

# **Audit Committee**

# **Annual Report**

# **Municipal Year 2018/19**

## Introduction

CIPFA's Position Statement on Audit Committees published in March 2018 describes a good audit committee as having.

- ❖ **A balanced, objective, independently minded and knowledgeable membership.**
- ❖ **An ethos supportive of both good governance principles and their practical application.**
- ❖ **A strong and independently minded Chair who promotes apolitical open discussion.**
- ❖ **Unbiased attitudes, with an ability to both support and challenge officers and auditors when required.**

The purpose of an audit committee is 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.

The Committee monitors internal and external audit activity, reviews and comments on the effectiveness of the Council's regulatory framework and reviews and approves the Council's annual statements of accounts.

The Committee is independent from the Council's Executive and Scrutiny functions and has clear reporting lines, including to Full Council and rights of access to discharge its responsibilities in line with its Terms of Reference (Appendix I). This includes direct access to the Council's Appointed Auditor and Head of Audit Partnership without the presence of other officers where appropriate.

The Committee is not a substitute for the Executive function in the management of internal or external audit, risk management, governance, or any other review or assurance function. It is the Committee's role to examine these functions, and to offer views and recommendations on the way the management of these functions is conducted.

## Meetings & Attendance

The Audit Committee met on 5 times during 2018/19:

- ❖ 21 June 2018
- ❖ 10 July 2018
- ❖ 27 September 2018
- ❖ 5 December 2018
- ❖ 19 March 2019

On all occasions the committee was quorate and able to fulfil its duties.

The Audit Committee has 8 Members who attended during 2018/19 as follows:

Members	21 June	10 July	27 Sept	5 Dec	19 Mar
Cllr Waters (chair)	◆	◆*	◆	◆	
Cllr Barrett (vice chair)	◆	◆	◆	◆	◆
Cllr Dyer		◆	◆	◆	◆
Cllr Hicks	◆*	◆	◆	◆	◆
Cllr Link		◆	◆	◆	◆
Cllr Shorter	◆		◆	◆	
Cllr Smith	◆				◆
Cllr Suddards			◆		◆

\*Attended by another Member acting as substitute

The Audit Committee is supported by officers of the Council who regularly attended meetings including:

- Director of Finance and Economy (Section 151)
- Head of Finance
- Senior Accountant(s)
- Head of Audit Partnership
- Head of Corporate Policy, Economic Development and Communications
- Compliance and Data Protection Manager

Further support was provided to the Committee, as required, from other officers within the Council.

In addition, the Council's External Auditors (Grant Thornton) regularly attended meetings of the Audit Committee during 2018/19.

All of the Audit Committee agenda papers and minutes are available on the Council's [website](#).

## Business

During the year the Audit Committee has commented on, examined and reviewed the following:

<b>Audit Activity</b>
<ul style="list-style-type: none"><li>• Internal Audit Annual Report and Opinion</li></ul>
<ul style="list-style-type: none"><li>• Internal Interim Report</li></ul>
<ul style="list-style-type: none"><li>• Internal Audit &amp; Assurance Plan</li></ul>
<ul style="list-style-type: none"><li>• Internal Audit Charter</li></ul>
<b>External Audit (Grant Thornton)</b>
<ul style="list-style-type: none"><li>• External Audit Fee</li></ul>
<ul style="list-style-type: none"><li>• Annual Audit Letter</li></ul>
<ul style="list-style-type: none"><li>• External Audit Findings Report</li></ul>
<ul style="list-style-type: none"><li>• Certification of Grant Claims</li></ul>
<ul style="list-style-type: none"><li>• External Audit Progress Reports</li></ul>
<ul style="list-style-type: none"><li>• External Audit 2018/19 Audit Plan</li></ul>
<b>Finance</b>
<ul style="list-style-type: none"><li>• Financial Statements</li></ul>
<ul style="list-style-type: none"><li>• Statement of Accounts</li></ul>
<ul style="list-style-type: none"><li>• Corporate Enforcement &amp; Investigations Team Annual Report 2017/18</li></ul>
<ul style="list-style-type: none"><li>• Homes England – Compliance Audit Annual Report</li></ul>
<b>Governance</b>
<ul style="list-style-type: none"><li>• Annual Governance Statement</li></ul>
<ul style="list-style-type: none"><li>• Annual Governance Statement – Progress of Remedying Exceptions</li></ul>
<ul style="list-style-type: none"><li>• Strategic Risk Management</li></ul>
<ul style="list-style-type: none"><li>• Risk Management Framework Update</li></ul>
<ul style="list-style-type: none"><li>• Contract Management Update</li></ul>
<ul style="list-style-type: none"><li>• Brexit preparedness</li></ul>
<ul style="list-style-type: none"><li>• Corporate Risk Register</li></ul>
<ul style="list-style-type: none"><li>• Audit Committee Report Tracker &amp; Future Meetings</li></ul>

## Terms of Reference

The business outlined above has been fulfilled in accordance with the Committee's agreed Terms of Reference. The following table summarises those Terms and whether the Committee has fulfilled the functions outlined.

<b>Audit Activity</b>	<b>Fulfilled by the Audit Committee</b>
The Internal Audit Annual Report and Opinion	✓
Internal Audit report summary	✓
Management and performance of Audit Partnership Agreement	✓
Reports on agreed Internal Audit recommendations	✓
External Auditor's Annual Management Letter and relevant reports	✓
External Auditor reports	✓
Scope and depth of external audit work	✓
Appointment of the Council's External Auditor	✓
Commission of work from internal and external audit	✓
<b>Regulatory Framework / Risk Management</b>	<b>Fulfilled by the Audit Committee</b>
Overview of Contract Procedure Rules and Financial Regulations	✓ Review of Contract Management Project.
Development and operation of elements of corporate governance within the remit of the Audit Committee	✓
Council policies on "raising concerns at work"	Not applicable
Annual Governance Statement	✓
Financial standards and controls	✓
External Auditor's report from Audit of the Accounts	✓
Ability to refer matters to the Overview and Scrutiny Committee	Not applicable.

## Sources of Assurance

In drawing a conclusions for the year, the Audit Committee gained assurance from the following sources:

<b>Audit Activity</b>
The Head of Audit Partnership issued an unqualified Head of Audit Opinion for 2017/18 which concluded that the Council was operating a sound system of internal control, governance and risk management.
Throughout the year the Committee has been kept up to date with delivery of the Internal Audit plan, implementation of audit recommendations, and emerging risks. On request the Committee have been provided with regular progress updates on the implementation of audit recommendations from adverse audit opinions.
The Internal Audit plan for 19/20 included a breakdown of internal audit assurance work for the coming year, and the Committee were given the opportunity to comment on the work of internal audit prior to endorsing the plan for delivery.
<b>External Audit (Grant Thornton)</b>
The external auditors report back to the Audit Committee providing regular updates on their work. During the year, the External Auditors presented an unqualified value for money conclusion and an unqualified opinion on the financial statements.
The Audit Committee has provided effective challenge to the External Auditors and gained assurance from the reports and updates provided during the year.
<b>Finance and Governance</b>
The Committee provided challenge prior to approving the statements of accounts and financial statements in July 2018.
Assurance is obtained from the Annual Governance Statement which the Committee reviews and approves. The statement is produced following a review of the Council's governance arrangements and includes actions address any significant governance issues identified. The Committee receives updates on progress towards remedying these issues throughout the year.
The Committee has received regular updates on the Council's strategic risk management, and provided challenge to the actions for mitigating risks.
While the Committee received a report on fraud investigations it received no updates on "raising concerns at work" (i.e. whistle-blowing) in the context of the Anti-Fraud and Anti- Corruption Strategy and the council's complaints process.

## Member Development

The training needs of the Committee will be area for discussion and review to ensure Members continually develop their knowledge and skills for the committee to remain effective and fulfil its responsibilities.

## **Conclusion**

The Audit Committee, in partnership with the Council's Internal and External Auditors, and with the support of Officers has provided a robust and effective independent assurance to the Council on a wide range of risk, governance and internal control issues.

The Audit Committee can demonstrate that it has appropriately and effectively fulfilled its duties during 2018/19 as set out in the respective minutes.