

Audit Committee: Annual Report for the year 2009/10.

AUDIT COMMITTEE

Date: 22nd June 2010

Author: Head of Internal Audit

Wards Affected: None

Purpose

To present Members with the Audit Committee's annual report for 2009/10.

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. The Audit Committee is 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 2009/10.

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 Statement of Accounts and the Annual Governance Statement.

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 Steve Allsopp
Councillor Mary Martin
Councillor Nick Martin
Councillor Eric Shaw
Councillor Peter Stoddart
- 2.5 The Director of Finance and the Head of Internal Audit regularly attend meetings of the Committee. The Council's External Auditors (the Audit Commission) also attend meetings on a regular basis. Steve Jones (Senior Committee Clerk) supports the committee.
- 2.6 The committee met six times during 2009/10. Committee agenda papers and minutes are available on the Council's website at www.swindon.gov.uk.

What have we done in 2009/10?

Internal Audit Assurance:

- 2.7 Internal Audit is a key source of assurance for both Members and officers on the effectiveness of the Council's

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- 2.8 Governance, risk management and internal control arrangements. The Audit Committee has a responsibility for ensuring the effectiveness of Internal Audit in providing this assurance.
- 2.9 The Committee has received regular reports from the Head of Internal Audit including:
- Annual Internal Audit Plan 2009/10
 - Annual Governance Statement 2008/09
 - CIPFA Benchmarking on Internal Audit
 - Work on the National Fraud Initiative
 - Strategic Fraud Update
 - Anti-Fraud and Corruption Strategy and Whistleblowing Policy
 - Strategy for the provision of Internal Audit
 - Approval of the terms of reference for Internal Audit
 - Approval of the Head of Internal Audit's annual report
 - Regular progress reports
- 2.10 The Committee has also received full Internal audit reports on the following service areas where an audit has been carried out and an opinion of 'significant' or 'of concern' risk has been identified. For all these reports relevant Members and officers have attended to provide explanations and details of progress made in implementing agreed audit recommendations:
- Cash Collection
 - Waste Strategy
 - Car Parking
 - Payroll
 - Mobile Phones
 - Deputyships
 - Greendown Community School
 - Recoupment
 - Government Connect

External Audit Assurance – Governance and Statement of Accounts:

- 2.11 External Audit is an essential part of the assurance process providing an independent opinion on the financial statements, and reviewing aspects of governance and financial management as well as arrangements for securing economy, efficiency and effectiveness across the Council. External Audit

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works closely with Internal Audit to ensure that statutory responsibilities are delivered.

2.12 The following reports were received from External Audit during 2009/10:

- Annual Audit and Inspection Letter (2007/8)
- Data Quality
- Compliance with International Auditing Standards
- Certification of Claims and Returns – annual report

In addition to the above External audit have also provided briefing notes and regular progress update reports.

Other reports:

2.13 The Committee have also considered the following reports:

- The Committee's Annual report for 2008/09
- The work of other committees
- Update on the account changes and financial accounts process
- The potential role of independent Members on the Audit Committee
- Approval of the work programme for the Audit Committee
- Receipt of regular updates on the status of risk management
- Reviewed the effectiveness of the system of internal audit

Training:

2.14 The Committee have also received training/assurance on:

- The role of Internal Audit
- Risk Management
- Role of External Audit
- Response to major incidents/events

The Future

2.15 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.

Alternative Options

Not Applicable

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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