropriate processes in place to ensure they were isolated from genuine timing differences and compliantly resolved.

A subsequent internal review undertaken by appropriate WCC Finance staff resulted in an enhancement to the Income Account reconciliation and exercises undertaken to identify and resolve aged balancing items. At the time of writing, responsibilities for the reconciliations are being reassigned and new procedures and controls are being developed and documented to help ensure robust reconciliations going forward.

HR – Use of Agency Staff - There is a single provider agreement for the use of agency staff and an HR authorisation process when other agencies are utilised however the authorisation process is not sufficiently documented and there was a lack of available, consistent evidence that HR had oversight of, and approved the use of, other agencies. Additionally, there was a clear lack of evidence to support that any role requisite checks or skills requirements had been communicated to the agencies prior to engagement, or evidence to demonstrate that appropriate induction had been provided, therefore that Agency Worker Regulations had been complied with.

Health and Safety – Following the appointment of a Facilities/Health and Safety Manager in April 2018, significant progress has been made with the Council's arrangements for Health and Safety including the re-writing and approval of an overarching Health and Safety policy, supplemented by underlying procedures and guidance. However, at the time of the review there was no master list detailing the risk assessments required for each area of the Council's operations or central record of the assessments undertaken. The review found that the majority of risk assessments had not been recently reviewed or updated therefore the assessments in place may not reflect current activities or associated risks. The Health and Safety Management Plan sets out the process for completing, checking and reviewing risk assessments going forward.

Developing systems assurance - The Council identified key areas where greater central support was required and during 2018/19, SIAP worked with the Authority to assess and inform whether the proposed, enhanced arrangements for Programme and Project Management; Transformation; and Contract Management would help to provide more effective governance, risk management and control prior to implementation. SIAP will follow-up and assess the new frameworks in operation during 2019/20.

6. Anti-Fraud and Corruption

Winchester City Council is committed to high standards of openness, probity and accountability and recognises that the electorate need to have confidence in those that are responsible for the delivery of the Council's services. Policies and strategies are in place setting out the organisations approach and commitment to the prevention and detection of fraud and corruption.

During the year the Southern Internal Audit Partnership have proactively engaged with the Council in:

- Delivery of fraud awareness and cybercrime training to officers;
- A fraud focused review of Right to Buy processes;
- Facilitation of National Fraud Initiative (NFI) uploads;
- Completion of the CIPFA fraud survey; and
- Provision of general fraud consultancy and advice.

The Southern Internal Audit Partnership were also commissioned to undertake one reactive review following allegations received through the Council's 'Whistleblowing Policy'. At the time of writing this report the review remains ongoing.

7. Quality Assurance and Improvement

The Quality Assurance and Improvement Programme (QAIP) is a requirement within ‘the Standards’.

The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a QAIP to enable the internal audit service to be assessed against the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include both internal and external assessments: internal assessments are both on-going and periodical and external assessment must be undertaken at least once every five years.

In addition to evaluating compliance with the Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

An ‘External Quality Assessment’ of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015.

In considering all sources of evidence the external assessment team concluded:

“It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to all of the principles contained within the International Professional Practice Framework (IPPF); the Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).

There are no instances across these standards where we determined a standard below “generally conforms”, and 4 instances where the standard is assessed as “not applicable” due to the nature of SIAP’s remit.”

In accordance with PSIAS, annual self assessments have been completed since the external inspection concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.

8. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments] which requires ‘an external quality assessment to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the organisation’ I can confirm endorsement from the Institute of Internal Auditors that

‘the Southern Internal Audit Partnership conforms to the, Definition of Internal Auditing; the Code of Ethics; and the Standards’

There are no disclosures of Non-Conformance to report.

9. Quality Control

Our aim is to provide a service that remains responsive to the needs of the City Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2018-19 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success;
- On-going development of a constructive working relationship with the External Auditors to maintain a cooperative assurance approach;
- A tailored audit approach using a defined methodology and assignment control documentation;
- Review and quality control of all internal audit work by professional qualified senior staff members; and
- A self-assessment against the Public Sector Internal Audit Standards.

10. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

Annual performance indicators			
Aspect of service	2017-18		2018-19
Revised plan delivered (to draft report stage)	100 %	↔	100 %
Positive responses to customer survey *	96 %	↑	99 %
Compliant with the Public Sector Internal Audit Standards	Yes	↔	Yes

* Customer satisfaction has been assessed through responses to a questionnaire issued to a wide range of stakeholders including Members, senior officers and key contacts.

11. Acknowledgement

I would like to take this opportunity to thank all those staff throughout Winchester City Council with whom we have made contact in the year. Our relationship has been positive and management were responsive to the comments we made both informally and through our formal reporting.

Antony Harvey
Deputy Head of Southern Internal Audit Partnership
May 2019

2018/19 Audit Reviews and Opinions

Substantial Assurance	Adequate Assurance
<ul style="list-style-type: none"> • Financial Stability • Licencing 	<ul style="list-style-type: none"> • Asset Management • Digital Agenda • Affordable Housing • HR - Expenses • Proactive Fraud – Right to Buy • GDPR Compliance • Housing Rents • IT - Applications Management • IT - Data Security and Management • IT – Mobile Devices (draft) • Risk Management
Limited Assurance	No Assurance
<ul style="list-style-type: none"> • HR – Use of Agency Staff (draft) • Health and Safety • Main Accounting (Including Reconciliations (draft)) 	<ul style="list-style-type: none"> • None

This page is intentionally left blank

REPORT TITLE: ANNUAL AUDIT FEE 2019/20

13 JUNE 2019

REPORT OF PORTFOLIO HOLDER: CLLR CUTLER – PORTFOLIO HOLDER FOR FINANCE AND RISK

Contact Officer: Joseph Holmes Tel No: 01962 848 220 Email jholmes@winchester.gov.uk

WARD(S): ALL

PURPOSE

This report details, for approval, the indicative 2019/20 Annual Audit Fee proposed by the Council's external auditors, Ernst & Young LLP (EY).

The indicative fee for the 2019/20 audit is at the level of the scale fees set by Public Sector Audit Appointments Ltd (PSAA) for each audited body that has opted into its national auditor appointment scheme.

RECOMMENDATIONS:

1. That the Audit Committee approves the indicative annual audit fee for 2019/20.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 Preparation of the Statement of Accounts is fundamental to the operation of the Council. Achieving corporate priorities must go hand in hand with accounting for how the Council spends public money.
- 1.2 External Audit findings contribute to the corporate governance arrangements of Winchester City Council, which in turn support the achievement of the outcomes and objectives of the Council Strategy.

2 FINANCIAL IMPLICATIONS

- 2.1 The indicative Annual Audit fee covers the audit of the financial statements; value for money conclusion and the Whole of Government Accounts audit work and is set by the PSAA.
- 2.2 Following consultation on its Work Programme and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.
- 2.3 The indicative fee for 2019/20, set at the scale level is £43,379 and is the same as the planned fee.
- 2.4 The Committee's attention is drawn to the assumptions that the indicative fee is based and that there maybe further costs relating to additional work required (e.g. responding to electors).

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None.

4 WORKFORCE IMPLICATIONS

- 4.1 None.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

6 CONSULTATION AND COMMUNICATION

- 6.1 None.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

8 EQUALITY IMPACT ASSESSEMENT

8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property</i>	None	None
<i>Community Support</i>	None	None
<i>Timescales – meeting statutory deadlines</i>	Advance planning for the closing of the accounts to meet the statutory deadlines	None.
<i>Project capacity</i>	None	None.
<i>Financial / VfM</i>	Robust systems and procedures ensure the Council is complying with accounting standards required to produce the final accounting statements	An unqualified opinion and value for money conclusion provides assurance that the Council is properly accounting for and spending public money
<i>Legal -</i>	None	None
<i>Innovation</i>	None	None
<i>Reputation – failure to publish accounts within statutory deadline</i>	Proper planning and resourcing of the closing of the accounts to ensure that the statutory deadlines are met.	Publishing the accounts without qualification and within the statutory deadline provides the assurance that the Council is properly managing its finances.
<i>Other</i>	None	None

11 SUPPORTING INFORMATION:

- 11.1 For authorities who have chosen to opt-in to the national auditor appointment scheme, the duty to prescribe scales of fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government. Prior to 1 April 2015, these responsibilities were discharged by the Audit Commission.
- 11.2 PSAA set out a programme outlining the work that the auditors will undertake, with the associated scale fees for individual audited bodies which for 2019/20 have been set at the same level as for 2018/19.

- 11.3 The fee for the Council is indicative based on the assumption that there is no significant change to the overall level of risk in relation to the audit of the financial statements from that of the previous year.
- 11.4 PSAA would only expect variations from the scale fee to occur where these factors are significantly different from those identified and reflected in the fee for the previous year.
- 11.5 The PSAA is no longer responsible for the appointment of an auditor to certify the Council's 2019/20 housing subsidy claim and authorities are now required to separately appoint external auditors to undertake this work.
- 11.6 Winchester City Council joined with other Hampshire local authorities in a framework tender that was led by Portsmouth City Council. This framework enables each authority (all those in Hampshire and the Isle of Wight as well as those in West Sussex and Surrey) to appoint an approved external auditor to undertake the assurance work on the subsidy claim, as prescribed by the DWP.
- 11.7 The firm that was awarded this contract was KPMG.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD212 – Annual Audit and Certification Fees 2018/19

Other Background Documents:-

None.

APPENDICES:

Appendix 1 Annual Audit and Certification Fees 2019/20 – Letter from EY

Ms Laura Taylor
Chief Executive
Winchester City Council
City Offices
Colebrook Street
Winchester
SO23 9LJ

24 April 2019

Ref: Fee Letter/19-20

Direct line: 023 8038 2159

Email: KSuter@uk.ey.com

Dear Laura

Annual Audit 2019/20

We are writing to confirm the audit that we propose to undertake for the 2019/20 financial year at Winchester City Council.

From 2018/19, local government and police bodies have been responsible for making their own arrangements for the audit of the accounts and reporting on the housing benefit subsidy claim.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

The appointment of an auditor to report on the Council's housing benefit subsidy claim is no longer covered by the PSAA appointment.

Indicative audit fee

For the 2019/20 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts.

Our final fee will include the impact of additional risks and/or circumstances that are out of the scope of the scale fee, for example:

- The preparation of group accounts;
- Additional work performed on asset valuations, including the involvement of our valuation specialists;
- Additional work performed on the valuation of the net pension liability, including the involvement of our pension specialists; and
- Additional work arising from the implementation of IFRS 16 Leases.

At this stage, the indicative fee is set at the scale fee.

This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different to that of the prior year;
- Officers meet the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by Officers;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2018/19, our audit planning process for 2019/20 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2019/20 £	Planned fee 2018/19 £
Scale Fee	43,379	43,379
Total Code audit fee	43,379	43,379

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

Billing

The scale fee will be billed in 4 quarterly instalments of £10,845.

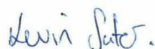
Audit plan

Our plan is expected to be issued in January 2020. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Strategic Director (Resources) and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to the Audit Committee.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me, or Janet Dawson as our Government and Public Sector Assurance Leader at jdawson1@uk.ey.com. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, by writing to him at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Kevin Suter
Associate Partner
For and on behalf of Ernst & Young LLP

cc. Joseph Holmes, Strategic Director (Resources)
Councillor Neil Cutler, Chairman of the Audit Committee

This page is intentionally left blank

REPORT TITLE: AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME
2019/20

13 JUNE 2019

REPORT OF PORTFOLIO HOLDER: CLLR CUTLER – PORTFOLIO HOLDER FOR
FINANCE AND RISK

Contact Officer: Joseph Holmes Tel No: 01962 848 220 Email
jholmes@winchester.gov.uk

WARD(S): ALL

PURPOSE

This report sets out the work programme for the Committee for the 2019/20 municipal year.

RECOMMENDATION:

1. That the Audit and Governance Committee Work Programme for 2019/20 be approved.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 The setting of a work programme for the Committee for the coming municipal year supports the Council's approach to delivering efficient services.

2 FINANCIAL IMPLICATIONS

- 2.1 There are no financial implications arising from this report.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None

4 WORKFORCE IMPLICATIONS

- 4.1 None

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

6 CONSULTATION AND COMMUNICATION

- 6.1 The Portfolio Holder for Finance and Risk, Chair of Audit and Governance Committee and the Head of the Southern Internal Audit Partnership have been consulted on the proposed work programme as set out in Appendix 1.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 Not applicable

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 Not applicable

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None

9.2 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property</i>	n/a	n/a
<i>Community Support</i>	n/a	n/a
<i>Timescales</i>	n/a	Having a clear work programme allows the Committee to ensure that it and the Council meets

Risk	Mitigation	Opportunities
		its responsibilities in a timely manner (e.g. approval and publication of the accounts within statutory deadlines)
<i>Project capacity</i>	n/a	n/a
<i>Financial / VfM</i>	n/a	n/a
<i>Legal</i>	n/a	n/a
<i>Innovation</i>	n/a	n/a
<i>Reputation</i>	Ensure that the Committee is undertaking its role and fulfilling its responsibilities and function	Provides the evidence that demonstrates that the Committee is carrying out its duties and responsibilities in an open and transparent way.
<i>Other</i>	n/a	n/a

10 SUPPORTING INFORMATION:

- 10.1 The Appendix to this Report sets out the work programme for the coming municipal year for the Audit and Governance Committee.
- 10.2 The programme includes a forward look at the reports that will be presented to the Committee during the coming year supporting its purpose of providing independent assurance to members of the adequacy of the internal control environment and risk management framework.

11 OTHER OPTIONS CONSIDERED AND REJECTED

11.1 None

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

Appendix 1 – Audit and Governance Committee Work Programme 2019/20

Audit and Governance Committee – Work Programme 2019/20**MEETING – 13 JUNE 2019****TITLE****LEAD****EXTERNAL AUDIT**

Annual Audit Fee 2019/20

Kevin Suter – Associate Partner, Ernst and Young

REGULATORY FRAMEWORK

Governance Quarterly Update – Outturn 18/19

Joseph Holmes – Strategic Director - Resources

Audit Committee Work Programme

Joseph Holmes – Strategic Director - Resources

Annual Internal Audit Report and Opinion 2018/19

Antony Harvey – Chief Internal Auditor Southern Internal Audit Partnership

ACCOUNTSDraft Annual Financial Report 2018/19
(For information)

Joseph Holmes – Strategic Director - Resources

MEETING – 25 JULY 2019**EXTERNAL AUDIT**

Audit Results Report for the year ended 31 March 2019

Kevin Suter – Associate Partner, Ernst and Young

REGULATORY FRAMEWORK

Annual Governance Statement

Joseph Holmes – Strategic Director - Resources

Governance Quarterly Update – Q1 2019/20

Joseph Holmes – Strategic Director - Resources

Risk Management Policy 2019

Joseph Holmes – Strategic Director - Resources

Treasury Management Outturn 2018/19

Joseph Holmes – Strategic Director - Resources

ACCOUNTS

Annual Financial Report 2018/19 (for approval)

Joseph Holmes – Strategic Director - Resources

MEETING – 28 NOVEMBER 2019

EXTERNAL AUDIT

Annual Audit Letter 2018/19	Kevin Suter – Associate Partner, Ernst and Young
-----------------------------	--

REGULATORY FRAMEWORK

Governance Quarterly Update Q2 19/20	Joseph Holmes – Strategic Director - Resources
Managing Project Risks – including reputational and financial risks	Joseph Holmes – Strategic Director - Resources
Treasury Management mid-year monitoring report 2019/20	Joseph Holmes – Strategic Director - Resources

MEETING – 6 MARCH 2020

INTERNAL AUDIT

Internal Audit Plan 2020/21	Antony Harvey – Chief Internal Auditor Southern Internal Audit Partnership
Internal Audit Charter 2020/21	Antony Harvey – Chief Internal Auditor Southern Internal Audit Partnership

EXTERNAL AUDIT

Certification of Claims and Returns Annual Report 2018/19	Joseph Holmes – Strategic Director - Resources
---	--

REGULATORY FRAMEWORK

Governance Quarterly Update Q3 2019/20	Joseph Holmes – Strategic Director - Resources
Housing Revenue Account (HRA) – Risks and Financial Viability	Richard Botham – Strategic Director – Services (Interim)
Local Code of Governance 2020	Joseph Holmes – Strategic Director - Resources

ACCOUNTS

Planning for and the audit of the 2019/20 Accounts	Joseph Holmes – Strategic Director - Resources
--	--

This page is intentionally left blank