

The Vale of Glamorgan Council

Audit Committee 20th September 2017

Report from the Operational Manager as the Head of Audit.

Audit Committee - Forward Work Programme

Purpose of the Report

1. To present to members and update on the Audit Committee's Forward Work Programme for 2017/18.

Recommendation

That Members note the updated Forward Work Programme 2017/18.

Reason for the Recommendation

To keep the Audit Committee informed.

Background

2. The Terms of Reference for the Audit Committee are:-
 - To consider the external auditor's annual report and other relevant reports and to make recommendations on their implementation to Cabinet and / or Council as appropriate;
 - To consider specific reports as agreed with the external auditor and to make recommendations on their implementation to Cabinet and / or Council as appropriate;
 - To maintain an overview of contract procedure rules, financial regulations and officers' code of conduct and behaviour and to make recommendations to Cabinet and / or Council as appropriate;
 - To monitor Council policies on "Raising Concerns at Work" and the anti-fraud and bribery strategy and the Council's complaints procedure and to make recommendations to Cabinet and / or Council as appropriate;
 - To oversee the production of the Council's Annual Governance Statement and to recommend its adoption; and
 - To review the annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns

arising from the financial statements or from the audit that need to be brought to the attention of the Council;

With delegated powers:

- To approve the Internal Audit Charter;
 - To approve the risk-based Internal Audit Plan and to approve significant interim changes to the risk-based Internal Audit Plan;
 - To oversee the Council's Internal Audit arrangements (including the performance of the providers of Internal Audit);
 - To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years;
 - To consider and approve the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's risk management, internal control and corporate governance arrangements;
 - To consider and approve summaries of special internal audit reports as requested;
 - To consider and approve reports dealing with the management and performance of the providers of internal audit services;
 - To consider reports from internal audit on agreed recommendations not implemented within a reasonable timescale and approve necessary remedial action;
 - To comment on the scope and depth of external audit work and to ensure it gives value for money;
 - To commission work from internal and external audit;
 - To review and determine on any issues referred to it by the Head of Paid Service, Section 151 Officer, Monitoring Officer or by a Director, or any Council body;
 - To approve measures to ensure the effective development and operation of risk management and corporate governance in the Council;
 - To consider the Council's arrangements for corporate governance and to approve necessary actions to ensure compliance with best practice;
 - To approve the external auditor's report to those charged with governance on issues arising from the audit of accounts.
3. The core functions of an effective Audit Committee are:-
- To consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.
 - Seek assurance that action is being taken on risk related issues identified by auditors and inspectors
 - Be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it;
 - Oversee the work of internal audit (including the annual plan and strategy) and monitor performance;

- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary;
 - Receive the annual report of the Operational Manager - Audit as the Head of Audit;
 - Consider the reports of external audit and inspection agencies, where applicable;
 - Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;
 - Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
4. Effective audit committees help raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. They enhance public trust and confidence in the financial governance of an authority.

Relevant Issues and Options

5. In order to assist the Audit Committee in ensuring that due consideration has been given by the Committee to all aspects of their core functions attached at Appendix A is the updated Forward Work Programme for 2017/18 for information.

Resource Implications (Financial and Employment)

6. There are no resource implications as a direct consequence of this report.

Sustainability and Climate Change Implications

7. There are no sustainability and climate change implications as a direct result of this report

Legal Implications (to Include Human Rights Implications)

8. Provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time.

Crime and Disorder Implications

9. Pursuing initiatives to prevent, detect and deter crime is encompassed within the terms of reference under which the audit function operates.

Equal Opportunities Implications (to include Welsh Language issues)

10. None as a direct consequence of this report.

Corporate/Service Objectives

11. The work of audit is intended to assist in the achievement of all corporate and service objectives.

Policy Framework and Budget

12. The proposals in this report are in accordance with the policy framework and budget.

Consultation (including Ward Member Consultation)

13. No further consultation is proposed.

Relevant Scrutiny Committee

14. Corporate Performance and Resources.

Background Papers

None

Contact Officer

Helen Smith - Operational Manager - Audit

Officers Consulted

External Audit - Wales Audit Office

Responsible Officer:

Carys Lord - Head of Finance / Section 151 Officer

**AUDIT COMMITTEE PROPOSED FORWARD WORK PROGRAMME
2017 – 2018**

| DATE OF MEETING | FORWARD WORK PROGRAMME | OFFICER RESPONSIBLE | UPDATE |
|----------------------------------|---|---|-------------------|
| 2017 | | | |
| 26th July | Information and Action Requests (if applicable). | Head of Audit (HOA) | N/A |
| | Approval of the draft Annual Governance Statement 2016-17 | Head of Finance | Complete |
| | Pre-audited Statement of Accounts 2016/17 | Head of Finance | Complete |
| | Proposed Forward Work Programme 2017/18 | HOA | Completed |
| | IASS Charter 2017-18 | HOA | N/A |
| | Outcome of the Internal Audit Shared Service – External Assessment | HOA | N/A |
| | IASS Strategy and Risk Based Plan 2017-18 | HOA | N/A |
| | IASS Outturn Report April 2017 to June 2017. | HOA | Complete |
| | External Auditors / Inspection Reports (where applicable). Listed within the Agenda | Head of Finance/ Wales Audit Office (WAO) | Complete |
| 20th September | Information and Action Requests (where applicable) | HOA | N/A |
| | Updated Forward Work Programme | HOA | Submitted |
| | Amended Annual Governance Statement 2016/17 (if applicable) | Head of Finance | N/A |
| | Audited Statement of Accounts / Final Annual Governance Statement / ISA 260 report. | Head of Finance / WAO | Submitted |
| | Internal Audit 5 months Outturn Report April to August 2017. | HOA | Submitted |
| | Progress report on the External Assessment | HOA | Defer to November |
| | Annual Corporate Risk Register | Head of Performance | Defer to November |
| | External Auditors / Inspection Reports (where applicable). As listed on Agenda | Head of Finance / WAO | Submitted |
| 20th November | Up dated Forward Work Programme | HOA | |
| | Information and Action Requests (where applicable) | HOA | |
| | Fraud update – including NFI | HOA | |
| | School Summary Report | HOA | |
| | Internal Audit Outturn Report – April 2017 to September 2017; including update on IASS Performance. | HOA | |
| | Update on External Assessment | HOA | |
| | External Auditors / Inspection Reports (where applicable). – As listed on Agenda | Head of Finance/ WAO | |
| 2018 | | | |
| 19th February | Up dated Forward Work Programme | HOA | |
| | Information and Action Requests (if applicable). | HOA | |
| | Internal Audit 10 months Outturn Report April 2017 – January 2018 | HOA | |
| | Update on Audit Plan 2017/18 | HOA | |
| | Treasury Management | Head of Finance | |
| | External Auditors / Inspection Reports (where applicable). As listed on Agenda | Head of Finance / WAO | |
| 23rd April | Information and Action Requests (where applicable) | HOA | |
| | Updated Forward Work Programme 17/18 | HOA | |
| | Proposed Forward Work Programme 2018-19. | HOA | |
| | IASS Charter 2018-19 | HOA | |
| | Internal Audit proposed Annual Strategy and Audit Plan 2018-2019. | HOA | |
| | Head of Audit's Annual Outturn and Opinion | HOA | |

APPENDIX A

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| | Report 2017/18 | | |
| | External Assessment of the Internal Audit Shared Service progress report | HOA | |
| | External Auditors / Inspection Reports (if applicable): - External Audit – Annual Audit Plan 2017 | Head of finance / WAO | |
| | | | |