

<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	29 July 2019
<b>Executive Member / Reporting Officer:</b>	Councillor Ryan – Finance and Economic Growth Kathy Roe – Director of Finance Tom Wilkinson – Assistant Director of Finance
<b>Subject:</b>	<b>AUDIT PANEL FORWARD PLAN AND TRAINING</b>
<b>Report Summary:</b>	In May 2019 Full Council approved changes to the terms of reference for the Audit Panel. This report sets out a proposed forward plan and training programme for the Audit Panel.
<b>Recommendations:</b>	Members are asked to: <ul style="list-style-type: none"> <li>1) approve the frequency and timing of Audit Panel meetings, and the proposed work programme, including training, as set out in <b>Appendix 3</b>; and</li> <li>2) note the CIPFA Statement on the role of the Audit Committee (<b>Appendix 3</b>) and consider whether any further training would be beneficial for the Audit Panel.</li> </ul>
<b>Links to Community Strategy:</b>	The functions of the Audit Panel support the operations of the Council, which deliver the objectives of the Community Strategy.
<b>Policy Implications:</b>	An effective Audit Committee supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
<b>Financial Implications: (Authorised by the Section 151 Officer &amp; Chief Finance Officer)</b>	An effective Audit Committee supports corporate governance, internal control, risk management and arrangements to ensure value for money.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	Failure to organise in this way would put the Council at greater risk of successful regulatory, judicial and ombudsman challenge.
<b>Risk Management:</b>	The Audit Committee supports effective risk management and internal control arrangements across the Council.
<b>Access to Information:</b>	The report is to be considered in public
<b>Background Papers:</b>	The background papers relating to this report can be inspected by contacting Heather Green <ul style="list-style-type: none"> <li> Telephone: 0161 342 2929</li> <li> e-mail: <a href="mailto:heather.green@tameside.gov.uk">heather.green@tameside.gov.uk</a></li> </ul>

## 1. BACKGROUND

- 1.1 The Audit Panel is the Committee of Tameside Council that undertakes the role of the Audit Committee. In May 2019 Full Council approved some changes to the Audit Panel terms of reference. The revised terms of reference are listed in **Appendix 1**.
- 1.2 The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.
- 1.3 The Audit Panel is a key component of the Council's governance framework. Its function is to provide an independent and high-level resource to support good governance and strong public financial management.

## 2 ROLE OF THE AUDIT COMMITTEE

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) recently issued an updated position statement on the role of the Audit Committee in Local Government (**Appendix 2**). This sets out the core functions of the Audit Committee, which should include:
- To be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives;
  - In relation to the authority's internal audit functions:
    - oversee its independence, objectivity, performance and professionalism
    - support the effectiveness of the internal audit process
    - promote the effective use of internal audit within the assurance framework;
  - Consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations;
  - Monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption;
  - Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control;
  - Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process; and
  - 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.

## 3. FORWARD PLAN

- 3.1 To assist the Audit Panel with delivering its terms of reference, officers have prepared a work plan for the year. The work plan set out in **Appendix 3** sets out the areas that should be considered by the Audit Panel and identifies proposed training for the coming year.

Members of the panel are asked to consider whether any additional items or training is required, with reference to the CIPFA position statement on the role of the Audit Committee.

#### **4. RECOMMENDATIONS**

4.1 As set out on the front of the report.

# APPENDIX 1

## **Audit Panel Terms of Reference (Approved by Full Council May 2019)**

### **Role**

To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

To undertake the functions of an Audit Committee in accordance with the CIPFA Statement on Audit Committees in Local Authorities.

The Panel shall comprise a membership of 8 Members and is subject to the rules of political balance. The Panel shall be chaired by the Chair of the Overview Panel.

### **Terms of Reference**

1. To overview the arrangements for internal control (both financial and nonfinancial).
2. Consider the Annual Audit Letter from our External Auditors.
3. Approve (but not direct) both external and internal audit's strategy, annual plans and monitor performance.
4. Review summary internal audit reports and the main issues arising and seek assurance that management action has been taken where necessary.
5. Receive the annual report and Head of Internal Audit opinion on the Council's corporate governance, risk management and internal control arrangements.
6. Consider the reports of other regulators and inspectors.
7. Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anticorruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
8. Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
9. To review existing and proposed arrangements, recommend changes and receive assurance that the systems of corporate governance are operating effectively and in accordance with best practice.
10. Review and approval of the annual Statement of Accounts, including the Annual Governance Statement and related matters. Approval of accounting policies and consideration of whether there are any concerns arising from the financial statements or external audit that need to be brought to the attention of the Council.
11. Receive and consider the external auditor's report and opinion on the financial statements.
12. Monitor action taken in response to any matters raised in the external auditor's report.
13. Monitor action taken in response to any matters raised in the Annual Governance Statement.

## APPENDIX 3

### PROPOSED WORKPLAN AND TRAINING FOR AUDIT PANEL

22 July 2019	November 2019	March 2020	June 2020
<b>Financial Reporting and Accounts</b>			
Audited Statement of Accounts (Approval)		Accounting Policies and Critical Judgements	Draft Statement of Accounts
	Revenue and Capital Monitoring Report	Revenue and Capital Monitoring Report	Capital and Revenue Outturn Report
	Treasury Mid-Year review		Treasury Annual Report
<b>Internal Audit</b>			
Internal Audit Progress Report	Internal Audit Progress Report	Internal Audit Progress Report Internal Audit Plan	Internal Audit Progress Report
			Internal Audit Annual Report and Head of Internal Audit Opinion  Annual Review of Effectiveness of Internal Audit
	NAFN Data and Intelligence Services Annual Report		NAFN Data and Intelligence Services Annual Report

22 July 2019	November 2019	March 2020	June 2020
		CIPFA Fraud and Corruption Tracker – Tameside Report	
<b>External Audit</b>			
Progress report & technical update	Progress report & technical update	Progress report & technical update	Progress report & technical update
Audit Completion Report (ISA260)	Annual Audit Letter	Audit Strategy Memorandum	Audit Fees Letter
			Assurance Letters from Management and Those Charged with Governance
<b>Risk Management</b>			
	Corporate Risk Register Review	Risk Management Policy and Strategy and Corporate Risk Register	Corporate Risk Register Review
	Information Governance Update Report	Information Governance Update Report	Information Governance Update Report
<b>Internal Control and Governance Environment</b>			
	Procurement Update		Code of Corporate Governance
			Review against the Code of Corporate Governance

<b>22 July 2019</b>	<b>November 2019</b>	<b>March 2020</b>	<b>June 2020</b>
Approve Final Annual Governance Statement	Annual Governance Statement Action Plan update	Annual Governance Statement Action Plan update	Draft Annual Governance Statement
	Review of policies and procedures (Whistleblowing, Anti-Money Laundering, Fraud etc)		
<b>Other, including Training</b>			
Terms of reference	Private Meeting with Internal and External Audit	Informal meeting with CCG Audit Committee	Private Meeting with Internal and External Audit
TRAINING – Accounts	TRAINING – Role of the Audit Panel	TRAINING – Risk Management	TRAINING – Accounts
Work Programme and Forward Plan	Work Programme and Forward Plan	Work Programme and Forward Plan	Work Programme and Forward Plan