

AGENDA ITEM: 7

Page nos. 9-16

Meeting	Audit Committee
Date	28 February 2007
Subject	Work Programme for 2007/08
Report of	Deputy Director for Resources & Chief Finance Officer
Summary	To propose a work programme for the Audit Committee for the next twelve months.

Officer Contributors	Head of Strategic Finance
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A – Work Programme 2007/08
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	-

Contact for further information: Jonathan Bunt, 020 8359 7249

1. RECOMMENDATIONS

- 1.1 That the programme of work for the Committee as set out in Appendix A be approved;
- 1.2 That the Committee gives its views on proposals for member briefings as set out in paragraph 9.9.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee, 15 February 2006, Decision 7 – resolved to recommend new terms of reference to the Special Committee (Constitution Review), to put in place a programme of training for its Members and to instruct the Chief Finance Officer to map out the likely work programme for the forthcoming year. The Chief Finance Officer delivered the work programme to Audit Committee, 4 April 2006. This was approved in Decision 9.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The audit plan is designed to review key systems, which in turn are designed to deliver key service objectives. These contribute to the delivery of Key Priorities and the Corporate Plan, in particular the priority of A Better Council for a Better Barnet.

4. RISK MANAGEMENT ISSUES

- 4.1 In recommending revised terms of reference to the Constitution Review Committee, the Audit Committee also accepted the following “Statement of Purpose” as part of the new terms of reference:-

The purpose of an audit committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority’s financial and non-financial performance to the extent that it affects the authority’s exposure to risk and weakens the control environment, and to oversee the financial reporting process.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community.

6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 6.1 None.

7. LEGAL ISSUES

- 7.1 None.

8. CONSTITUTIONAL POWERS

8.1 The Audit Committee’s terms of reference are noted in Part 3, Section 2 of the Council’s Constitution.

9. BACKGROUND INFORMATION

9.1 When considering new terms of reference at its meeting on 15 February 2006, the Audit Committee requested a further report outlining an annual work programme based on having five meetings a year – the first meeting to agree the work programme and the following four meetings to deal with reports. That is reflected in the scheduled dates for the committee over 2007/08:

2007

- 28 February
- 20 March
- 28 June
- 20 September
- 5 December

2008

- 27 February
- 19 March
- 25 June

9.2 Attached at Appendix A is a summary of the terms of reference, indicating the reports that it is felt appropriate for the Committee to consider. It is also shown the months that these reports could be considered, some of which are dictated by statutory deadlines, e.g. the statement of accounts must be considered before the end of June, and the Statement of Internal Control before the end of September.

9.3 Based on this, the Audit Committee should consider meetings at the following times:-

Meeting	Items
February	<ul style="list-style-type: none"> ● Consultation on annual review of council constitution, including:- <ul style="list-style-type: none"> ○ Audit Committee terms of reference ○ Financial Regulations ○ Contract Procedure Rules ● Data Integrity Report ● Annual review of Audit Committee’s Effectiveness ● Setting work programme for the coming year ● Use of Resources – Internal Control Assessment & Action Plan
March	<ul style="list-style-type: none"> ● Internal Audit Annual Plan ● Annual Audit & Inspection Plan (external) ● Annual Audit & Inspection Letter (external) ● Corporate Anti-Fraud Team (CAFT) Annual Plan ● Corporate Risks Update

	<ul style="list-style-type: none"> • Risk Management Strategy
June	<ul style="list-style-type: none"> • Internal Audit Annual Report • Corporate Anti-Fraud Team Annual Report (including whistle blowing) • Statement of Accounts
September	<ul style="list-style-type: none"> • Interim Audit Management Report (external) • Annual Governance Statement • ISA260 Report (external)
December	<ul style="list-style-type: none"> • Internal Audit Interim Report • Grants Audit Report (external) • CAFT Interim Report
As & When	<ul style="list-style-type: none"> • Appointment of External Auditors • Matters referred by the Chief Executive, Directors, Chief Finance Officer • Other reports agreed with Internal and External Audit

- 9.4 To focus the reports on the key issues and not become too detailed, it was agreed by the Audit Committee at the 15 February 2006 meeting that it would be good practice for the Chairman, Vice-Chairman and key officers to meet mid-way between Audit Committee meetings to review the agenda and progress with reports.
- 9.5 The Audit Committee agreed at the 15 February 2006 meeting that it should have access to reports from inspection agencies about the Council's financial management and governance, to provide a source of assurance and to compare with any relevant internal and external audit reports. It also acknowledged the need to monitor executive and management action arising from such reports. It was agreed, however, that these reports would not ordinarily be considered as agenda items at the Audit Committee other than in exceptional circumstances, and that these reports would just be circulated to Members of the Committee by way of background material.
- 9.6 In the same vein, the Audit Committee accepted its members should maintain an awareness of the work of overview and scrutiny committees, so that they could take account of issues relevant to the Audit Committee's areas of interest.
- 9.7 The Audit Committee agreed that in considering reports set out in Appendix A it should also review relevant strategies that the Council has in place to regulate its activities and control the actions of employees, elected members and contractors. These strategies might include:-
- risk management
 - value for money
 - anti-fraud and corruption
 - whistle blowing
 - complaints procedures.

Responsibility must rest with the relevant report authors to ensure the current position of these strategies is incorporated in their reports.

9.8 The reports on the annual Statement of Accounts and ISA260 bear further mention. The Audit Committee agreed at the 15 February 2006 meeting that in considering these reports it should focus on the following points:-

- the suitability of accounting policies and treatments, including any changes in these from the previous year;
- major judgemental areas (e.g. provisions);
- significant adjustments and material weaknesses in internal control reported by the External Auditor.

9.9 In finalising the annual work programme for 2006-07, the Committee was urged to bear in mind that it agreed to a programme of briefing sessions, workshops and seminars to be put in place for its members, which would run over a period of 12 months after the May 2006 elections. It was proposed that this could be delivered by having a further date in the diary one month prior to each of the Committee meetings, at which discussions and briefings could focus on the background to the issues on the agenda for the forthcoming meeting. Members views are sought as to whether these sessions, where run, have been beneficial and whether they should be continued ahead of the meetings in 2007-08.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: JL
CFO: JB

Audit Committee – 2007/08 Work Programme

Terms of Reference		Reports	Report Author	Provisional Date
•	AUDIT ACTIVITY			
1	To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.	Internal Audit Annual Plan Internal Audit Interim Report Internal Audit Annual Report	HoIA&EG HoIA&EG HoIA&EG	March November June
2	To consider summaries of specific internal audit reports as requested.	Internal Audit Interim Report Internal Audit Annual Report	HoIA&EG HoIA&EG	November June
3	To consider reports dealing with the management and performance of the providers of internal audit services.	Internal Audit Annual Report	HoIA&EG	June
4	To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.	Internal Audit Interim Report Internal Audit Annual Report	HoIA&EG HoIA&EG	November June
5	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.	Annual Audit & Inspection Letter Interim External Audit Management Report	HoSF HoSF	March / April September
6	To consider specific reports as agreed with the external auditor.	External Audit Grants Report Data Integrity Audit Report	HoSF BIM	November February
7	To comment on the scope and depth of external audit work and to ensure it gives value for money.	Annual Audit & Inspection Plan	EDoR	March/April

Terms of Reference		Reports	Report Author	Provisional Date
8	To liaise with the Audit Commission over the appointment of the council's external auditors.	-	-	Determined by Audit Commission
9	To commission work from internal and external audit.	It is envisaged that requests for ad-hoc reports would arise from the consideration of other scheduled reports.	-	At next available meeting (subject to time required to complete work), unless urgent.
• REGULATORY FRAMEWORK				
10	To maintain an overview of the council's constitution in respect of contract procedure rules and financial regulations.	To receive reports as part of the annual review of the council's constitution.	CFO	September to April
11	To review any issue referred to it by the Chief Executive or a Director, or any council body.	Ad hoc.	Person or body referring the matter.	At next available scheduled meeting, unless urgent.
12	To monitor the effective development and operation of risk management and corporate governance in the council.	Corporate Risk Update Risk Management Strategy (see also Annual Governance Statement)	EDoR EDoR	March March
13	To monitor council policies on 'Raising Concerns at Work' and the anti-fraud and anti-corruption strategy and the council's complaints process.	CAFT Annual Plan CAFT Interim Report (including whistle blowing) CAFT Annual Report (including whistle blowing)	DoCG DoCG DoCG	March November June
14	To oversee the production of the authority's Annual Governance Statement and to recommend its adoption	Annual Governance Statement	DoCG/CFO	September

Terms of Reference		Reports	Report Author	Provisional Date
15	To consider the council's compliance with its own and other published standards and controls.	Use of Resources – Internal Control Assessment & Action Plan	EDoR	February
•	ACCOUNTS			
16	To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.	Draft Statement of Accounts	HoSF	June
17	To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.	ISA260	HoSF	September
•	REVIEW OF EFFECTIVENESS			
18	To conduct an annual review of the effectiveness of the Audit Committee	Annual Review of Audit Committee's Effectiveness	CFO	February

Report Authors

EDoR	Executive Director for Resources
CFO	Chief Finance Officer
HoSF	Head of Strategic Finance
BIM	Business Improvement Manager
HoIA&EG	Head of Internal Audit & Ethical Governance
DoCG	Director of Corporate Governance