



# Audit Committee

14 July 2014

<b>Report title</b>	Audit Committee Annual Report – 2013/14	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Accountable director</b>	Keith Ireland, Delivery	
<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:

Endorse the Audit Committee Annual Report for 2013/14 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 2013/14.

## **2.0 Background**

- 2.1 The Audit Committee is a key component of the Authority'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 to the Members of 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 The Audit Committee also has a Monitoring of Audit Investigations Sub-Committee which receives 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 updated in order to respond to 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
8 July 2013	<p>Work Programme</p> <p>Annual Review of the Effectiveness of Internal Audit</p> <p>Audit Committee Annual Report</p> <p>Draft Statement of Accounts 2012/13</p> <p>Annual Governance Statement 2012/13</p> <p>External Audit Update Report 2012/13</p> <p>Corporate Risk Register Update</p> <p>Annual Internal Audit Report 2012/13</p> <p>CIPFA Audit Committee Update</p> <p>Payment Transparency</p>
22 September 2013	<p>Work Programme</p> <p>Audit Statement of Accounts 2012/13</p> <p>External Audit Report to those charged with Governance 2012/13</p> <p>Medium Term Financial Strategy Review – PwC</p> <p>Risk Management Benchmarking</p> <p>Internal Audit Update Q1</p> <p>Audit Services Management Arrangements Update</p> <p>CIPFA Audit Committee Update</p> <p>Payment Transparency</p>
16 December 2013	<p>Work Programme</p> <p>Annual External Audit Letter</p> <p>Risk Management and Corporate Risk Register</p> <p>Internal Audit Update Q2</p> <p>Audit Committee Self-Assessment</p> <p>Payment Transparency</p> <p>Benefit Fraud Sanctions 2012/13</p> <p>Benefit Fraud Sanctions - Amendment to Arrangements</p> <p>CIPFA Audit Committee Update</p> <p>Annual Governance Statement - Action Plan Update</p>
10 March 2014	<p>Work Programme</p> <p>External Audit Plan 2013/14</p> <p>Corporate Risk Register</p> <p>Internal Audit Update Q3</p> <p>Internal Audit Plan 2014/15</p> <p>Internal Audit Investigations</p> <p>Payment Transparency</p> <p>Review of Fraud Related Policies and Procedures</p> <p>Anti-Fraud and Corruption Newsletter</p> <p>Audit Committee Terms of Reference</p>

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.
- 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.
- 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.
- Maintaining a dedicated Sub-Committee in order to focus on the actions being taken to combat fraud.

**3.0 Progress, options, discussion**

- 3.1 The Audit committee work programme for 2014/15 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 recommendations in this report.  
(GE/23062014/L)

**5.0 Legal implications**

- 5.1 There are no legal implications arising from the recommendations in this report.  
(AS/20062014/T)

**6.0 Equalities implications**

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

**7.0 Environmental implications**

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

**8.0 Human resources implications**

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

**9.0 Corporate landlord implications**

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

**10.0 Schedule of background papers - None**