

TELFORD & WREKIN COUNCIL

**AUDIT COMMITTEE 20 SEPTEMBER 2016
COUNCIL 24 NOVEMBER 2016**

AUDIT COMMITTEE ANNUAL REPORT 2015/16

JOINT REPORT OF THE SECTION 151 & THE MONITORING OFFICERS

1 PURPOSE

- 1.1 To present to the Council an Annual Report on the 2015/16 operations of the Audit Committee.

2 RECOMMENDATIONS

- 2.1 That Members note the contents of the annual report 2015/16.

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 2015 – April 2016). 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 2015/16 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 - 17th September 2013; 16th September 2014; 15th September 2015
Council - 21st November 2013; 27th November 2014; 1st October 2015

5 INFORMATION – AUDIT COMMITTEE 2015/16

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. Members were also updated on the procurement process for the 5 yearly External Quality Assessment of Internal audit which will take place during 2016/17.
- 5.1.2 The Internal Audit Plan for 2015/16 was approved by the Committee at the June 2015 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 and assurances have been provided by appropriate Senior Managers in respect to:
- a) Adult Social Services financial controls;
 - b) Significant projects risks – Better Care Fund;
 - c) Significant project risks – Single Status; and
 - d) Significant project risks - Housing Investment Programme

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 2014/15 was approved at the June meeting after consideration of the supporting information.
- 5.3.2 The September meeting reviewed the Council's Strategic risk register and members requested and received assurances at the January meeting on the management of the risks associated with the Better Care Fund, Single Status and Housing Investment programme significant projects.
- 5.3.3 The 2014/15 Information Governance annual report was presented to the Committee in June 2015. An Information Governance update report was provided for April – July 2015 at the September meeting.

5.3.4 The 2014/15 annual report from the Caldicott Guardian (new report) was presented to the September meeting to outline activities undertaken and to be undertaken. In future this report will be combined with the Internal Audit & Information Governance Annual report.

5.4 Treasury Management

5.4.1 The Committee received the annual report 2014/15, in year updates for 2015/16 and reviewed the 2016/17 strategy prior to approval by Cabinet.

5.5 Statement of Accounts 2014/15

5.5.1 The Statement of Accounts was approved by the Committee following external audit at the September 2015 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 2014/15.

5.5.2 There was an update to the September 2015 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 2015.

5.7 Complaints

5.7.1 The Committee reviewed the 2014/15 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. Changes were made in respect to adding that the Caldicott Guardian would report to the Committee and changing that oversight would be of "Commercial Projects" rather than the Commercial Board.

5.8.2 In January 2016 the Committee agreed to undertake a survey to measure their effectiveness and the results were presented to the June 2016 meeting.

5.9 Conclusions for 2015/16 and the future 2016/17

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 2016/17. 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 2015/16 assists in ensuring that the Council complies with the statutory requirements set out in the Accounts and Audit Regulations 2015.
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	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 2015/16 (including minutes)

Constitution

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

AUDIT COMMITTEE ACTIVITY 2015/16

APPENDIX A

Area	Activity
Internal Audit	<p>Internal Audit Annual Report 2014/15 Quarter 4 2014/15 Update report Internal Audit Plan 2015/16 Adult Social Services Update on financial control Quarter 1 2015/16 Update report Quarter 2 2015/16 Update report Quarter 3 2015/16 Update report Changes to Internal Audit Charter 2016/17 Agreement to the procurement process in respect to the External Quality Assessment of Internal Audit in respect to Public Sector Internal Audit Standards</p>
External Audit	<p>External Audit Fee Letter 2015/16 KPMG Interim Report 2014/15 Annual Governance Report 2014/15 Annual External Audit Letter 2014/15 External Audit Plan Letter 2014/15 Grant Report 2014/15</p>
Governance	<p>Annual Governance Statement (AGS) 2014/15 Half yearly progress on the 2014/15 AGS Action Plan</p> <p>Review of the Strategic Risk Register July 2015 Update from appropriate senior managers in respect to the risks within the following significant projects:</p> <ul style="list-style-type: none"> a) Better care Fund b) Single Status c) Housing Investment Programme <p>Information Governance Annual Report 2014/15 Information Governance Update Report April to July 2015 Information Governance Work programme 2015/16 Caldicott Guardian Annual Report 2014/15</p> <p>Publication of Information on Councillors who Traded with the Council during 2014/15</p> <p>Audit Committee Annual Report 2014/15</p>
Treasury Management	<p>Treasury Management Outturn report 2014/15 & 2015/16 update report Draft 2016/17 Treasury Management Strategy and update 2015/16</p>
Statement of Accounts	<p>Draft Statement of Accounts 2014/15 Approval of the audited Statement of Accounts 2014/15 Capital receipts update September 2015</p>

Fraud & Corruption	2014/15 Annual Report on Corporate Anti-Fraud & Corruption Policy and Policy update
Complaints	Customer Feedback Performance Report – 1 st April 2014 – 31 st March 2015
General	Terms of Reference reviewed June 2015 Outline Audit Committee Business 2015/16