

# **TELFORD & WREKIN COUNCIL**

**COUNCIL 22nd NOVEMBER 2012**

**AUDIT COMMITTEE ANNUAL REPORT 2011/12**

**JOINT REPORT OF THE SECTION 151 OFFICER & THE MONITORING OFFICER**

## **1 PURPOSE**

1.1 To present to the Council an Annual Report on the 2011/12 operations of the Audit Committee.

## **2 RECOMMENDATIONS**

2.1 That Members of the Council note the contents of the annual report 2011/12.

## **3 SUMMARY**

3.1 The Audit Committee is part of the Council's governance and assurance arrangements. The key benefits of the Audit Committee are:

- ✓ raising awareness on the need for governance and internal control including the implementation of both internal and external audit recommendations.
- ✓ increasing public confidence in the objectivity and fairness of financial and other reporting.
- ✓ reinforcing the importance and independence of internal and external audit.
- ✓ providing additional assurance through a process of independent and objective review by a cross party group of elected Members including challenging Cabinet Members and Senior Officers.

3.2 As the key assurance Committee of the Council it is accepted best practice that an Annual Report is presented to the Council on the operations of the Committee during the municipal year (May 2011 – April 2012). The structure of the report is based on the terms of reference and includes a summary of the business conducted by the Committee during the period (attached as Appendix A).

3.3 There were 5 meetings of the Audit Committee in 2011/12 compared to 6 in 2010/11 (and 7 in 2009/10). The reduction was due to removing the July meeting as part of the Council's overall efficiency agenda and has not affected the effectiveness of the Committee.

## **4 PREVIOUS MINUTES**

4.1 Audit Committee 23<sup>rd</sup> September 2009; 21<sup>st</sup> September 2010; 20<sup>th</sup> September 2011  
Council 30<sup>th</sup> September 2009; 7<sup>th</sup> October 2010; 24<sup>th</sup> November 2011

## **5 INFORMATION – AUDIT COMMITTEE 2011/12**

### **5.1 Internal Audit**

5.1.1 The Internal Audit team has continued to provide the Committee with reports as outlined in the CIPFA Code of Practice and Constitution, highlighting any areas requiring attention by Members.

5.1.2 The Internal Audit Annual Plan and Strategy for 2012/13 was presented and approved by the Committee at the March 2012 meeting.

## **5.2 External Audit**

5.2.1 The External Auditors – KPMG have made their reports to the Committee as required by legislation, accounting standards and the external audit code.

## **5.3 Risk Management**

5.3.1 The Committee, in addition to the annual report and internal audit review of the risk management arrangements, sought further assurance in respect to ICT Back Up and Recovery arrangements and Children's Placement costs.

## **5.4 Governance**

5.4.1 The Annual Governance Statement 2010/11 was approved after consideration of the supporting information.

5.4.2 Members of the Committee reviewed their effectiveness at the beginning of the 2012 and undertook a skills audit to inform future training programmes. No additional training was identified at this time.

5.4.3 The 2010/11 Information Governance annual report was presented to the Committee for the first time. An Information Governance update was provided to the January 2012 meeting. At the March 2012 meeting the 12/13 work programme was presented.

## **5.5 Treasury Management**

5.5.1 The Committee continued to build on the training and experience of the new responsibilities taken on during 2009/10 and received the annual report, in year updates and reviewed the 2012/13 strategy prior to approval by Cabinet.

## **5.6 Statement of Accounts 2010/11**

5.6.1 The Statement of Accounts were approved by the Committee following external audit at the September 2011 meeting. As in previous years the approval meeting was preceded by a training session with key Finance staff who explained the statements and the changes that had occurred during 2010/11.

## **5.7 Anti-Fraud & Corruption**

5.7.1 The annual report on the Anti-Fraud & Corruption Policy was received in September 2011.

5.7.2 A review and update of the Speak Up Policy and activity 2011 was approved at the January 2012 meeting.

## **5.8 Complaints**

5.8.1 The Committee reviewed the 2010/11 Customer Performance Feedback Report in September 2011.

## 5.9 General

5.9.1 The Committee reviewed its Terms of Reference at its first meeting of the municipal year as set out in the Constitution. No changes were required at this time and none have been made during the year.

## 5.10 Conclusions for 2011/12 and the future 2012/13

5.10.1 The Committee has had some busy agenda's during the year.

5.10.2 The Committee has continued to seek assurance for Members and the Community on the audit, governance, risk management, financial statements, treasury management, complaints and anti-fraud and corruption arrangements of the Council.

5.10.3 The terms of reference were reviewed during May 2012 and the Audit Committee have agreed changes for review by the Council's Constitution Committee and approval by Council. These reflect the reporting of Information Governance information and organisational changes that have taken place in respect to risk management.

5.10.4 The Committee recognises that the Council is experiencing some significant challenges and that it must continue to seek and provide appropriate assurance during 2012/13. Most notable are the changes in the legislation/regulatory regime, organisational changes, significant reductions in resources and the International Financial Reporting Standards. The Committee will continue to seek assurances from Assistant Directors and other key risk owners in respect to governance and the control environment.

## 6 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	Internal reports to the Committee consider any appropriate equalities/diversity issues. If raised during the meeting they would be referred to the appropriate officer and if required cabinet member.
Environmental Impact	Internal reports to the Committee consider any appropriate sustainability issues. If raised during the meeting they would be referred to the appropriate officer and if required cabinet member.
Legal Implications	The work undertaken by the Audit committee during the year 2011/12 ensured that the Council complied with the statutory requirements set out in the Accounts and Audit (England) Regulations 2011 ('the Regulations'). These set out certain requirements that the Council must adhere to in relation to matters such as risk and financial management. If at any point there is a review of either the Audit Committee work plan and/or terms of reference, consideration must be given to the Council's statutory obligations as set out in the Regulations which are now in force. Although Audit Committees are not a legal requirement they are good practice as defined by CIPFA and the Audit Commission.
Links with Corporate Priorities	The Audit Committee contributes to good governance and the assurance framework. The work of the Committee links to all Council priorities.
Risks and Opportunities	The Audit Committee has an assurance role in the management of the Council's risks and opportunities.  The Chairman of the Committee is responsible for the management of the risks and opportunities associated with the committee but supported by appropriate officers.

Financial Implications	There are no financial implications arising from this report. The Audit Committee and support arrangements are fully funded within existing budgets.
Ward Implications	The operations of the Audit Committee encompass all Council activities and all Council locations. Therefore all Council Wards are affected by its operations.

## **7 BACKGROUND PAPERS**

Audit Committee Papers 2011/12 (including minutes)

Constitution

Constitution Committee, Full Council – appropriate agenda's, papers and minutes

Report by Jenny Marriott, Audit & Information Governance Manager 383101

Area	Activity
<b>Internal Audit</b>	Annual Report 2010/11 Quarter 4 2010/11 Update report Final Audit Report – Leasing of Community Centres Quarter 1 2011/12 Update report Quarter 2 2011/12 Update report Quarter 3 2011/12 Update report Internal Audit Plan and Strategy 2012/13 Results of the CIPFA Internal Audit Benchmarking exercise 2011
<b>External Audit</b>	Annual Audit Plan and Fee Letter 2011/12 Interim Report on 2010/11 final accounts work Value for Money Audit Plan 2010/11 Annual Governance Report (ISA 260) 2010/11 Annual External Audit Letter 2010/11 Financial Statements Audit Plan – 2011/12 Certification of Grant Claims and Returns 2010/11
<b>Risk Management</b>	Risk Management Annual Report 2010/11  Update on ICT Back Up & Recovery Update on Children's Placement Costs
<b>Governance</b>	Annual Governance Statement (AGS) 2010/11 Review of the Effectiveness of the Audit Committee 2011/12 and Skills Audit Results of the Review of the Effectiveness of the Audit Committee 2011/12 and Skills Audit Results of the Assurance Review 2010/11 Annual Governance Statement (AGS) and Half yearly progress 2010/11 AGS Action Plan  Information Governance Annual Report 2010/11 Information Governance Update Report April to December 2011 Information Governance Work Programme 2012/13  Audit Committee Annual Report 2010/11
<b>Treasury Management</b>	2010/11 Annual Report & 2011/12 to date (June 2011) Treasury In Year Update Reports 2011/12 – two separate reports 2012/13 Treasury Management Strategy
<b>Statement of Accounts</b>	Approval of the audited Statement of Accounts 2010/11
<b>Fraud &amp; Corruption</b>	2010/11 Annual Report on Corporate Anti-Fraud & Corruption Policy Review and Update to the Speak Up Policy 2011
<b>Complaints</b>	Customer Feedback Performance Report – 1 <sup>st</sup> April 2010 – 31 <sup>st</sup> March 2011
<b>General</b>	Terms of Reference reviewed June 2011 Outline Audit Committee Business