

# Audit Committee

6 July 2015

<b>Report title</b>	Audit Committee Annual Report – 2014/15	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Accountable director</b>	Mark Taylor, Finance	
<b>Originating service</b>	Audit	
<b>Accountable employee(s)</b>	Peter Farrow Tel Email	Head of Audit 01902 554460 <a href="mailto:peter.farrow@wolverhampton.gov.uk">peter.farrow@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Not applicable	

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## Recommendation(s) for action or decision:

The Committee is recommended to:

1. Endorse the Audit Committee Annual Report for 2014/15 and refer it to Full Council for approval.

## **1.0 Purpose**

1.1 This report summarises the main areas of work undertaken by the Audit Committee during 2014/15.

## **2.0 Background**

2.1 The Audit Committee is a key component of the council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

2.2 The purpose of the Audit Committee is to provide independent assurance on the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place:

2.3 The key benefits of the Committee can be seen as:

- Increasing public confidence in the objectivity and fairness of financial and other reporting.
- Reinforcing the importance and independence of internal and external audit and similar review processes.
- Providing additional assurance through a process of independent review.
- Raising awareness of the need for internal control and the implementation of audit recommendations.

2.4 The Audit Committee agrees a work programme for each year, which is refreshed on an on-going basis, and is based on (but not limited to) the following main sources of assurance:

- 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 internal audit and allow the Audit Committee to approve and monitor the audit plan and maintain an awareness of ongoing control issues.
- Risk Management - These reports relate to the Council's risk management arrangements.
- External Audit and Inspection Reports - These are the reports submitted to the 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.

2.5 During the year the Audit Committee also had a Monitoring of Audit Investigations Sub-Committee which received reports on the activity the council is taking in order to combat fraud, its participation in national anti-fraud activities, and on the nature and outcome of investigations taking place within the council.

2.6 During the year the Terms of Reference for the Audit Committee were reviewed and it was confirmed that they still accord with the guidance provided in the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees – Practical Guidance for Local Authorities 2013 Edition:

2.7 Key areas of business reviewed by the Committee during the year, were as follows:

Meeting	Activity
14 July 2014	Draft Statement of Accounts Annual Governance Statement Corporate Risk Register Audit Committee Annual Report Annual Internal Audit Report Annual Review of the Effectiveness of Internal Audit Internal Audit Report – Performance Appraisal Scheme CIPFA Audit Committee Update Payment Transparency
22 September 2014	Audited Statement of Accounts External Audit ISA 260 Report External Audit – Financial Resilience Report Budget Update and Review Independent Review of the Process for the Medium Term Financial Strategy Strategic Risk Register and Assurance Map Internal Audit Charter Internal Audit Report on Agresso Internal Audit Update Internal Audit Staffing Arrangements CIPFA Audit Committee Update Payment Transparency
15 December 2014	External Audit Annual Letter Budget Update and Review Annual Governance Statement Update Strategic Risk Register and Assurance Map Internal Audit Update Payment Transparency Review of Fraud Related Policies and Procedures Benefits Fraud Sanctions
9 March 2015	External Audit Plan Annual Certification Report Strategic Risk Register and Assurance Map Internal Audit Update

	Internal Audit Plan Payment Transparency Secondary School Balances Statement of Accounts Progress Appointment of External Auditor Audit Committee – Terms of Reference Audit Committee – Self Assessment of Good Practice and Effectiveness Procurement Cards – Briefing Note
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2.8 The Committee believes its key achievements during the year were:

- Providing assurance through a process of independent review and challenge.
- Raising the profile of internal control issues across the council and of the need to ensure that audit recommendations are implemented.
- Regular consideration and review of the risks that the council faces, through the strategic risk register and accompanying assurance map.
- Maintaining a good working relationship with the council's internal and external auditors.
- Maintaining an awareness of the likely changes to the appointment of external auditors through the Local Audit and Accountability Act, and noting that in 2015/16 the council will have new external auditors (Grant Thornton).
- Building the skills and knowledge of Committee members through regular technical updates and the consideration of related guidance issued by CIPFA.
- The continued presence of two independent members in order to broaden the Committee's experience and independent view point.
- Having a dedicated Sub-Committee in order to focus on the actions being taken to combat fraud.
- Commencing a self-assessment of good practice and effectiveness exercise.

### **3.0 Progress, options, discussion**

3.1 The Audit committee work programme for 2015/16 will continue to be developed and presented at each meeting of the Audit Committee.

### **4.0 Financial implications**

4.1 There are no financial implications arising from the recommendation in this report (GE/18062015/O).

### **5.0 Legal implications**

5.1 There are no legal implications arising from the recommendation in this report (RB0/17062015/G).

**6.0 Equalities implications**

6.1 There are no equalities implications arising from the recommendation in this report.

**7.0 Environmental implications**

7.1 There are no environmental implications arising from the recommendation in this report.

**8.0 Human resources implications**

8.1 There are no human resources implications arising from the recommendation in this report.

**9.0 Corporate landlord implications**

9.1 There are no corporate landlord implications arising from the recommendation in this report

**10.0 Schedule of background papers - None**