

## **The Vale of Glamorgan Council**

### **Audit Committee: 19th November 2018**

#### **Report from the Operational Manager as the Head of Audit.**

### **Audit Committee - Forward Work Programme 2018/19 Update**

#### **Purpose of the Report**

1. To present to members an update on the Audit Committee's Forward Work Programme for 2018/19.

#### **Recommendation**

1. That Members note the updated Forward Work Programme 2018/19.

#### **Reason for the Recommendation**

1. 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 the municipal year 2018/19.

### **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 UPDATED FORWARD WORK PROGRAMME 2018-19**

DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
<b>2018</b>			
25 <sup>th</sup> July	Approval of the draft Annual Governance Statement 2017-18	Head of Finance – Section 151 Officer	Completed
	Pre-audited Statement of Accounts 2017/18	Head of Finance – Section 151 Officer	Completed
	Update on the Internal Audit Shared Service – External Assessment	Head of Audit	Completed
	IASS Outturn Report April 2018 to June 2018 – Progress against Plan	Head of Audit	Completed
	Compliance with Contract and Finance Procedure Rules	Head of Audit	Completed
	Proposal to expand the Internal Audit Shared Service	Head of Audit	Completed
	External Auditors / Inspection Reports (where applicable). Listed within the Agenda –	Head of Finance – Section 151 Officer / Wales Audit Office (WAO)	
19 <sup>th</sup> September	Updated Forward Work Programme	Head of Audit	Complete
	Audited Statement of Accounts / Final Annual Governance Statement / ISA 260 report.	Head of Finance - Section 151 Officer/ WAO	Complete
	Internal Audit 5 months Outturn Report April to August 2018.	Head of Audit	Complete
	Healthy Organisation Review – Final Report	Head of Audit	Complete
	Annual Corporate Risk Report	Head of Performance	Complete
	External Auditors / Inspection Reports (where applicable). As listed on Agenda –	Head of Finance – Section 151 Officer / WAO	Complete
21st November changed to 19 <sup>th</sup> November	Up dated Forward Work Programme	Head of Audit	Submitted
	Referral from Scrutiny - DOLS	Director of Social Services	Submitted
	Corporate Fraud Framework	Head of Audit	Submitted
	Internal Audit Outturn Report – April 2018 to September 2018; including update on IASS Performance.	Head of Audit	Submitted
	Contract Procedure Rules	Head of Finance – Section 151 Officer	Submitted
	Risk Management Update	Head of Performance	Submitted
	External Auditors / Inspection Reports (where applicable). – As listed on Agenda –	Head of Finance – Section 151 Officer / WAO	N/A
<b>2019</b>			
13 <sup>th</sup> February	Corporate Risk Register –	Head of Performance	
	Corporate Complaints Annual 17/18 Report and 9 months update April to December 2018	Head of Performance	
	Whistleblowing Policy – Performance update.	Head of Legal Services / Monitoring Officer	
	Progress against Annual Risk Based Plan 18/19	Head of Audit	
	Internal Audit Shared Service Charter 2019/20	Head of Audit	
	External Auditors / Inspection Reports (where applicable). – As listed on Agenda	Head of Finance – Section 151 Officer / WAO	
30 <sup>th</sup> April	Up dated Forward Work Programme	Head of Audit	
	Internal Audit 10 months Outturn Report April 2018 – January 2019	Head of Audit	
	Update on Audit Plan 2018/19 (if applicable)	Head of Audit	
	Treasury Management	Head of Finance – Section 151 Officer	
	Internal Audit proposed Annual Strategy and Audit Plan 2019-2020.	Head of Audit	
	Head of Audit's Annual Outturn and Opinion Report 2018/19	Head of Audit	

APPENDIX A

	<b>Compliance with Contract and Finance Procedure Rules</b>	<b>Head of Audit</b>	
	<b>External Auditors / Inspection Reports (if applicable): -</b>	<b>Head of finance – Section 151 Officer / WAO</b>	