

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 17th SEPTEMBER 2013

COUNCIL 21st NOVEMBER 2013

AUDIT COMMITTEE ANNUAL REPORT 2012/13

JOINT REPORT OF THE SECTION 151 & THE MONITORING OFFICERS

1 PURPOSE

1.1 To present to the Council an Annual Report on the 2012/13 operations of the Audit Committee.

2 RECOMMENDATIONS

2.1 That Members of the Council note the contents of the annual report 2012/13.

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 (including risk management) 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 2012 – April 2013). 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 4 meetings of the Audit Committee in 2012/13 compared to 5 in 2011/12 and 6 in 2010/11. The reduction was due to removing the November meeting as part of the Council's continuing efficiency agenda and does not appear to have affected the effectiveness of the Committee.

4 PREVIOUS MINUTES

4.1 Audit Committee - 21st September 2010; 20th September 2011; 25th September 2012
Council - 7th October 2010; 24th November 2011; 22nd November 2012

5 INFORMATION – AUDIT COMMITTEE 2012/13

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 Charter for 2013/14 (to meet the requirements of the Public Sector Internal Audit Standards effective from April 2013) were presented and approved by the Committee at the March 2013 meeting.
- 5.1.3 In addition updates have been provided by the appropriate Senior Management to the Committee on the progress of audit reports in respect to:
- a) ICT Back Up and Recovery
 - b) Update on Children's Placement Costs
 - c) Abacus System

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 of practice.

5.3 Governance

- 5.3.1 The Annual Governance Statement 2011/12 was approved after consideration of the supporting information.
- 5.3.2 Members of the Committee reviewed their effectiveness at the beginning of 2013 and undertook a skills audit to inform future training programmes. A training programme is to be presented to the September meeting.
- 5.3.3 The Strategic Risk Register was presented for review by the Committee in March 2013.
- 5.3.4 The 2011/12 Information Governance annual report was presented to the Committee in June 2012. An Information Governance update report was provided for April – August 2012 at the September meeting. At the March 2013 meeting the Information Governance Strategy 2012/13 to 2014/15 and the Information Governance 13/14 work programme were presented.

5.4 Treasury Management

- 5.4.1 The Committee received the annual report 2011/12, in year updates and reviewed the 2013/14 strategy prior to approval by Cabinet.

5.5 Statement of Accounts 2011/12

- 5.5.1 The Statement of Accounts was approved by the Committee following external audit at the September 2012 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 2011/12.
- 5.5.2 There was an update to the September 2012 meeting in respect to the Council's capital receipts position.

5.6 Anti-Fraud & Corruption

- 5.6.1 The annual report on the Anti-Fraud & Corruption Policy was received in June 2012.
- 5.6.2 An update of the Speak Up activity for 2012 was provided to the January 2013 meeting.

5.7 Complaints

5.8.1 The Committee had the 2011/12 Customer Performance Feedback Report circulated to them for information.

5.8 General

5.8.1 The Committee reviewed its Terms of Reference at its first meeting of the municipal year as set out in the Constitution. Changes were made to the Governance section to reflect the organisational changes in respect to risk management and revised information governance reporting arrangements.

5.9 Conclusions for 2012/13 and the future 2013/14

5.9.1 The Committee has had some busy agenda's during the year as part of the reduction in the number of meetings.

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

5.9.3 The Committee recognises that the Council is continuing to experience some significant challenges and that it must continue to seek and provide appropriate assurance during 2013/14. Most notable are the changes in the legislation/regulatory regime, organisational changes, significant reductions in resources, a more commercial approach and the International Financial Reporting Standards.

5.9.4 To ensure that the members of the Committee are appropriately equipped to continue to be effective following the skills audit in May 2013 a training programme is to be presented to the September 2013 meeting. During the discussions on skills the Committee considered whether any independent co-opted members were required on the Committee to bring additional skills to the Committee. The Committee concluded that currently there is no requirement for co-opted members.

5.9.5 For 2013/14 the Committee has reduced the number of meetings down to 3 – June, September and January. The Committee will continue to seek assurances from Directors, Assistant Directors and other key risk owners in respect to governance and the control environment and information maybe circulated between meetings to keep the Committee up to date on progress and areas of concern.

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 2012/13 assists in ensuring that the Council complies 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

	<p>given to the Council's statutory obligations as set out in the Regulations. The Council has legal requirements in respect to Information rights – the Data Protection Act and the Freedom of Information Act (including Environmental Information Requirements). Receiving assurance on the appropriate policies and procedures to ensure compliance is part of the role of this Committee. Although Audit Committees are not a legal requirement they are good practice as defined by CIPFA and the Audit Commission.</p>
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	<p>The Audit Committee has an assurance role in the management of the Council's risks and opportunities.</p> <p>The Chairman of the Committee is responsible for the management of the risks and opportunities associated with the committee but supported by appropriate officers.</p>
Financial Implications	There are no financial implications arising from this report. The Audit Committee and support arrangements are fully funded from 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 2012/13 (including minutes)

Constitution

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

Report by Jenny Marriott, Audit & Information Governance Manager 383101

Area	Activity
Internal Audit	Annual Report 2011/12 Quarter 4 2011/12 Update report Update on ICT Back Up & Recovery Update on Children's Placement Costs Quarter 1 2012/13 Update report Quarter 2 2012/13 Update report Quarter 3 2012/13 Update report Results of the CIPFA Internal Audit Benchmarking exercise 2012 Update on the Abacus Audit Report Update on Amber reports issued Quarters 2 & 3 Internal Audit Plan and Charter 2013/14
External Audit	External Audit Fee 2012/13 Interim Report on 2011/12 final accounts work Annual Governance Report (ISA 260) 2011/12 Annual External Audit Letter 2011/12 Financial Statements Audit Plan – 2012/13 Certification of Grant Claims and Returns 2011/12
Governance	Annual Governance Statement (AGS) 2011/12 Review and Results of the Effectiveness of the Audit Committee 2012/13 Skills audit 2012/13 Half yearly progress on the 2011/12 AGS Action Plan Information Governance Annual Report 2011/12 Information Governance Update Report April to August 2012 Information Governance Strategy 2012/13 – 2014/15 Information Governance Work Programme 2013/14 Strategic Risk Register March 2013 Audit Committee Annual Report 2011/12
Treasury Management	2011/12 Outturn Report & 2012/13 update report to June 2012 Treasury In Year Update Report 2012/13 (January 2013) 2013/14 Treasury Management Strategy
Statement of Accounts	Draft Accounts 2011/12 Approval of the audited Statement of Accounts 2011/12 Capital receipts update September 2012
Fraud & Corruption	2011/12 Annual Report on Corporate Anti-Fraud & Corruption Policy Update to the Speak Up activity 2012
Complaints	Customer Feedback Performance Report – 1 st April 2011 – 31 st March 2012 – circulated to members
General	Terms of Reference reviewed June 2012 Outline Audit Committee Business 2012/13