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| <b>Meeting</b>   | <b>Audit Committee</b>  |
| <b>Date</b>      | <b>8 April 2013</b>   |
| <b>Subject</b>   | <b>Work Programme for 2013/14</b>   |
| <b>Report of</b> | <b>Assurance Director</b>   |
| <b>Summary</b>   | To propose a work programme for the Audit Committee for the next twelve months. |

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| Officer Contributors                        | Maryellen Salter, Assurance Director |
| Status (public or exempt)                   | Public                               |
| Wards Affected                              | None                                 |
| Key Decision                                | No                                   |
| Reason for urgency / exemption from call-in | Not applicable                       |
| Function of                                 | Council                              |
| Enclosures                                  | Appendix A – Work Programme 2013/14  |
| Contact for Further Information:            | Maryellen Salter, 020 8359 3167      |

## **1. RECOMMENDATIONS**

- 1.1 That the programme of work for the Committee as set out in Appendix A be approved.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 The Audit Committee reviews its work plan against its terms of reference on an annual basis, the last decision in relation to this matter was 26<sup>th</sup> April 2012. Previously the Audit Committee decided that training would be provided as and when requested.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Audit Committee provides the Council with independent assurance and effective challenge and, therefore, the Committee is central to the provision of effective governance.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The Terms of Reference for the Audit Committee in the Constitution defines the purpose of the Audit Committee as :-

“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.”

- 4.2 Without a forward work plan there is a risk that the Audit Committee may not effectively discharge it’s responsibilities under the Constitution.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Pursuant to section 149 of the Equality Act, 2010, the council has a public sector duty to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; promoting good relations between those with a protected characteristic and those without. The, relevant, ‘protected characteristics’ are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination discrimination

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

- 6.1 Delivering the core functions of an Audit Committee contribute to effective systems of internal control. The Audit Committee’s work includes providing assurance on the council’s arrangements for:

- risk management;
- maintaining effective internal control; and
- reporting on financial and other performance.

In addition, by the Audit Committee monitoring progress against any actions to address significant internal control concerns effectively this can lead to better use of resources and a positive culture of improvement within the Council.

## **7. LEGAL ISSUES**

- 7.1 The Accounts and Audit Regulations 2003, impose obligations upon the council to, amongst other things, prepare, approve and publish a Statement of Accounts by the date indicated in paragraph 9, below. The 2007, CIPFA/SOLACE Framework document introduced a requirement upon local authorities to prepare an Annual Governance Statement (“AGS”).

## **8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)**

- 8.1 The Audit Committee’s terms of reference are noted in Part 3, Section 4 of the Council’s Constitution (Responsibility for Functions).

## **9. BACKGROUND INFORMATION**

- 9.1 During the year the Constitution, Ethics and Probity Committee met and has agreed the following changes to the Audit Committee’s terms of reference:
- Removing the requirement to receive reports on changes to the Constitution. Reason: this is due to the fact that the Constitution, Ethics and Probity are responsible for review of the Constitution and Full Council is required to ratify these changes, therefore it was agreed that there was a duplication of effort for the Audit Committee.
  - Removing the requirement to consider the Council’s compliance with its own and other published standards and controls. Reason: all audit work in essence reports back to the Audit Committee on compliance with controls on an exception basis and therefore this was considered duplication of responsibilities.
  - Changing the requirement of the Audit Committee to review their own effectiveness and replace with producing an annual report for Full Council annually.
- 9.2 It is a requirement of the terms of reference that the Audit Committee should receive a report outlining an annual work programme. This work programme for 2013/14 is based on having the following four meetings to deal with reports:

July 2013  
 October 2013  
 December 2013  
 April 2014

9.3 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 in discharging its responsibilities. It also shows the months in which these reports should be considered, some of which are dictated by statutory deadlines, e.g. the statement of accounts must be approved prior to the end of September, along with the Annual Governance Statement.

9.4 Based on this, the Audit Committee should consider the following reports at the appropriate times:-

| Meeting       | Items   |
|---------------|---|
| July 2013     | Standing Agenda Items: <ul style="list-style-type: none"> <li>• Internal Audit Progress Report &amp; Exception Recommendations Report</li> <li>• External Audit Progress Report (if any)</li> </ul> Risk Management <ul style="list-style-type: none"> <li>• Risk Management Policy Statement and Strategy revision</li> </ul> Annual Reports <ul style="list-style-type: none"> <li>• Internal Audit Annual Report</li> <li>• Corporate Anti Fraud Team (CAFT) Annual Report</li> <li>• Annual Report of Audit Committee</li> </ul> External Audit <ul style="list-style-type: none"> <li>• Audit Approach Memorandum</li> </ul> Statutory Requirements <ul style="list-style-type: none"> <li>• Audited Statement of Accounts</li> <li>• Annual Governance Statement</li> <li>• Report to those charged with Governance (ISA260) Report (External Audit)</li> </ul> |
| October 2013  | Standing Agenda Items: <ul style="list-style-type: none"> <li>• Internal Audit and Risk Management Progress Report &amp; Exception Recommendations Report</li> <li>• External Audit Progress Report (if any)</li> </ul>   |
| December 2013 | Standing Agenda Items: <ul style="list-style-type: none"> <li>• Internal Audit Progress Report &amp; Exception Recommendations Report</li> <li>• External Audit Progress Report (if any)</li> </ul> External Audit: <ul style="list-style-type: none"> <li>• Grants Report</li> <li>• Annual Audit Letter</li> </ul> Regulatory Framework: <ul style="list-style-type: none"> <li>• CAFT Interim Report</li> </ul>  |
| April 2014    | Standing Agenda Items: <ul style="list-style-type: none"> <li>• Internal Audit Progress Report &amp; Exception Recommendations Report</li> <li>• External Audit Progress Report (if any)</li> </ul> Internal Audit & Risk Management: <ul style="list-style-type: none"> <li>• Internal Audit and CAFT Annual Plan and Strategy, and Risk Management Approach</li> </ul> External Audit <ul style="list-style-type: none"> <li>• Annual Audit Plan</li> </ul> Other   |

|           |  |
|-----------|--|
|           | <ul style="list-style-type: none"> <li>• Setting work plan</li> </ul>  |
| As & When | <ul style="list-style-type: none"> <li>• Matters referred by the Chief Executive, Directors, Chief Finance Officer</li> <li>• Other reports agreed with Internal and External Audit</li> </ul> |

- 9.5 As previously agreed it would be good practice for the Chairman, Vice-Chairman and key officers to meet 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. The Chairman and Vice Chair should also meet privately with External and Internal Audit throughout the year.
- 9.6 The Audit Committee agreed at a previous 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.
- 9.7 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.
- 9.8 During the 2012/13 no supplementary training was agreed outside of that available to Members generally as this was to be determined at each meeting. Training needs will also be built into the Member Training Programme for the 2013-14 municipal year, led by the Assurance group.

## 10. LIST OF BACKGROUND PAPERS

10.1 None.

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| <b>Cleared by Finance (Officer's initials)</b> | <b>MC and JH</b> |
| <b>Cleared by Legal (Officer's initials)</b>   | <b>SCS</b>       |