



**ANNUAL REPORT ON THE
WORK OF
THE AUDIT COMMITTEE**

April 2013

1. Introduction

1.1 This report covers the period April 2012 to March 2013 and outlines:-

- Information relating to the Audit Committee;
- The coverage of work undertaken by the Audit Committee;
- Key issues arising;
- Actions taken 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 and has as its terms of reference:

- To consider and monitor the Authority's risk management and internal control environment;
- To focus audit resources;
- To receive and approve the Annual Statement of Accounts
- To monitor performance of internal and external audit; and
- To monitor proactive fraud and corruption arrangements.

3. The Audit Structure

Audit Committee Cllr Georgina Galpin (Chair from May 2010)
 Cllr Frederick Osbourne
 Cllr Roger Ramsey
 Cllr Frederick Thompson
 Cllr Clarence Barrett
 Cllr Denis Breeding

Internal Auditors Internal Service

External Auditors PricewaterhouseCoopers (PwC)

4. Audit Committee coverage

4.1 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.

4.2 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.

4.3 Specific Review / Reports

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

- the Risk Management Strategy;
- the Anti Fraud and Corruption Strategy;
- the Statement of Accounts;
- the Annual Governance Statement;
- the Internal Audit Strategy; and
- the Annual Audit Plan.

The Committee also received assurances via:

- Annual Report from Internal Audit; and
- The work of External Audit (PwC).

5. Key issues arising

- 5.1 The Committee requested follow up audits or received updates from the relevant Head of Service regarding areas where audit assurances had not improved or recommendations not implemented in line with planned timescales.

6. Work to ensure effectiveness of Committee

- 6.1 The Committee has received dedicated training and awareness sessions on Risk Management, Risk Based Verification, Fraud and Housing Tenancy Fraud.
- 6.2 In February the annual review of the Committee's effectiveness was undertaken. There were no significant issues from this exercise.
- 6.3 The Committee now has identified substitute members who are invited to attend all training, this aims to ensure the Committee is always fully equipped to deal with the agenda items presented.

7. Priorities and work plan for the forthcoming year

- 7.1 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.
- 7.2 There are new Public Sector Audit Standards being introduced for 2013 and compliance with these will require oversight of the Committee.
- 7.3 Officers will continue to ensure all members on the Committee, and their nominated substitutes, are adequately trained.

Annual Report of the Audit Committee, 2012/13

- 7.4 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.
- 7.5 The Committee will focus on the Risk Management arrangements being while they continue to be embedded and seek assurances that robust arrangements are in place.
- 7.6 Fraud prevention and detection will continue to be high on the Audit Committees agenda going forward.
- 7.7 The Committee will continue to promote their work to all members of the Council by inviting them to attend their briefing sessions.

**AUDIT COMMITTEE AGENDA ITEMS
FROM APRIL 2012 TO DATE**

April 2012

- Jacobs Contract Follow Up
- Closure of Accounts Timetable 11/12
- Oracle Report Follow Up
- Internal Audit progress report
- External Audit Plan 11/12 Pension Fund Audit
- Training Requirements for Committee
- Draft Audit Plan Update
- Demise of The Audit Commission
- Annual Report of the Committee
- Urgent Business

June 2012

- Appointeeships and Deputyships Update
- Update of objection to accounts action plan
- Internal Audit Progress Report
- Fraud Progress Report
- Annual Head of Internal Audit Report
- Annual Governance Statement
- Closure of Accounts Timetable
- External Audit Update
- Annual Review of Fraud & Corruption
- Annual Review of Risk Management
- Member Training
- Urgent Business
- Annual Treasury Report

September 2012

- Annual Statement of Accounts
- International Standards of Auditing – Report to those charged with Governance (ISA 260)
- Response to ISA 260
- Internal Audit progress report
- Fraud progress report
- Expenses and Purchase Card Follow Up
- Outstanding Audit Recommendations
- Urgent Business
- Treasury Update

December 2012

- Jacobs Contract Update
- Leaseholder Valuation Tribunal Update
- Annual Audit Letter
- Accounts closedown timetable
- Governance Update
- Internal Audit Progress Report
- Fraud Progress Report

Annual Report of the Audit Committee, 2012/13

- Urgent Business
- Treasury Update

February 2013

- External Audit Plan 12/13
- 11/12 Audit Report of Grant Claims and Returns
- Children's Centre Follow Up
- Annual Review of the Audit Committees Effectiveness
- Internal Audit Progress Report
- Fraud Progress Report
- Draft Internal Audit Plan 13/14 and Strategy
- Annual Review of Fraud
- Closure of Accounts Timetable
- Urgent Business
- Treasury Update

AUDIT COMMITTEE MEMBERS TRAINING / AWARENESS

Timescale	Session	Coverage	Attendance
June	Fraud	Housing Fraud	Cllr Georgina Galpin Cllr Fred Osborne Cllr Linda Hawthorn Cllr Roger Ramsey Cllr Frederick Thompson Cllr Denis O'Flynn Cllr Ron Ower
December	Fraud	General Fraud Update	Cllr Georgina Galpin Cllr Clarence Barrett Cllr Denis Breeding Cllr Wendy Brice-Thompson Cllr Roger Ramsey Cllr Frederick Thompson
February	Risk Based Verification	New approach to Benefits assessment	Cllr Georgina Galpin Cllr Denis Breeding Cllr Frederick Osborne Cllr Frederick Thompson

AUDIT COMMITTEE – FORWARD PLAN / TRAINING

FORWARD PLAN	AGENDA ITEM	PLANNED TRAINING
June 2013	<ul style="list-style-type: none"> • Closure of Accounts Timetable • External Audit Progress Report • Annual Audit Report • Annual Governance Statement • Annual Treasury Report • Annual Review of Risk Management • Member Training Plan 	N/a
September 2013	<ul style="list-style-type: none"> • Annual Accounts • Report to those charged with Governance • Response to Auditors • Internal Audit Progress Report • Outstanding Recommendations Report • Fraud Progress Report • Treasury Update 	TBC – separate plan to June Committee
December 2013	<ul style="list-style-type: none"> • Annual Audit Letter • Closure of Accounts Timetable • Internal Audit Progress Report • Governance Update • Fraud Progress Report • Treasury Management Report 	TBC
February 2014	<ul style="list-style-type: none"> • External Audit Plan • Internal Audit Draft plan and strategy. • Internal Audit progress report • Fraud Progress Report • Annual Review of Audit Committee Effectiveness • Internal Audit Charter and Terms of Reference • Annual Grants review • Demise of Audit Commission • Treasury Management Report • Annual Report of Audit Committee • Close down Accounts timetable • External Audit Pensions Plan 	TBC