

Audit Committee: Annual Report for the year 2008/09.

AUDIT COMMITTEE

Date: 23rd June 2009

Author: Head of Internal Audit

Wards Affected: None

Purpose

To present Members with the Audit Committee's annual report for 2008/09.

Recommendation

- It is recommended that the contents of the report be noted.

1 Reasons

- 1.1 It is important to ensure that the Council has a sufficiently independent and effective Audit Committee that follows best practice. Audit Committees are a key component of corporate governance, They are a key source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance
- 1.2 The annual reports sets out what the role of the Committee is and what work it has undertaken during 2008/09.

2 Detail

Introduction

- 2.1 The Council established the Audit Committee as a full Committee with effect from May 2006, it formerly being a Sub-Committee of Scrutiny. Whilst there is no statutory obligation to have such a Committee, they are widely recognised as a core component of effective governance and internal control.

Terms of Reference

- 2.2 The Council has a duty to ensure that it is fulfilling its responsibility for having adequate and effective risk management, internal control and governance arrangements for the economy, efficiency and effectiveness of its activities. The Audit Committee has a key role in assessing the extent to which this responsibility is being met and advising the Council on the adequacy and effectiveness of these arrangements.

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- 2.3 The Committee's Terms of Reference are to provide independent assurance to the Council in relation to:
- The effectiveness of the Council's risk management, internal control and its overall assurance framework.
 - The effectiveness of the Council's financial and non-financial performance to the extent that it might impact on the above.
 - Reviewing the performance of the Council's Internal Audit section
 - Receipt and review of External Audit reports and liaison with external auditors on significant matters identified.
 - Advising upon and/or reviewing the effectiveness of any other matters referred to the Audit Committee by the Executive, the Overview and Scrutiny and Regulatory Committees.
 - To consider, accept and take a view on the annual Statement of Accounts.

Membership

- 2.4 The membership of the Audit Committee has comprised of the following Elected Members:

Councillor Michael Dickinson (Chair)
Councillor Des Moffatt (Vice-Chair)
Councillor Mary Martin
Councillor David Sammels
Councillor Peter Stoddart
Councillor Steve Allsopp
Councillor Eric Shaw
Councillor Keith Williams

- 2.5 Councillor Nick Martin, as the Lead Member for Resources during 2008/09, regularly attended meetings of the committee, as did the Director of Finance and the Head of Internal Audit. The Council's External Auditors (the Audit Commission) also now attend meetings on a regular basis. Steve Jones (Senior Committee Clerk) supports the committee.

- 2.6 The committee met five times during 2008/09. Committee agenda papers and minutes are available on the Council's website at www.swindon.gov.uk.

What have we done in 2008/09?

- 2.7 During 2008/09 the Audit Committee has:
- Reviewed and approved the committee's terms of reference, the audit strategy for the Council, a work programme for the committee and Internal Audit's terms of reference.

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- Approved both the External Auditor's Annual Audit and Inspection Plan and the Internal Audit's Annual Audit Plan.
- Monitored Internal and External Audit's progress against their respective plans.
- Self assessed the Committee's arrangements against best practice as published by CIPFA.
- Reviewed the effectiveness of the system of Internal Audit.
- Approved the Head of Internal Audit's Annual report.
- Improved the status and accountability of Internal Audit and of managers where the internal control and risk management arrangements needed strengthening. This has involved calling in relevant Group Directors and Directors to provide assurance regarding the implementation of Internal Audit recommendations. This has also involved calling back Group Directors and Directors to provide an update on progress with implementing agreed recommendations.
- Reviewed the External Auditor's Annual Performance report.
- Approved the Council's Annual Governance Statement for 2007/08.
- Reviewing and approving the financial statements of the Council and been informed of best practice and changes in policies and accounting procedures.
- Received reports on the status of risk management within the Council.
- Reviewed the Council's Anti-Fraud and Corruption Strategy and Whistleblowing Procedure.
- Reviewed the CIPFA benchmarking exercise of the Internal Audit service.
- Amended the constitution to afford the Audit Committee the same authority as the Overview and Scrutiny Committees to require any member of the Cabinet or Senior Officer (Chief Executive, Group Director or Director) to attend before it to facilitate consideration by the committee of matters within the remit of such member or officer.
- Agree and receive a programme of Member training.
- Receive the Council's External Auditor's report on Internal Audit.

The Future

- 2.8 During the coming year the Committee will further develop the assurances they are able to provide and also their contribution to an effective control framework.

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Alternative Options

Not Applicable

Risk Management

Financial and Procurement Implications

There are no direct financial implications arising from this report.

Legal/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees:

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Appendices / Background papers

None

Key Decision/Decision in Forward Plan

Not Applicable