

**1 PURPOSE**

- 1.1 To present to the Council an Annual Report on the 2016/17 operations of the Audit Committee.

**2 RECOMMENDATIONS**

- 2.1 That members note the contents of the annual report 2016/17.

**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 2016 – April 2017). 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 2016/17 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 - 16<sup>th</sup> September 2014; 15<sup>th</sup> September 2015; 20<sup>th</sup> September 2016  
Council - 27<sup>th</sup> November 2014; 1<sup>st</sup> October 2015, 24 November 2016

**5 INFORMATION – AUDIT COMMITTEE 2016/17**

**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.

5.1.2 The Internal Audit Plan for 2016/17 was approved by the Committee at the June 2016 meeting and the Internal Audit Charter for 2016/17 was approved by the Committee at the January 2017 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 of practice.

## **5.3 External PSIAS Assessment**

5.3.1 Members were given a verbal update on the results of the assessment.

## **5.4 Governance**

5.4.1 The Annual Governance Statement 2015/16 was approved at the June meeting after consideration of the supporting information.

5.4.2 The September meeting reviewed the Council's Strategic Risk Register.

5.4.3 The 2015/16 Information Governance annual report was presented to the Committee in June 2016. An Information Governance update report was provided for April – July 2016 at the September meeting.

5.4.4 The 2015/16 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.

## **5.5 Treasury Management**

5.5.1 The Committee received the annual report 2015/16, in year updates for 2016/17 and reviewed the 2017/18 strategy prior to approval by Cabinet.

## **5.6 Statement of Accounts 2015/16**

5.6.1 The Statement of Accounts was approved by the Committee following external audit at the September 2016 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 2015/16.

5.6.2 There was an update to the September 2016 meeting in respect to the Council's capital receipts position.

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

5.7.1 The annual report on the Anti-Fraud & Corruption Policy and Policy update was received in June 2016.

## 5.8 Complaints

5.8.1 The Committee reviewed the 2015/16 Customer Performance Feedback Report at their September meeting.

## 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. Changes were made in respect to adding that the recommendation to appoint the Councils External Auditors would be made at the committee.

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

## 5.10 Conclusions for 2016/17 and the future 2017/18

5.10.1 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.

5.10.2 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 2017/18. Most notable are the organisational changes, continued significant reductions in resources and the more commercial approach being adopted by the Council.

5.10.3 The Committee also recognises the need for a change in the number of required meetings for 2018/19 due to the requirement for early closedown of the final accounts.

## 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 2016/17 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 2016/17 (including minutes)

Constitution

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

Report by Suzanne Dodd, Governance & Legal SDM 383255

Area	Activity
<b>Internal Audit</b>	Internal Audit Annual Report 2015/16 Quarter 4 2015/16 Update report Internal Audit Plan 2016/17 Quarter 1 2016/17 Update report Quarter 2 2016/17 Update report Quarter 3 2016/17 Update report Changes to Internal Audit Charter for 2017/18
<b>External Audit</b>	External Audit Fee Letter 2016/17 KPMG Interim Report 2015/16 Annual Governance Report 2015/16 Annual External Audit Letter 2015/16 External Audit Plan Letter 2016/7 Grant Report 2015/16 Appointment of External Auditors for April 2018 Onwards
<b>Governance</b>	Annual Governance Statement (AGS) 2015/16 Half yearly progress on the 2015/16 AGS Action Plan  Review of the Strategic Risk Register September 2016  Information Governance Annual Report 2015/16 Information Governance Update Report April to July 2016 Information Governance Work programme 2016/17 Caldicott Guardian Annual Report 2015/16  Publication of Information on Councillors who Traded with the Council during 2015/16  Audit Committee Annual Report 2015/16
<b>Treasury Management</b>	Treasury Management – 2015/16 Annual report and 2016/17 update Treasury Management Outturn report 2016/17 & 2017/18 update report Draft 2017/18 Treasury Management Strategy and update 2016/17 Verbal presentation from Councils Treasury Advisors on implications for Council of the UK's exit from the EU
<b>Statement of Accounts</b>	Draft Statement of Accounts 2016/17 Approval of the audited Statement of Accounts 2015/16 Capital receipts update September 2016
<b>Fraud &amp; Corruption</b>	2015/16 Annual Report on Corporate Anti-Fraud & Corruption Policy and Policy update
<b>Complaints</b>	Customer Feedback Performance Report – 1 <sup>st</sup> April 2014 – 31 <sup>st</sup> March 2015
<b>General</b>	Terms of Reference reviewed Results of Survey of Effectiveness of the Audit Committee Outline Audit Committee Business 2016/17