

Audit Committee: Annual Report 2013/14

Audit Committee

Date: 26th June 2014

Author: Head of Internal Audit
Wards: None
Locality Affected: None
Parishes Affected: None

1. Purpose and Reasons

- 1.1 To present Members with the Audit Committee's annual report for 2013/14.
- 1.2 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 source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.
- 1.3 The annual report sets out the role of the Committee and the work it has undertaken during 2013/14.

2. Recommendations

The Committee is recommended to:

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

3. Detail – Annual Report

Introduction

- 3.1 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

- 3.2 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

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responsibility is being met and advising the Council on the adequacy and effectiveness of these arrangements.

3.3 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.
- Oversight of Treasury Management activities.

3.4 The Committee's Terms of Reference are reviewed annually to ensure that they reflect best practice.

Membership

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

Councillor Steve Weisinger (Chair)
Councillor Michael Bray (Vice-Chair)
Councillor Des Moffatt
Councillor Steve Allsopp
Councillor Roderick Bluh
Councillor Neil Heavens
Councillor John Haines

3.6 The Board Director: Resources and the Head of Internal Audit regularly attend meetings of the Committee. The Council's External Auditor Grant Thornton also attends meetings on a regular basis. Steve Jones (Senior Committee Clerk) supports the committee.

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The committee met five times during 2013/14. Committee agenda papers and minutes are available on the Council's website at: www.swindon.gov.uk

What have we done in 2013/14?

Internal Audit Assurance:

- 3.7 Internal Audit is a key source of assurance for both Members and officers on the effectiveness of the Council's governance, risk management and internal control arrangements. The Audit Committee has a responsibility for ensuring the effectiveness of Internal Audit in providing this assurance.
- 3.8 The Committee has received regular reports from the Head of Internal Audit including:
- Annual Internal Audit Plan 2013/14
 - Annual Governance Statement 2012/13
 - Effectiveness of the system of internal audit
 - Head of Internal Audit's annual report
 - Strategic Fraud Update
 - Internal Audit Charter
 - Auditing Standards
 - Regular progress reports
- 3.9 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:
- One Swindon Governance
 - Museum Storage (and follow-up)
 - Highways Asset Management
 - IT back-up arrangements: civic campus
 - Housing tenancy
- 3.10 The Committee's terms of reference also include responsibility for oversight of the treasury management function. An audit report on Treasury Management was also therefore presented to the Committee. The report identified that there

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was a high standard of internal control within the system resulting in only a moderate risk to the Council.

External Audit Assurance – Governance and Statement of Accounts:

- 3.11 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 works closely with Internal Audit to ensure that statutory responsibilities are delivered.
- 3.12 The following reports were received from External Audit during 2013/14:
- Annual Audit Letter
 - Annual Statement of Accounts and External Audit findings
 - Review of the Council's arrangements for securing financial resilience
 - Grant Certification work
 - Audit Plan
 - Audit Fees Letter 2013/14
 - Briefing notes and regular progress update reports.

Other reports:

- 3.13 The Committee have also considered the following reports:
- The Audit Committee's Annual report for 2012/13
 - Capital Programme and Treasury Management Strategy 2013/14
 - Adult Care Change Programme and Risk
 - Approval of the terms of reference for Audit Committee
 - Corporate Risk Management Update
 - The draft and final Statement of Accounts 2012/13
 - Treasury Strategy Statement 2014/15
 - Forward Swindon – Statement of Accounts

4. Alternative Options

- 4.1 Not Applicable

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5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

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

Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2011. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 Effective systems of governance and internal control within the Council will help to ensure that the objectives set out in One Swindon and the Council's Corporate Strategy is achieved.

Diversity Impact Assessment

- 5.5 None

Risk Management

- 5.6 Not applicable

6. Consultees

- 6.1 Councillor Steve Weisinger (Audit Committee Chair 2013/14)
- 6.2 The Board Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices / Background papers

None

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- 9. Key Decision/Decision in Forward Plan**
Not Applicable