

**ANNUAL REPORT ON THE
WORK OF THE AUDIT COMMITTEE
2018/19 FINANCIAL YEAR**

1. Introduction

This reports covers the period April 2018 to March 2019 and outlines:-

- Information relating to the Audit Committee;
- The coverage of work undertaken by the Audit Committee;
- Actions taking during the year, including training, to ensure the effectiveness of the Audit Committee; and
- Future planned work and challenges.

2. Background

2.1 The Audit Committee has been in place for a number of years. The Committee's terms of reference list the responsibilities and authorities delegated in the Council's Constitution, which comprise:

Internal control

- To consider and monitor the adequacy and effectiveness of the authority's risk management and internal control environment and to make recommendations to full Council where necessary.

External audit

- To monitor the adequacy and effectiveness of the External Audit Service and respond to its findings.

Internal audit

- To support the Officers with their delegated responsibility of ensuring arrangements for the provision of an adequate and effective internal audit.
- To monitor the adequacy and effectiveness of the internal audit service and to receive and monitor an annual internal audit plan from the audit manager.
- To approve the Annual Statement of Accounts, including the Annual Governance Statement, and to recommend as necessary to the Governance Committee regarding the committee's responsibilities to monitor corporate governance matters generally.
- To monitor proactive fraud and corruption arrangements.

The Audit Structure (as at April 2018):

Audit Committee: Councillor Martin Good (Chairman)
Councillor Matt Sutton (Vice Chairman)
Councillor Clarence Barrett*
Councillor Gerry O'Sullivan
Councillor Viddy Persaud
Councillor Roger Ramsey

**For part of the 2018-19 municipal year and was replaced by Councillor Ford.*

Internal Auditors: oneSource
External Auditors: Ernst & Young

During the year under review, the Committee met on four occasions and dealt with the following issues:

3. Audit Committee coverage

3.1 The Audit Committee has received the reports as set out in Appendix A. The coverage can broadly be categorised as regular and specific. More information on both is set out below.

3.2 Regular work

The Committee has regularly reviewed:

- Progress against the audit plan and performance;
- Key findings/issues arising from each audit undertaken;
- Progress against implementation of the recommendations;
- Anti-fraud and corruption activity, including frauds investigated and outcomes;
- Treasury Management activity; and
- The Accounts closedown timetable and progress reports.

3.3 Specific Review / Reports

There were several during the year including a review and approval of:

- the Statement of Accounts;
- the Annual Governance Statement; and
- the Annual Audit Plan.

The Committee also received assurances via:

- Annual Report from Internal Audit that includes the Annual Assurance Statement; and
- The work of external Audit (EY).

Priorities and work plan for the forthcoming year

- 4.1 The Audit Committee is currently planned to meet on four occasions over the next municipal year. There are specific reports planned throughout the year, running through a mix of quarterly progress reports and annual reviews of specific strategies and policies within the remit of the Committee, together with progress reports from the Council's external auditor.
- 3.2 Officers will continue to ensure all members on the Committee, and their nominated substitutes, are adequately trained.
- 3.3 The Committee will continue to oversee the effectiveness of the audit team and wider fraud resources in accordance with Public Sector Audit Standards Audit and Accounts Regulations 2015.
- 3.4 The Committee will focus on the embedding of the Risk Management arrangements agreed in the Revised Management Policy and Strategy.
- 3.5 Fraud prevention and detection will continue to be high on the Audit Committees agenda going forward.
- 3.6 The Committee will continue to focus on ensuring Value for Money and challenging weak areas that have been highlighted by the work of Internal Audit.
- 3.7 A draft forward plan and indicative training plan are detailed in Appendix B.

AUDIT COMMITTEE AGENDA ITEMS – FROM JULY 2018 TO MAY 2019

July 2018

- Annual Governance Statement 2017/18
- Annual Statement Of Accounts 2017/18 & To Those Charged With Governance
- Annual Treasury Management Report 2017/18
- Head Of Assurance Annual Report 2017/18
- Head Of Assurance - Quarter Four Progress Report 2017/18
- Proposed Work Programme For The Audit Committee For The 2018/19 municipal year

November 2018

- Head Of Assurance - Progress Report 2018/19
- Treasury Management Mid Year Update 2018/19
- 2017-18 Annual Audit Letter
- Forward Plan 2018/19

January 2019

- Local Government Audit Committee Briefing
- External Audit Plan 2018-19
- Closure Of Accounts Timetable
- Accounting Policies 2018-19
- Treasury Management Strategy Statement
- Governance Update
- Head Of Assurance - Progress Report Quarter Three 2018/19

April 2019

- Review Of Risk Management
- 2019-20 Internal Audit Plan, Strategy And Charter
- Annual Audit Report 2018- 19
- Annual Governance Statement 2018-19
- Assurance Progress Report
- Grants Certification report

APPENDIX B

AUDIT COMMITTEE – DRAFT FORWARD PLAN / TRAINING

FORWARD PLAN	AGENDA ITEM	PLANNED TRAINING
July 2019	<ul style="list-style-type: none"> • Treasury Management Annual Report 2018/19 • Annual Statement of Accounts 2018/19 • External Audit Report to those charged with Governance (ISO 260) • Assurance End of Year Report 	Training on the role of the audit committee and the financial statements will take place between May-July
October 2019	<ul style="list-style-type: none"> • 2018/19 Annual Audit Letter • 6 Month Review of Risk Management • Assurance Progress Report Q1 and Q2 • Treasury Management Quarter 1 Update 	Per training plan to be considered April 19
January 2020	<ul style="list-style-type: none"> • External Audit Plan 2020/21 for London Borough of Havering and Havering Pension Fund • Governance Update • 18/19 Grants Certification Report • Assurance Progress Report Q3 • Draft Treasury Management Strategy Report 20/21 • Treasury Management Mid-Year Report • Accounting policies 2019/20 • Closure of Accounts Timetable 2019/20 	
April 2020	<ul style="list-style-type: none"> • Audit Committee – Annual Report 2019/20 • Member training plan • Draft Annual Governance Statement 19/20 • 2020/21 Internal Audit Plan, Strategy and Charter • Annual Review of Risk • Internal Audit Progress Report Q4 	