



## Audit Committee

<b>Report Title</b>	<b>ANNUAL AUDIT COMMITTEE REPORT</b>
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**AGENDA STATUS:** Public

<b>Cabinet Meeting Date:</b>	22 June 2009
<b>Directorate:</b>	Finance and Support – Finance and Assets
<b>Accountable Cabinet Member:</b>	Councillor Malcolm Mildren
<b>Ward(s)</b>	N/A

### 1. Purpose

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- 1.1 To present a summary of the activities undertaken by the Audit Committee in 2008/09 and reflect on its effectiveness.

### 2. Recommendations

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- 2.1 That the Audit Committee review and comment on the 2008/09 Annual Audit Committee Report and refer this report to Council for information.

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 It is best practice for the Audit Committee to annually review its activity, effectiveness and report to Council on its work.
- 3.1.2 The committee met six times during 2008/09 and this report summarises the subject areas covered in the meetings.
- 3.1.3 There are standing agenda items for each committee meeting, such as an external audit from KPMG and internal audit update from PWC. With the appointment to the Risk and Business Continuity post in the latter end of 2008/09, risk and business continuity is also now a standing item.

## **Special Reviews**

- 3.1.4 Special meetings were arranged during 2008/09 when deemed necessary, such as on the 30th April 2008, there was a special meeting convened to review the risk analysis of the Balloon Festival that was taking place in August 2008. The committee reviewed the budget, risks and probed for reassurance that the event was being managed appropriately.
- 3.1.5 Another special review has also taken place on a subject area in private session.

## **Reports and Service areas called in to committee**

- 3.1.6 The committee also calls in responsible officers to address the committee where there has been a significant control weakness identified by Internal Audit or there has been lack of progress in implementing audit recommendations. The bullet points below list these areas:

- Capital Programme
- Council debt
- Benefits overpayments
- Council Tax debt
- Housing Rents debt
- Bank Reconciliations
- Payroll
- IBS Project update
- The Council's write off policy
- Risk Management policy
- Westbridge Stores
- Building control costs
- NNDR (Business Rates) report review
- Council Tax report review
- Fixed Assets
- Electrical Services

- 3.1.7 At each meeting, Internal Audit provide the committee with a summary of outstanding and overdue audit recommendations. The committee reviews the list and call in officers to attend the next meeting to advise on the lack of progress. This is proving to speed up action taken to address recommendations.

## **Annual Agenda Items**

- 3.1.7 The committee also receives annually the Annual Governance Statement and the Statement of Accounts. These are both received twice for review, question and comment. The end of June each year is the first review, where post committee, Cabinet and Council approve them prior to external audit. Post audit, they are represented by the end of September. For the 2007/08 financial year, the committee reviewed these on the 24<sup>th</sup> June and 25th September 2008. For 2008/09, the Annual Governance Statement and

Statement of Accounts will be presented on the 22<sup>nd</sup> June and 21<sup>st</sup> September 2009.

- 3.1.8 On the 17th February 2009, prior to the 2009/10 budget being set, the committee received and challenged the savings/efficiency proposals in the 2009/10 budget. A report with a traffic light (red, amber, green) status was presented and reviewed. It is planned that this again will happen during the 2010/11 budget setting process.

### **Internal and External Audit**

- 3.1.9 The annual Internal Audit plan is also reviewed and agreed by the committee. The 2008/09 plan was agreed at the meeting on 26th February 2008. The 2009/10 plan was agreed at the meeting on 17th February 2009, prior to the commencement of the year.
- 3.1.10 The committee also receives the annual reports from both internal and external audit. The committee received the 2008/09 Annual Internal Audit Report on the 2<sup>nd</sup> June 2009 (27<sup>th</sup> May 2008 for the 2007/08 year).
- 3.1.11 At the meeting on the 25<sup>th</sup> September 2008, the committee reviewed the external audit report titled The Audit Commission Communication of Matters to those Charged with Governance. This report communicated the review of the statement of accounts, the Use of Resources inspection and value for money.

### **Training**

- 3.1.12 Audit Committee training has been provided by PWC. This has included both an evening training session and also pre and post committee meeting discussions.

### **3.2 Issues**

- 3.2.1 No other issues to be raised, other than the areas that have previously been raised and minuted during the committee meetings.
- 3.2.2 The committee is mindful of the weaknesses and recommendations pointed out by both the internal and external auditors during the year. Taking these into account the committee is satisfied with systems of control.

### **3.3 Choices (Options)**

- 3.3.1 The committee, following the above summary review of agenda items and service areas covered in 2008/09 taking into account the internal audit plan for 2009/10, has the choice of calling in reports during and service areas during 2009/10.
- 3.3.2 The committee has the choice of reviewing its effectiveness and agreeing on what, if any, additional steps they could take during 2009/10 to improve their effectiveness.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 There are no direct implications on policy.

### **4.2 Resources and Risk**

4.2.1 The Audit Committee can never give absolute assurances to Cabinet / Full Council, however based on the work of the committee during the year and the assurances the committee has received in the areas reported during the year, the committee are of the view that the Council has appropriate systems in place that are designed to give those charged with governance the necessary assurance in relation to the Annual Governance Statement.

4.2.2 The Audit Committee considers that it has an appropriate balance of skills and keeps its performance under constant review. The Chair of the Committee has had (or had the opportunity to) private discussions with the Section 151 Officer, the Head of Finance and Assets and the lead auditor from the external auditors.

4.2.3 There are no particular issues that need to be brought to the attention of those charged with governance following the committee's work in 2008/09.

### **4.3 Legal**

None

### **4.4 Equality**

N/A

### **4.5 Consultees (Internal and External)**

Chair of the Audit Committee, Director of Finance and Support.

### **4.6 How the Proposals deliver Priority Outcomes**

N/A

### **4.7 Other Implications**

None

## **5. Background Papers**

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5.1 2008/09 committee papers.

**Gavin Chambers, Head of Finance and Assets.**