

Wolverhampton City Council

OPEN DECISION ITEM

Audit Committee

Date **16 APRIL 2012**

Originating Service Group(s)

DELIVERY

Contact Officer(s)/

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Title/Subject Matter

AUDIT COMMITTEE ANNUAL REPORT

RECOMMENDATION

That the contents of the Audit Committee Annual Report be endorsed and referred to Full Council for approval.

1. PURPOSE AND BACKGROUND

- 1.1. This report is submitted to summarise the work undertaken by the Audit Committee during the 2011/12 year.

2. DETAILS

2.1 Activity During 2011/12

- 2.1.1 The Audit Committee agreed a work programme for the 2011/12 year which was monitored and revised on an on-going basis throughout the year, and was based on the following categories of reports which provide the main sources of assurance:

Final Accounts/Annual Governance Statement.

These are the statutory reports which the Audit Committee approves in relation to the Council's Annual Statement of Accounts.

Internal Audit Reports.

These relate to the ongoing work of the Audit Services Division and allow the Audit Committee to approve and monitor the Audit Plan and to remain informed of significant issues arising.

Risk Management/Corporate Governance Reports.

These reports relate to the corporate governance and risk management arrangements in each of the Council's directorates.

External Audit and Inspection Reports.

These are the reports submitted to Audit Committee by the Council's external auditors PricewaterhouseCoopers (PwC) and other inspection agencies.

Other Governance Issues.

These constitute other areas of governance which the Audit Committee needs to keep under review.

- 2.1.2 The two Sub-Committees of the Audit Committee have adopted separate work programmes:

- The Final Accounts Monitoring and Review Sub Committee which receives reports on the Final Accounts and Annual Governance Statement, Revenue and Capital Budget Programme and other finance matters and;
- Examination of Paid Accounts/Monitoring of Audit Investigations Sub-Committee which receives reports on accounts selected by members for examination by audit and separate reports on audit investigations.

All work programmes are circulated with agenda papers for Audit Committee meetings to ensure that Members are kept informed about progress towards completing scheduled reports.

- 2.1.3 A Members' Training Programme is also in place and training has been provided during the year on the following areas:

- Induction and Refresher Updates
- Statement of Accounts – Introduction and Overview
- Treasury Management and Local Government Finance Training
- Risk Management and Assurance Framework

- CIPFA Training – Effective Audit Committees

2.1.4 The Audit Committee was established under guidelines produced by CIPFA and has been working to these throughout the year. A self assessment checklist is included in the guidance to facilitate the measurement of the effectiveness of the Audit Committee. This checklist is reproduced at Appendix 1 for reference purposes. Members should note that positive responses can be given to all key points. A further self assessment workshop will be undertaken during 2012/13.

2.1.5 Looking forward to 2012/13, the terms of reference of the Committee will be subject to review to ensure that there is clarity of focus and that the Committee operates effectively on a strategic level.

2.1.6 Key areas of business reviewed by the Committee during the year, are summarised below:

Meeting	Activity
11 April 2011	Internal Audit Effectiveness Review Review of Audit Committee Terms of Reference Response to the Judicial Review of the Victoria Halls Planning Approval Corporate Risks Update – Assurance Report Internal Audit Work Update
6 June 2011	Adults and Community – Risk Management and Governance Children and Young People – Risk Management and Governance Future of Local Public Audit
18 July 2011	2010/11 Annual Governance Statement 2010/11 Draft Statement of Accounts Review of the Effectiveness of Internal Audit Internal Audit Annual Report PwC Review of Internal Audit – Progress Report 2009/10 Annual Grants Certification Report External Audit Update Report 2011/12 Internal Audit Plan and Work Update
29 September 2011	2010/11 Audited Statement of Accounts Assurance Framework supporting the Annual Governance Statement (West Midlands Pension Fund) Scheme for Financing Schools Review of Fraud, Money Laundering and Bribery Policies The Future of Local Audit Human Resources Improvement Plan 2010/11 External Audit Annual Report to those charged with Governance (ISA 260) Internal Audit Work Update
7 November 2011	2010/11 External Audit Report to those charged with Governance 2010/11 Audited Statement of Accounts Emergency Planning Procedures Internal Audit Management Arrangements

19 December 2011	2010/11 External Audit Annual Letter 2010/11 Statement of Accounts Lessons Learned Corporate Risks Update – Risk Management Policy and Strategy 2010/11 Benefit Fraud Sanctions Report PwC Review of Internal Audit – Progress Report 2011/12 Audit Plan and Work Update
30 January 2012	2011/12 External Audit Plan Delivery Directorate – Risk Management and Governance The Government Response to the Future of Local Audit Internal Audit Work Update
12 March 2012	Audit Committee Terms of Reference and Membership Delivery Directorate – Risk Management and Governance Education and Enterprise – Risk Management and Governance Internal Audit Terms of Reference PwC Review of Internal Audit – Progress Report

2.2 Future Workplan for the Audit Committee

- 2.2.1 A detailed workplan for 2012/13 is currently being developed will be presented to the next meeting of the Audit Committee. It is envisaged that a consistent approach will be taken to that adopted during 2011/12, thus ensuring that the Audit Committee is able to discharge all its delegated responsibilities while at the same time maintaining high level scrutiny of governance and risk managements affecting the Council at a corporate level. This will include receiving periodic update reports on the risk profile of all significant projects.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report. [GE/26032012/F]

4. LEGAL IMPLICATIONS

- 4.1 There are no direct legal implications arising from this report. Individual reports referred to will contain legal implications where appropriate. [MW/27032012/Z]

5. EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 There are no direct equal opportunities implications arising from this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from this report.

7. SCHEDULE OF BACKGROUND PAPERS

A Toolkit for Local Authority Audit Committees (CIPFA 2006)

CIPFA AUDIT COMMITTEE: PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES

**SELF-ASSESSMENT CHECKLIST – MEASURING THE
EFFECTIVENESS OF THE AUDIT COMMITTEE**

Terms of Reference

Have the committee's terms of reference been approved by full council?
Do the terms of reference follow the CIPFA model?

Internal Audit Process

Does the committee approve the strategic audit approach and the annual programme?
Is the work of internal audit regularly reviewed?
Are summaries of quality questionnaires from managers reviewed?
Is the annual report, from the Head of Audit, presented to the committee?

External Audit Process

Are reports on the work of external audit and other inspection agencies presented to the committee?
Does the committee input into the external audit programme?
Does the committee ensure that officers are acting on and monitoring action taken to implement recommendations?
Does the committee take a role in overseeing:

- Risk management strategies
- Internal control statements
- Anti-fraud arrangements
- Whistle-blowing strategies?

Membership

Has the membership of the committee been formally agreed and a quorum set?
Is the chair free of executive or scrutiny functions?
Are members sufficiently independent of the other key committees of the council?
Have all members' skills and experiences been assessed and training given for identified gaps?
Can the committee access other committees as necessary?

Meetings

Does the committee meet regularly?
Are separate, private meetings held with the external auditor and the internal auditor?
Are decisions reached promptly?
Are agenda papers circulated in advance of meetings to allow adequate preparation by members?
Does the committee have the benefit of attendance of appropriate officers at its meetings?

Training

Is induction training provided to members?
Is more advanced training available as required?

Administration

Does the authority's s151 officer or deputy attend all meetings?
Are the key officers available to support the committee?