

AGENDA ITEM: 4 Page nos. 1 – 7

Meeting **Audit Committee**

Date **9 June 2005**

Subject **Audit Committee Work Programme 2005/6**

Report of **Borough Treasurer, Democratic Services
Manager**

Summary The Committee are asked on this their first meeting to set a
programme of work for the current year.

Officer Contributors Nick Musgrove, Democratic Services
Michael Bradley, Chief Internal Auditor

Status (public or exempt) Public

Wards affected N/A

Enclosures 1. Committee's Terms of Reference
2. Draft work programme

For decision by The Committee

Function of Council

Reason for urgency /
exemption from call-in (if
appropriate) N/A

Contact for further information: Nick Musgrove. 020 8359 2024

1. RECOMMENDATIONS

1.1 That the Committee consider the attached draft and approve a work programme for 2005/06.

2. RELEVANT PREVIOUS DECISIONS

2.1 Council 12 April 2005, minute 217 (see 7 below)

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

4. RISK MANAGEMENT ISSUES

} The Corporate Plan draws attention to the Council's risk management arrangements, including the establishment of this Committee.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 None related directly to this report

6. LEGAL ISSUES

6.1 None

7. CONSTITUTIONAL POWERS

7.1 Council, on 12 April 2005, approved a recommendation of the Constitution Review Committee for the establishment of a new, stand alone Audit Committee in the Council's Committee structure, with terms of reference as set out in Enclosure 1.

8 BACKGROUND INFORMATION

8.1 The terms of reference of the Committee, as approved by Council on 12 April, are attached as enclosure 1.

8.2 Enclosure 2 sets out a possible programme of work for the Committee prepared on the basis of

- o Relevant outstanding items from the work of the former Audit & Resources Overview and Scrutiny Committee, and
- o Consideration of regular internal and external audit-based work occurring throughout the year

8.3 The Committee are asked to consider the attached draft and agree a programme of work for 2005/06.

9 LIST OF BACKGROUND PAPERS

9.1 None

BS: JEL

BT: CM

AUDIT COMMITTEE

Membership

7 Non-executive Councillors

Terms of Reference

1. Ensuring that the council's financial reports, annual financial statements, Statement of Internal Control and the action taken by the council to implement fully a risk management system are balanced, fair, conform to accountancy standards and meet prevailing best practice.
2. Reassuring the Council that the scope and depth of external audit work and the annual External Audit Plan are sufficient and conducted competently, including communication with the external auditor on audit findings and material weaknesses in accounting and internal control systems, including endorsing the annual External Auditor's Letter. Meeting independently with the external auditor periodically, ensuring the independence and objectivity of the external auditor and in matters relating to the provision of non-audit services.
3. Satisfying the Council that the internal auditor carries out sufficient systematic reviews of the internal control arrangements, both operational (relating to effectiveness, efficiency and economy) and financial.
4. Reviewing the major findings of any relevant internal council investigations by the Corporate Anti Fraud Team into control weaknesses, fraud, whistle blowing or misconduct and the management's response.
5. Reporting as appropriate to the Council and Cabinet.

AUDIT COMMITTEE

DRAFT WORK PROGRAMME

Meeting & and items to be considered	Report contributors	Notes
31 August 2005		
Preparation of statement of internal control	Chief Internal Auditor	
Monitoring of Internal Audit PMP	Chief Internal Auditor	
Annual Internal Audit Report 2004/05	Chief Internal Auditor	
Central Service Debt Collection	Borough Treasurer/ Head of Highways & Design/ Head of Cultural Services	<p><i>Outstanding work commenced by former Audit & Resources OSC</i></p> <p>Following the report of the Borough Treasurer on the Council's debt at the meeting of 27th October 2004, the Committee asked for a further analysis of outstanding debt-by-age in a time series, e.g. has the value of debt of more than two years' age increased or decreased, once the 2004/05 financial-year data were available.</p> <p>The Committee has also asked for additional, supplementary reports on as parking-related debt and library fines (for which the Borough Treasurer is not directly responsible)</p>
Annual report of Corporate Anti-Fraud Team (CAFT)	Borough Treasurer/ Head of CAFT	<p><i>Outstanding work commenced by former Audit & Resources OSC</i></p> <p>The Committee asked whether something akin to an 'annual report' could be prepared by the CAFT on its work during 2004/05.</p> <p>Interim mid-year updates and approval of annual plan (corresponding to the arrangements for Internal Audit) are also included below.</p>

Meeting & and items to be considered	Report contributors	Notes
External Auditors' Interim Management report	External Auditor, Borough Treasurer	
10 October 2005		
Report on SWIFT	Chief Internal Auditor	<p><i>Outstanding work commenced by former Audit & Resources OSC</i></p> <p>Following three separate audits of SWIFT implementation and functionality issues, the Internal Audit Unit are undertaking a further, overarching review of the impact of SWIFT on the Council as a whole.</p> <p>The Committee asked for an update on the objectives, scope and processes of the project and an assessment of the overall impact of SWIFT on the risk profile of the Council.</p>
External Auditor's SAS 610 Report	Borough Treasurer/External auditor	
Monitoring implementation of Modernising Core Systems (1 st report)	Director of Resources	
21 December 2005		
Interim Annual Audit Report 2005/06	Chief Internal Auditor	
Interim annual report of CAFT	Borough Treasurer/ Head of CAFT	
Monitoring implementation of Modernising Core Systems (2 nd report)	Director of Resources	

Meeting & and items to be considered	Report contributors	Notes
15 February 2006		
Internal Audit 2004/5 – Risk Audits follow-up	Borough Treasurer/ Chief Internal Auditor	<p><i>Outstanding work commenced by former Audit & Resources OSC</i></p> <p>At its meeting on 22nd February 2005, the Committee reviewed the 2004/05 interim report from the IA Unit and work done during the 2004/05 year. Amongst the audits where no assurance could be given was the systems audit of key financial controls on Council stocks (within the Borough Treasurer’s Service).</p> <p>The Committee asked for a report and response from the relevant head of service once the follow-up audit had been conducted by the IA Unit in the third quarter of 2005/06, as part of a wider review of the financial ledger, and contingent upon the progress.</p>
4 April 2006		
Annual Audit Letter	Chief Internal Auditor, Borough Treasurer, Director of Resources, Head of Corporate Performance Office	
Annual Internal Audit Plan 2006/7	Chief Internal Auditor	
Annual CAFT Plan 2006/7	Borough Treasurer, Head of CAFT	