

AGENDA ITEM: 10 Page nos. 83 - 90

Meeting	Audit Committee
Date	10 March 2009
Subject	Work Programme for 2009/10
Report of	Director of Corporate Governance
Summary	To propose a work programme for the Audit Committee for the next twelve months.

Officer Contributors	Hem Savla, Acting Head of Internal Audit and Ethical Governance Helen Gardiner, Head of Strategic Finance
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A – Work Programme 2009/10
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	N/A

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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;**
- 1.3 That the Committee confirms its agreement for the reserve meeting date in February 2010, should there be a business need.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee Work Programme for 2008/09, 19 March 2008.
- 2.2 Audit Committee, 19 March 2008, maintained the previous decisions to review annually the terms of reference and 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.

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 the Corporate Plan, in particular the priority of More Choice Better Value.

4. RISK MANAGEMENT ISSUES

- 4.1 The Statement of Purpose for the Audit Committee in the constitution is defined as :-

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. Individual audits will consider equalities dimensions where identified and relevant.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 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 4 of the Council's Constitution.

9. BACKGROUND INFORMATION

9.1 The terms of reference were reviewed at the meeting on 27 February 2008. This maintained that the Audit Committee should receive a further report outlining an annual work programme. This work programme for 2009/10 is based on having the following four meetings to deal with reports:

30 June 2009

24 September 2009

16 December 2009

11 March 2010

The Committee will recall that it was necessary in 2009 to schedule an additional meeting in February to accommodate training and consider reports scheduled at other meeting dates. Therefore, a reserve date is suggested in February 2010 to consider reports, should there a business need.

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 Annual Governance Statement before the end of September.

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

Meeting	Items
June 2009	<ul style="list-style-type: none">● Internal Audit Annual Report● Corporate Anti-Fraud Team Annual Report (including whistle blowing)● Statement of Accounts● Annual Audit and Inspection Plan● Annual Audit and Inspection Letter● Draft Annual Governance Statement● Report on annual review of council constitution, including:-<ul style="list-style-type: none">○ Audit Committee terms of reference○ Financial Regulations○ Contract Procedure Rules
September 2009	<ul style="list-style-type: none">● Interim Audit Management Report External Audit)● Annual Governance Statement● ISA260 Report (External Audit)● Annual review of the effectiveness of internal audit

December 2009	<ul style="list-style-type: none"> • Internal Audit Interim Report • CAFT Interim Report
March 2010	<ul style="list-style-type: none"> • Setting work programme for the coming year • Use of Resources – Internal Control Assessment & Action Plan • Internal Audit Annual Plan • Data Integrity Report • Grants Audit Report (External Audit) • Annual review of Audit Committee’s Effectiveness • Corporate Anti-Fraud Team (CAFT) Annual Plan
As & When	<ul style="list-style-type: none"> • Appointment of External Auditors • Matters referred by the Chief Executive, Directors, Chief Finance Officer • Others reports agreed with Internal and External Audit

9.4 As previously agreed 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. This would enable the reports to focus on the key issues and not become too detailed.

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
- 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 The Committee has been receiving training/briefings at the start of the meetings, to focus discussions 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
- whether they should be continued ahead of the meetings in 2009-10
- and which topics should be covered

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: JEL
CFO: HG

Audit Committee – 2009/10 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 December June
2	To consider summaries of specific internal audit reports as requested.	Internal Audit Interim Report Internal Audit Annual Report	HoIA&EG HoIA&EG	December 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	December 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	June September
6	To consider specific reports as agreed with the external auditor.	External Audit Grants Report Data Integrity Audit Report	HoSF BIM	March March
7	To comment on the scope and depth of external audit work and to ensure it gives value for money.	Annual Audit & Inspection Plan	DoR	June

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.	DoR	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.	It is envisaged that this would be part of the assurance framework presented with the annual report on the Annual Governance Statement – see 14.	-	-
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 December June
14	To oversee the production of the authority's Annual Governance Statement and to recommend its adoption	Draft Annual Governance Statement Annual Governance Statement	DoCG DoCG	June 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	DoR	March
• 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	DoCG	March
• OTHER				
	N/A	Annual Work Programme for following year	DoCG	March
	N/A	Annual Review of the Effectiveness of Internal Audit	DoCG	September
	N/A	Review of Code of Corporate Governance	DoCG	Biennial (March)

Report Authors:

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