

Title: **Audit Committee Annual Report**

Reporting Member: **Cllr H Osborn – Chairman of Audit Committee**

Reporting Officers: **Ian Jamieson – Corporate Director (Chief Finance Officer)**

Purpose

The purpose of this report is to provide details of the work undertaken by the Audit Committee during the year April 2007 to March 2008 and to set out the committee's plans for future agenda items in 2008/09.

Background

The Audit Committee has been operating since April 2006. It has responsibility to examine the effectiveness of the authority's internal and external audit functions, reviewing risk management and the proper financial management of the Authority.

The committee makes reports and other recommendations to Council and/or Cabinet in connection with the above and the improvement of the authority's services.

The Audit Committee has a forward work plan, which is regularly reviewed and updated. In developing the forward work plan the Chairman and Vice Chairman of the committee meet with the Corporate Director (Chief Finance Officer) to review current and future issues.

The Committee consists of seven members and meets on a quarterly basis. It met on four occasions during the year; each meeting was preceded by a training item relevant to the agenda. The attendance figures show that four members attended all four meetings and the majority of members attended two thirds or more of the meetings held.

The Audit Committee would like to thank all members who have contributed their time and effort to the work of the Committee.

Key Issues

The Committee considered a range of items during the year, a summary of the main areas is given below:

Role, purpose, and function of the Committee

The role of the committee was agreed in accordance with Chartered Institute of Public Finance (CIPFA) guidance. This required the committee to be:

- clearly integrated into corporate governance framework
- independent to provide assurance to members and the public
- effective to assist the Chief Finance Officer to discharge statutory functions
- independent of Cabinet and Scrutiny with clear access to full Council
- supported by the Chief Executive and Leader.

Statutory Financial Statements

The committee reviewed and approved the Statement of Internal control, which forms part of the Statement of Accounts. This describes the control environment in operation for the year of the accounts. Members considered the accuracy and fairness of representation of the control environment and the significant control issues. Progress on dealing with the significant control issues was reported to future meetings.

The Statement of Accounts (subject to audit) for the financial year ended 31 March 2007 was approved after robust examination and challenge.

Reports from the Corporate Director (Chief Finance officer)

The reports received by the committee and action taken are given below:

- Statement on Internal Control 2006/07 - approval for inclusion in Financial Statements.
- Business Continuity Plan - approve revised plan.
- Debt Recovery - review of systems and processes.
- Annual Treasury Management Stewardship report - noted and advised the Council that it is satisfied with the revised prudential indicators 2007/08.
- Contract Monitoring Group - review of work and progress.
- Corporate Governance updates - reviewed the revised framework and self assessment.
- Treasury Management Practices and Schedules - review and notes changes
- Capital Strategy 2008 - consider and make recommendations to Cabinet
- Risk management update - note updated risk register following LGR work

Reports from the Audit Commission -External audit

The committee reviewed and noted the following reports during the year:

- Annual Audit and Inspection Letter 2005/2006 - performance, inspection, accounts and governance.
- Annual Audit and Inspection Letter 2006/2007 - performance, inspection, accounts and governance.
- Audit and Inspection Plan 2007/08 - sets out planned work for the year.
- Annual Governance Report and Statement of Accounts 2006/07 - gives an opinion on the financial statements and arrangements for securing economy, efficiency and effectiveness in the use of resources.
- Customer Focus Inspection 2006/07 - reviewed progress following 2005 audit.
- Use of Resources Auditor Judgement 2007 - evaluates how well resources are managed

Reports from KPMG - Internal Audit

The committee reviewed and noted the following reports during the year:

- Internal Audit Annual report 2006/07 - reviews audits carried out during that year and gives an opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes.

- Internal Audit Operational Plan 2007/08 and Strategic Plan 2007/10 - sets out work required to generate an opinion on the control environment.
- Private Sector Housing Renewal.
- Payroll.
- Workforce Planning.
- Contracts.
- Treasury Management
- Accountancy and Budgetary Control
- Creditors, Income, debtors and cash receipting.
- Council Tax and NNDR.
- Housing and Council tax Benefit.

Other Reports

- Housing PFI - high level review of governance arrangements.
- Audit Committee meeting with External and Internal Auditors.

Training

The following training items were delivered and open to all Members:

- Role of the Committee -. KPMG, the Council's internal auditors
- Local Government Pension Scheme – WCC
- Prudential Indicators – WWDC Management and Financial Accountant

Forward work plan for 2008/09

The Audit Committee's draft forward work plan is attached at Appendix A. Changes may need to be made during the year in response to emerging issues, requests and changing priorities.

Effect on strategies and codes

The work of the Audit Committee may well have an impact on strategies and codes. Recommendations to Cabinet could result in the review or amendment of policies and strategies, both service specific and Council-wide.

Finance and performance implications

There is no specific budget for the Audit Committee

Risk management implications

There are no specific risk management implications arising from this report.

Legal human rights implications

There are no legal and human rights implications arising from this report.

Recommendations

The Council is asked to consider this report.

Background papers

Reports and minutes of Audit Committee 2007/08 are located in Finance, room F31.

Appendices

Appendix A – Audit Committee forward work plan 2008/09

Audit Committee Forward Work Plan 2008/09

26 June 2008

Briefing: Venue: Time: To be arranged

| Item | Detail | Portfolio Holder | Lead Officer |
|---|------------------|-------------------------|------------------------------------|
| Annual Governance Statement | | Finance – Roy While | Corporate Director Ian Jamieson |
| Statement of Accounts - 2007/08 | | Finance – Roy While | Corporate Director Ian Jamieson |
| Annual Audit Plan - 2008/09 | Audit Commission | Finance – Roy While | Corporate Director Ian Jamieson |
| Internal Audit Plan – 2008/09 | KPMG | Finance – Roy While | Corporate Director Ian Jamieson |
| Internal Audit reports - to be confirmed | KPMG | Finance – Roy While | Corporate Director Ian Jamieson |
| Asset Management Strategy and Plan - update | | Finance – Roy While | Corporate Director Ian Jamieson |
| Training - to be agreed | | | |

25 September 2008

Briefing: Venue: Time: To be arranged

| Item | Detail | Portfolio Holder | Lead Officer |
|--|---------------|-------------------------|---|
| Internal Audit Reports to be confirmed | | Finance – Roy While | Corporate Director Ian Jamieson |
| Statement of Accounts (Audited) | | Finance – Roy While | Corporate Director Ian Jamieson |
| Debt recovery | | Finance – Roy While | Finance Service Manager - Andy Brown |
| Treasury Management Annual Report | | Finance – Roy While | Finance Service Manager - Andy Brown |
| Prudential Indicators - update | | Finance – Roy While | Corporate Director Ian Jamieson |
| Risk | | Finance – Roy While | Finance Service |

| | | | |
|--|--------------------------|--|------------------------------------|
| Management - register update | | | Manager - Andy Brown |
| External and internal audit meeting with Audit Committee | Audit Commission KPMG | Chair of Audit Committee – Cllr H Osborn | Corporate Director Ian Jamieson |
| Training - to be agreed | | | |

11 December 2008

Briefing: Venue: Time: To be arranged

| Item | Detail | Portfolio Holder | Lead Officer |
|--|---------------|-------------------------|------------------------------------|
| Controls and governance PFI | | Finance – Roy While | Housing PFI Project Manager |
| Annual Governance Statement – Monitoring | | Finance – Roy While | Corporate Director Ian Jamieson |
| Internal Audit Reports - | KPMG | Finance – Roy While | Corporate Director Ian Jamieson |
| Contract Monitoring | | Finance – Roy While | Corporate Director Ian Jamieson |

5 March 2009

Briefing: Venue: Time: To be arranged

| Item | Detail | Portfolio Holder | Lead Officer |
|--|------------------|---|------------------------------------|
| Internal Audit Reports to be confirmed | KPMG | Finance – Roy While | Corporate Director Ian Jamieson |
| Annual Audit and Inspection Letter | Audit Commission | Finance – Roy While | Corporate Director Ian Jamieson |
| Audit Committee - annual report for full council | | Chair of Audit Committee - Cllr H Osborn | Corporate Director Ian Jamieson |