

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE – 15 SEPTEMBER 2015

COUNCIL – 26 NOVEMBER 2015

AUDIT COMMITTEE ANNUAL REPORT 2014/15

JOINT REPORT OF THE SECTION 151 & THE MONITORING OFFICERS

1 PURPOSE

1.1 To present to the Council an Annual Report on the 2014/15 operations of the Audit Committee.

2 RECOMMENDATIONS

2.1 That Members note the contents of the annual report 2014/15.

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 best practice that an Annual Report is presented to the Council on the operations of the Committee during the municipal year (May 2014 – April 2015). 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 2014/15 each with comprehensive agendas. In addition to the scheduled meetings, there is also 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; 16th September 2014
Council - 24th November 2011; 22nd November 2012; 21st November 2013; 27th November 2014

5 INFORMATION – AUDIT COMMITTEE 2014/15

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 and updated in the annual report.
- 5.1.2 The Internal Audit Plan for 2014/15 was approved by the Committee at the June 2014 meeting and the Internal Audit Charter for 2015/16 was approved by the Committee at the January 2015 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) Commercial projects

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 2013/14 was approved at the June meeting after consideration of the supporting information.
- 5.3.2 The September meeting also reviewed the Council's Strategic risk register.
- 5.3.3 The 2013/14 Information Governance annual report was presented to the Committee in June 2014. An Information Governance update report was provided for April – July 2014 at the September meeting along with the Information Governance Framework.

5.4 Treasury Management

- 5.4.1 The Committee received the annual report 2013/14, in year updates for 2014/15 and reviewed the 2015/16 strategy prior to approval by Cabinet.

5.5 Statement of Accounts 2013/14

- 5.5.1 The Statement of Accounts was approved by the Committee following external audit at the September 2014 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 2013/14. The Statements have not yet been closed due to an outstanding elector question.
- 5.5.2 There was an update to the September 2014 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 2014.
- 5.6.2 Audit Commission Fraud survey results were also presented to the Committee.

5.7 Complaints

- 5.7.1 The Committee reviewed the 2013/14 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 with no changes required.

5.9 Conclusions for 2014/15 and the future 2015/16

- 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 2015/16. Most notable are the organisational changes, continued 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 2014/15 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. The Regulations were replaced on 1 st April 2015 by The Accounts and Audit Regulations 2015. Accordingly the Committee will need to comply with the requirements and responsibilities set out on the new Regulations. Officers will ensure that the new rules are taken into consideration when addressing the Committee on future work.

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	The Section 151 officer has a responsibility to ensure that the council has effective internal audit arrangements in place. This report helps to demonstrate that this is the case. 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 2014/15 (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	Internal Audit Annual Report 2013/14 Quarter 4 2013/14 Update report Internal Audit Plan 2014/15 Update on the Abacus Audit Report Update on Commercial Projects Quarter 1 2014/15 Update report and PSIA Standards update Quarter 2 2014/15 Update report Quarter 3 2014/15 Update report Changes to Internal Audit Charter 2015/16
External Audit	External Audit Fee Letter 2014/15 Interim Visit Letter 2013/14 Grant Certification Letter 2013/14 Annual Governance Report 2013/14 Annual External Audit Letter 2013/14 External Audit Plan Letter 2014/15 Grant Report 2013/14
Governance	Annual Governance Statement (AGS) 2013/14 Half yearly progress on the 2013/14 AGS Action Plan Review of the Strategic Risk Register June 2014 Information Governance Annual Report 2013/14 Information Governance Update Report April to July 2014 & Information Governance Framework Information Governance Work programme 2014/15 Publication of Information on Councillors who Traded with the Council during 2013/14 Audit Committee Annual Report 2013/14
Treasury Management	2013/14 Annual Treasury Management Report & 2014/15 update report Draft 2015/16 Treasury Management Strategy and update 2014/15
Statement of Accounts	Draft Statement of Accounts 2013/14 Approval of the audited Statement of Accounts 2013/14 Capital receipts update September 2014
Fraud & Corruption	2013/14 Annual Report on Corporate Anti-Fraud & Corruption Policy and Policy update Audit Commission Fraud Survey Results 2013 Audit Commission/KPMG Fraud report 2013/14
Complaints	Customer Feedback Performance Report – 1 st April 2013 – 31 st March 2014
General	Terms of Reference reviewed June 2014 Outline Audit Committee Business 2014/15