

<p style="text-align: center;">ANNUAL REPORT ON THE WORK OF THE AUDIT COMMITTEE 2017/18 FINANCIAL YEAR</p>

1. Introduction

This reports covers the period April 2017 to March 2018 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 Viddy Persaud (Chairman)
Councillor Julie Wilkes (Vice-Chair)
Councillor Clarence Barrett
Councillor David Johnson
Councillor Frederick Thompson
Councillor Graham Williamson*

**For part of the 2017-18 municipal year and was replaced by Councillor Mylod.*

Internal Auditors: oneSource
External Auditors: Ernst & Young

During the year under review, the Sub-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).

4. 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.
- 4.2 Officers will continue to ensure all members on the Committee, and their nominated substitutes, are adequately trained.
- 4.3 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.
- 4.4 The Committee will focus on the embedding of the Risk Management arrangements agreed in the Revised Management Policy and Strategy.
- 4.5 Fraud prevention and detection will continue to be high on the Audit Committees agenda going forward.
- 4.6 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.
- 4.7 A draft forward plan and indicative training plan are detailed in Appendix B.

AUDIT COMMITTEE AGENDA ITEMS – FROM JUNE 2017 TO MAY 2018

June 2017

- Internal Audit Annual Report 2016/17
- Annual Governance Statement 2016/17
- Accounts Closure Update
- Treasury Management Annual Report

September 2017

- Annual Statement of Accounts 2016/17
- Treasury Management Update Q1
- Internal Assurance Report Q1

November 2017

- Annual Audit Letter
- Closure of Accounts Timetable
- Treasury Management Mid-Year Update 2017/18
- Internal Assurance Report Q2
- Annual Governance Statement 2016/17 (Amendment)

February 2018

- External Audit Plan 2017/18: London Borough of Havering and Havering Pension Fund
- 16/17 Grants Certification Report
- Accounting Policies 2017/18
- Closure of Accounts Timetable 2017/18
- Assurance Progress Report Quarter 3
- Governance Update
- Internal Audit Strategy and Charter and 2018/19 Plan
- Treasury Management Q3 Update 2017/18
- Treasury Management Strategy Statement, Prudential Indicators and Minimum Revenue Provision Statement for 2018/19
- Audit Committee – Annual Report 2017/18

April 2018

- External Audit – Interim Audit update (if necessary)
- Head of Assurance Annual Report 2017/18
- Annual Report on Risk Management
- Member Training Plan

APPENIX B

AUDIT COMMITTEE – DRAFT FORWARD PLAN / TRAINING

FORWARD PLAN	AGENDA ITEM	PLANNED TRAINING
July 2018	<ul style="list-style-type: none"> • Annual Governance Statement 2017/18 • Treasury Management Annual Report 2017/18 • Annual Statement of Accounts 2017/18 • External Audit Report to those charged with Governance (ISO 260) • Response to Auditors report to those charged with Governance • Assurance Progress Report Q1 • Treasury Management Update Q1 	Training on the role of the audit committee and the financial statements will take place between May-July
October 2018	<ul style="list-style-type: none"> • 2017/18 Annual Audit Letter • 6 Month Review of Risk Management • Assurance Progress Report Q2 • Treasury Management Quarter 1 Update 	Per training plan to be considered April 18
January 2019	<ul style="list-style-type: none"> • External Audit Plan 2019/20 for London Borough of Havering and Havering Pension Fund • Governance Update • 17/18 Grants Certification Report • Assurance Progress Report Q3 • Draft Treasury Management Strategy Report 19/20 • Treasury Management Mid-Year Report • Accounting policies 2018/19 • Closure of Accounts Timetable 2018/19 • 2019/20 Internal Audit Plan, Strategy and Charter 	
April 2019	<ul style="list-style-type: none"> • Head of Assurance Annual Report 2018/19 • Audit Committee – Annual Report 2018/19 • Member training plan 	