

TELFORD & WREKIN COUNCIL

**AUDIT COMMITTEE 16th SEPTEMBER 2014
COUNCIL 27th NOVEMBER 2014**

AUDIT COMMITTEE ANNUAL REPORT 2013/14

JOINT REPORT OF THE SECTION 151 & THE MONITORING OFFICERS

1 PURPOSE

1.1 To present to the Council an Annual Report on the 2013/14 operations of the Audit Committee.

2 RECOMMENDATIONS

2.1 That Members of the Council note the contents of the annual report 2013/14.

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 and benefits arising from good governance (including risk management) and internal control including the implementation of both internal and external audit recommendations.
- ✓ demonstrating 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 who can, and do, challenge 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 2013 – April 2014). 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 3 meetings of the Audit Committee in 2013/14 compared to 4 in 2012/13. The reduction was a continuing part of the Council's wider savings/efficiency programme and the March meeting was removed. This change has resulted in comprehensive agendas but does not appear to have affected the effectiveness of the Committee. There is still the opportunity to call additional meetings whenever required by Members between the scheduled meetings in June, September and January.

4 PREVIOUS MINUTES

4.1 Audit Committee - 20th September 2011; 25th September 2012; 17th September 2013
Council - 24th November 2011; 22nd November 2012; 21st November 2013

5 INFORMATION – AUDIT COMMITTEE 2013/14

5.1 Internal Audit

- 5.1.1 The Internal Audit team has continued to provide the Committee with reports on work undertaken as outlined in the Public Sector Internal Audit Standards (PSIAS - effective from April 2013) and Constitution, highlighting any areas requiring attention by Members. An action plan setting out outstanding actions to ensure compliance with the Standards was presented to the January 2014 committee.
- 5.1.2 The Internal Audit Charter for 2014/15 was approved by the Committee at the January 2014 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) The Abacus system review; and
 - b) ICT audits update

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 2012/13 was approved after consideration of the supporting information.
- 5.3.2 Members of the Committee agreed not to review their effectiveness until after the 2015 elections but they considered the results of the skills audit and a training programme developed from the results.
- 5.3.3 The 2012/13 Information Governance annual report was presented to the Committee in June 2013. An Information Governance update report was provided for April – July 2013 at the September meeting.

5.4 Treasury Management

- 5.4.1 The Committee received the annual report 2012/13, in year updates and reviewed the 2014/15 strategy prior to approval by Cabinet.

5.5 Statement of Accounts 2012/13

- 5.5.1 The Statement of Accounts was approved by the Committee following external audit at the September 2013 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 2012/13.
- 5.5.2 There was an update to the September 2013 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 and Policy update was received in June 2013.
- 5.6.2 A review and update of the Speak Up Policy for 2012/13 was provided to the September 2013 meeting.

5.7 Complaints

- 5.7.1 The Committee reviewed the 2012/13 Customer Performance Feedback Report at their September meeting.

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. Additional changes were made and approved by Council in November 2013 in respect to the Committee seeking assurance in respect to the Council's income and commercial activities.

5.9 Conclusions for 2013/14 and the future 2014/15

- 5.9.1 The Committee has considered comprehensive agendas in order to provide 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. Many challenging questions have been asked by Members who have required senior officers to attend and give account for decisions taken and progress in implementing both internal and external audit recommendations.
- 5.9.2 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 2014/15. Most notable are the organisational changes, significant reductions in resources and the more commercial approach being adopted by the Council.

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 2013/14 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 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.
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 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 2013/14 (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 2012/13 Quarter 4 2012/13 Update report Update on the Abacus Audit Report Update on ICT Quarter 1 2013/14 Update report Quarter 2 2013/14 Update report Quarter 3 2013/14 Update report Changes to Internal Audit Charter 2014/15 and Public Sector Internal Audit Standards Action Plan for Compliance
External Audit	External Audit Fee Letter 2013/14 External Audit Plan 2012/13 Annual Governance Report 2012/13 Annual External Audit Letter 2012/13 External Audit Plan Letter 2013/14 Certification of Grant Claims and Returns 2012/13
Governance	Annual Governance Statement (AGS) 2012/13 Review of the Effectiveness of the Audit Committee September 2013 Results of Skills audit May/June 2013 Draft Training Programme 13/14 for Audit Committee Members Half yearly progress on the 2012/13 AGS Action Plan Information Governance Annual Report 2012/13 Information Governance Update Report April to July 2013 Publication of Information on Councillors who Traded with the Council during 2012/13 Audit Committee Annual Report 2012/13
Treasury Management	2012/13 Annual Outturn Report & 2013/14 update report Draft 2014/15 Treasury Management Strategy and update 2013/14
Statement of Accounts	Draft Statement of Accounts 2012/13 Approval of the audited Statement of Accounts 2012/13 Capital receipts update September 2013
Fraud & Corruption	2012/13 Annual Report on Corporate Anti-Fraud & Corruption Policy and Policy update Review and Update to the Speak Up Policy 2012/13
Complaints	Customer Feedback Performance Report – 1 st April 2012 – 31 st March 2013
General	Terms of Reference reviewed June 2013 and November 2013 Outline Audit Committee Business 2013/14