

Audit Committee Annual Report 2007/08

Members:

Mrs Jane Clarkson JP	Independent Member
Mr Peter Downing	Independent Member
Cllr John King	Planning & Economic Development Scrutiny Panel
Cllr Chris Devine	Environment & Transport Scrutiny Panel
Cllr David Luther	Resources Scrutiny Panel
Cllr Ian Mitchell	Community & Housing Scrutiny Panel

Non-Voting Observers:

Cllr Tony Thorpe	Cabinet - Finance
Cllr Andrew Roberts	Cabinet - Resources

Officers supporting the Committee:

Diana Melville	Chief Internal Auditor
Alan Osborne	Head of Financial Services
Matthew Tiller	Chief Accountant
Steve Milton	Principal Democratic Services Officer

I am pleased to present the first report of the Salisbury District Council Audit Committee, which covers the period from its inception to date. The Committee was established in June 2005 and Salisbury District Council was one of the first to implement the best practice guideline of establishing an oversight committee to provide independent scrutiny of the Council's governance, risk management and financial performance.

Membership

The committee comprises four elected councillors, nominated by the four Scrutiny panels, and two independent members appointed by full Council. The independent members take the role of chair and vice chair. The Chairman, Mrs Clarkson, was appointed in June 2005. She is a non-executive director, and audit committee member, on the boards of a leading Friendly Society and Housing Association. She is Chair of the District Council's Standards Committee and a local Magistrate. Mr. Downing joined the Committee in June 2006. He is a retired Internal Auditor/ Company Secretary and an Independent Member of the audit committee of the Alzheimer's Society after eleven years as a trustee. He is also a non-executive director of a Housing Association and serves on their audit committee.

Independent Members are appointed via an open process of advertisement and interview and serve for an initial term of 4 years. The Committee's Terms of Reference, which are published on the website, form part of the Council's Constitution and are reviewed annually.

Work of the Committee

The Audit Committee meets at least four times a year to fulfil its oversight function. It assists the Council by :-

- Ensuring that the Council's corporate governance arrangements are adequate and operating effectively in practice
- Ensuring that the financial management of the Council is adequate and effective
- Ensuring that the Council has a sound system of internal control
- Ensuring that systems exist throughout the Council for the identification of risk and appropriate mitigation
- Receiving and considering the external auditor's annual audit and inspection letter and monitoring the implementation of recommendations from external audit

The Committee discharges its responsibilities through:

- Review of audit reports, both internal and external
- Review of reports from Risk Management Group
- Review of the Council's Statement of Accounts prior to approval by full Council

The Chief Internal Auditor attends all meetings of the Audit Committee; other officers of the Council attend as required. The external auditors (the Audit Commission) also attend certain key meetings and have direct access to the Chair of the Committee. The Chair of the Committee meets annually in private session with the Audit Commission and the Chief Internal Auditor. The outcome of these meetings is reported to the full Committee but no adverse comments or items of significance have been raised.

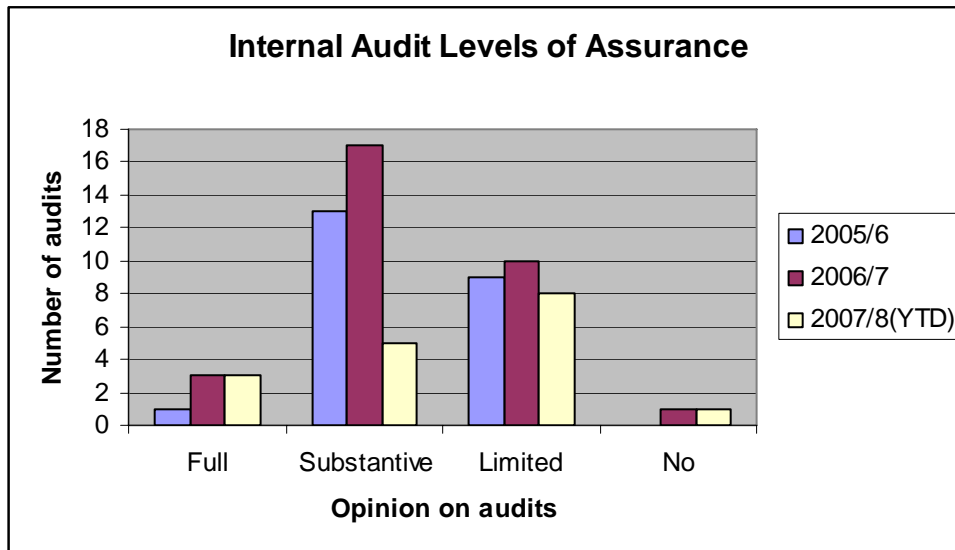
The Committee receives and comments on the Statement on Internal Control. This Statement is required by the Accounts & Audit Regulations 2003 and it is a public assurance that the Council has a sound system of internal control, designed to help manage and control its risk. The Committee receives a copy of the Council's Corporate Risk Register as reported to Cabinet. This register contains the significant risks that have been identified together with supporting information on the impact, likelihood and mitigating actions.

During the year, the Committee has considered a wide range of issues and reports, some examples of which are highlighted as follows: -

- The Committee's Assurance Framework and Assurance Plan
- Assessment of Risk Maturity and Risk Management Group Work Programme
- Corporate and Portfolio Risk Registers
- Annual Internal Audit Plan
- Audit Commission – Audit and Inspection Plan
- Statement of Accounts – recommended to Council for approval
- Bourne Hill Office Centralisation Project

- Annual Internal Audit Report
- Reviewed effectiveness of Internal Audit
- Statement of Internal Control - recommended to Council for approval
- Review of Internal Audit's approach to Risk Based Auditing
- Review of the Audit Committee's Terms of Reference
- Members' Training needs
- Governance Framework and Governance Statement
- Audit Commission – Annual Governance Report
- Audit Commission – Use of Resources Assessment
- Fraud Risk Standard

Since its establishment, the Committee has received presentations on the role of the Audit Commission, the role of Internal Audit and members have attended a training workshop on Risk Management. In 2006, the Chief Internal Auditor and Vice Chair attended a course on Best Practice in Audit Committees run by the Chartered Institute of Public Finance and Accountancy (CIPFA).



During 2007, the Committee conducted a self-assessment of its effectiveness using a toolkit provided by CIPFA, the results of which confirm that the Committee is constituted and operated in accordance with the guidance.

The Audit Committee, in conjunction with the Standards Committee, endorsed and co-sponsored a proposal for the Audit Commission to undertake an Ethical Governance Survey. The results of this survey were presented to the Audit and Standards committee during April 2008 and have been used to support the Council's annual governance review and to help to develop and maintain good governance arrangements within the Council.

Future Work Programme

Until March 2009 the Audit Committee will continue to discharge its responsibilities for governance in Salisbury District Council. This will include review of the financial statements, internal control and risk management arrangements and governance of the council. It will also seek to advocate and influence the establishment of appropriate governance arrangements in the new unitary authority. In this respect officers are actively engaged in contributing to the Internal Governance workstream of the transition project. This includes the establishment of Wiltshire Council's Audit Committee, risk management arrangements, assurance framework and internal audit.

The Office Centralisation project and the creation of a new unitary authority present significant risks. During 2007, the Committee raised particular concerns about the decision to proceed with a modified, yet potentially more costly, redevelopment of Bourne Hill. Both issues will be areas of major focus for the Committee and we will continue to monitor closely actions and outcomes.

Conclusion

Much has been achieved since the inception of the Audit Committee and I would like to take this opportunity to thank committee members and officers for their contribution in supporting the Audit Committee's work. Committee members have expertly supported and challenged officers to ensure that risk, control and governance processes are effective and transparent. Officers have presented concise, well-prepared reports and have adopted a positive and open-minded approach to suggestions and recommendations.

I have very much enjoyed leading the Audit Committee and look forward to working with officers and Members in the period leading up to the handover to the new unitary authority.

Mrs Jane Clarkson JP
Chair, Audit Committee