



**Havering**  
LONDON BOROUGH

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

**April 2011**

## **Council, 20 July 2011**

### **1. Introduction**

1.1 This report covers the period April 2010 to March 2011 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.
- To monitor proactive fraud and corruption arrangements.

### **3. The Audit Structure**

Audit Committee     Cllr Georgina Galpin (Chair from May 2011)  
                              Cllr Osman Dervish  
                              Cllr Roger Ramsey  
                              Cllr Frederick Thompson  
                              Cllr Clarence Barrett  
                              Cllr Paul McGeary

Internal Auditors     Internal Service

External Auditors    PricewaterhouseCoopers

### **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 identified;
- The Corporate Risk Register; and
- Progress against External Audit's Plan.

## **Council, 20 July 2011**

### **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 including Annual Governance Statement;
- the Internal Audit Strategy; and
- the Annual Audit Plan,

The Committee also received assurances via:

- Annual Report from Internal Audit;
- The work of External Audit;
- Annual report on schools audit activity and findings;

### **5. Key issues arising**

- 5.1 Members of the Audit Committee have been regularly briefed on the objection to the Statement of Accounts by a resident and the subsequent enquiry by PwC.
- 5.2 Members expressed concerns regarding the number of outstanding audit recommendations and were subsequently briefed on a successful exercise to clear these.
- 5.3 Debt recovery in Private Sector Leasing was highlighted as an issue. Members were briefed by the Head of Housing and Public Protection on this matter and will continue to receive regular briefings
- 5.4 The Committee received regular reports from Officers on the progress against the implementation of the International Financial Reporting Standards and on Treasury Management matters.

### **6. Work to ensure effectiveness of Committee**

- 6.1 The Committee has received dedicated training and awareness sessions on, The role of Audit Committee, Treasury Management, Risk Management, and Fraud and corruption during the year.
- 6.2 In February the annual review of the committee's effectiveness was undertaken. The Committee completed a self assessment against CIPFA best practice guidance and noted the outcome and areas for possible improvement. No significant issues arose as a result of this exercise.
- 6.3 The Chairman met with the Internal Audit and Corporate Risk Manager during the year to gain assurance regarding the independence of the team and to advise that direct channels of communication are accessible should they be needed.

## **Council, 20 July 2011**

### **7. Priorities and work plan for the forthcoming year**

- 7.1 The Audit Committee is currently planned to meet on five 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 Officers will ensure any new members on the Committee in the new municipal year are adequately trained in their new role.
- 7.3 All members of the Committee will continue to be briefed regarding the implications of the change to compliance with the International Financial Reporting Standards as this will be necessary to allow the Committee to fulfil its role in approving the accounts.
- 7.4 The Committee will be involved in the consultation process regarding "The Future of Public Audit"
- 7.5 Committee will continue to focus on ensuring Value for Money and challenging weak areas that have been highlighted by the work of Internal Audit.

**AUDIT COMMITTEE AGENDA ITEMS  
FROM APRIL 2010 TO DATE**

**13th April 2010**

- Benefit Subsidy Grants Report
- Internal Audit Charter and Terms of Reference
- Internal Audit Interim Progress Report
- Annual Review of Whistleblowing Arrangements
- CRB
- Urgent Business

**23<sup>rd</sup> June 2010**

- Annual Statement of Accounts 2009/10 containing Annual Governance Statement
- Annual Audit Letter
- External Audit Fee Letter
- External Audit Progress Report
- Annual Treasury Management
- Annual Head of Internal Audit Report
- Internal Audit Progress Report
- CRB
- Urgent Business

**23<sup>rd</sup> September 2010**

- Annual Statement of Accounts
- Housing and Council Tax Benefit Fraud update
- Internal Audit Progress Report
- Annual Review of Schools Internal Audit 2009/10
- Treasury Update
- Urgent Business

**7th December 2010**

- Update on objection to the Accounts
- Annual Audit Letter
- IFRS Accounts closedown update
- Annual Review of Risk Management arrangements
- Internal Audit Progress Report
- Annual Review of Risk Management Arrangements
- Fraud Progress Report
- AGS update report
- Treasury Management Strategy and Update
- Urgent Business

**1<sup>st</sup> March 2010**

- Update on Objection to Accounts Action Plan
- External Audit Plan
- Housing Benefit Fraud Progress Report
- Annual Review of the Audit Committees Effectiveness
- Internal Audit Progress Report
- Internal Audit Charter and TOR

**Council, 20 July 2011**

- Internal Audit Plan 11/12 and Strategy
- Grants Report
- IFRS Update
- Urgent Business

**AUDIT COMMITTEE MEMBERS TRAINING / AWARENESS**

<b>Timescale</b>	<b>Session</b>	<b>Coverage</b>
June 2010	Session 1	Annual Accounts
September 2010	Session 2	The Role of Audit Committee
November 2010	Session 3 (not linked to Committee Meeting)	Treasury Management
December 2010	Session 4	Risk Management
March 2011	Session 5	Fraud and Corruption
May 2011	Session 6	Schools Finance and Audit Programme.

**AUDIT COMMITTEE – FORWARD PLAN / TRAINING**

<b>FORWARD PLAN</b>	<b>AGENDA ITEM</b>	<b>PLANNED TRAINING</b>
23 <sup>rd</sup> June 2011	<ul style="list-style-type: none"> <li>• Annual Accounts - TBC</li> <li>• AGS - TBC</li> <li>• External Audit Fee Letter</li> <li>• Annual Letter 2010/11</li> <li>• External Audit Progress Report</li> <li>• Internal Audit Progress Report</li> <li>• Money laundering annual review</li> <li>• Head of Audit Annual Report and Opinion</li> <li>• Treasury Management Report</li> </ul>	Shared Services – TBC
September 2011	<ul style="list-style-type: none"> <li>• Annual Accounts</li> <li>• External Audit Annual Plan</li> <li>• Internal Audit Progress Report inc Outstanding Recommendations Report</li> <li>• Housing Benefit Fraud Progress Report</li> <li>• Annual School Report</li> </ul>	Annual Accounts - TBC
December 2011	<ul style="list-style-type: none"> <li>• Annual Review of Risk Management Arrangements</li> <li>• Annual Audit Letter</li> <li>• Internal Audit Progress Report</li> <li>• Fraud Progress Report</li> <li>• Treasury Management Report</li> </ul>	Treasury Mgt Refresher (Nov) TBC  Risk Management & Assurance - refresher
March 2012	<ul style="list-style-type: none"> <li>• External Audit 11/12 Plan</li> <li>• Internal Audit Draft 12/13 plan and strategy.</li> <li>• Internal Audit progress report</li> <li>• Housing Benefit Fraud Progress Report</li> <li>• Annual Review of Audit Committee Effectiveness</li> <li>• Internal Audit Charter and Terms of Reference</li> <li>• Annual Grants review</li> <li>•</li> </ul>	Fraud and corruption update
April 2011	<ul style="list-style-type: none"> <li>• Interim Internal Audit Progress Report</li> <li>• Whistle blowing</li> <li>• Annual Report of Audit Committee</li> <li>• Fraud progress report inc. NFI update</li> </ul>	TBC