



Annual Report of the Audit Committee 2018/19

I. INTRODUCTION

- 1.1 The purpose of this report is to inform members and the public of the work carried out by the Council's Audit Committee during 2018/19. It will also provide details of how the Committee fulfilled its Terms of Reference and responsibilities and obtained assurances on the Council's internal control and risk management arrangements.
- 1.2 The Chartered Institute of Public Finance (CIPFA), have issued guidance on to local authorities on how Audit Committees can operate effectively. The guidance recommends that Audit Committees provide an annual report on how they have discharged their responsibilities.

2. BACKGROUND

- 2.1 The Audit Committee is a key element of the Council's governance arrangements. It reviews the effectiveness of the risk management and internal control frameworks of the Council using information provided by both Internal and External Audit.
- 2.2 It will also provide assurance on the on the integrity of the Council's Financial Statements, and consider the opinion provided by External Audit on the arrangements in place to obtain value for money.
- 2.3 During 2018/19 the Committee has met four times, this is in accordance with the Schedule of Meetings for the Council for 2018/19. Members of the Committee for 2018/19 were:

Councillors: Axam (Chair), Burchfield (Vice Chair), Blewett, Crookes, Harwood, Kennett and Makepeace-Browne

3. Governance, Risk and Control

What Did We Do?

- In March 2018, we approved a revised Terms of Reference for the Committee. This better aligned the committee to CIPFA good practice.
- We also reviewed and updated the Council's Anti-Fraud and Corruption Policy.
- In July 2018, we reviewed and approved the Annual Governance Statement. This details the council's governance arrangements and highlights any significant weaknesses that management need to address.
- In July 2018 we reviewed a Fraud Risk Assessment which identified the controls that are in place to prevent the risk of fraud and corruption.
- We received half yearly reports on the effectiveness of our risk management arrangements.

- We provided an appropriate challenge to management on the robustness of our risk and internal control environments during the year. Where appropriate key partners such as Capita were asked to attend the Committee to explain significant weakness in services that they provide.

4. Internal Audit

What Did we Do

- In March 2018 we approved the Internal Audit Plan, this provides detail of the work that internal audit planned to carry out during 2018/19.
- We received regular progress reports from Internal Audit on their work. These provided the Committee with assurance or otherwise on the effectiveness of internal controls. We were able to consider key findings and actions from internal audit reports and, if necessary ask management for updates on progress on agreed actions. The reports also provided updates on fraud.
- In July 2018 we received a report from Internal Audit which provided their opinion on the Council's internal control framework. The report provided a satisfactory level of assurance on the internal control environment.
- In May 2018 we received and reviewed a self assessment from Internal Audit on how the service complies with the requirements of the Public Sector Internal Auditing Standards.
- As Chairman of the Committee I have maintained effective on-going communication with the Internal Audit Manager during the year.

5. External Audit

What did we do?

- In March 2018 we received and reviewed the annual External Audit Plan, this detailed the planned work of our External Auditors for the year.
- In July 2018 we received our external Auditors report on the Statement of Accounts for 2017/18. We were pleased to receive an unqualified opinion on our financial statements.
- We also received an unqualified opinion on our arrangements in place to secure value for money.
- In October 2018 we received the Annual Audit Letter. Any issues raised have been noted by management to complete agreed actions.

6. Financial Reporting

What did we do?

- In July 2018, the Committee reviewed and signed off the Statements of Accounts for 2017/18.
- During the year we have received reports from internal audit on the effectiveness of financial controls.
- The Committee considered any significant risks and governance issues arising from the audit of the accounts by our External Auditors.
- The Head of Corporate Services who is the Section 151 Officer attends all Audit Committee meetings. This has ensured the committee has direct access to the Section 151 Officer to discuss any financial control issues.

7. Have we added value to Hart District Council

The Audit Committee fulfils a technical and challenging role. During the year it has sought assurances from both officers and our External Auditors that the risks and threats to the council are identified and mitigated appropriately.

We have made appropriate enquiries to confirm that the Council's Financial Statements are accurate and reliable.

It is in seeking these assurances that the Committee does add value to Hart District Council. We believe that during 2018/19, it has met its Terms of Reference and provided an effective governance role.

Councillor Chris Axam
Chairman of the Audit Committee

AUDT COMMITTEE

TERMS OF REFERENCE

1.0 Purpose of the Committee

1.1 The Audit Committee is a key element of the Council's corporate governance framework., the Committees main roles are to:

- To provide independent assurance on the adequacy of the Council's governance arrangements including its risk management framework and the internal control environment.
- To oversee financial reporting including the approval of the Statement of Accounts.
- To oversee the work of internal and external audit, helping to ensure effective assurance arrangements are in place for both functions.

2.0 GOVERNANCE, RISK and CONTROL

- 2.1 To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 2.2 To monitor the effective development and operation of risk management in the Council.
- 2.3 To review progress being made to address risk related issues that are reported to the committee.
- 2.4 To consider the council's arrangements in place to secure value for money.
- 2.5 To review the assessment of fraud related risks and ensure appropriate mitigations are in place to manage them.
- 2.6 To consider reports on the effectiveness of internal controls in place and obtain assurance that agreed actions are implemented to improve the internal control framework.
- 2.7 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

3.0 INTERNAL AUDIT

- 3.1 To approve the annual risk based internal audit plan and the resource requirements to meet the needs of the plan.
- 3.2 To approve significant changes to the annual plan.
- 3.3 To approve the Internal Audit Charter
- 3.4 To receive updates on the work of internal audit, to include the reporting of key findings and review agreed actions to rectify internal control and risk management issues.
- 3.5 To receive summaries of any specific internal audit reports that are requested.
- 3.6 To consider how the work of internal audit complies with the Public Sector Internal Auditing Standards. Including any improvement actions required where the service does not conform to the standards.
- 3.7 To review the Internal Audit Manager's annual report.
- 3.8 To maintain effective communication between the Audit Committee and the Internal Audit Manager.
- 3.9 To make appropriate enquiries of management and the Audit Manager to determine if there are any inappropriate scope or resource limitations, in respect of carrying out internal audit work.
- 3.10 To receive regular updates on the performance of internal audit work against the annual audit plan.
- 3.11 To receive reports outlining the action taken where the internal audit manager has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

4.0 EXTERNAL AUDIT

- 4.1 To consider the Annual Audit Letter, other relevant reports and the report to those charged with governance.
- 4.2 To consider the Annual opinion report on the Statement of Accounts, Value for Money and Annual Governance Statement.
- 4.3 To comment on the scope and depth of External Audit work and ensure it provides value for money.
- 4.4 To commission work from internal and external audit.

5.0 FINANCIAL REPORTING

- 5.1 To review and approve the Statement of Accounts on completion of the annual audit by the Council's External Auditors.
- 5.2 To consider the external auditor's report to those charged with governance on any issues arising from the audit of the accounts.

6.0 ACCOUNTABILITY

- 6.1 Where considered appropriate report, to full council and those charged with governance on any issues concerning the effectiveness of the arrangements in place for governance, risk, and internal control frameworks.

Audit Committee Work Plan 2018/19

March 2018

- Certification of Claims and Returns Report 16/17
- External Audit Plan Report
- Internal Audit Progress Report Q4
- Internal Audit Charter & Internal Audit Plan
- Audit Committee Draft Terms of Reference
- Revised Risk Management Policy
- Revised Fraud and Corruption Policy

May 2018

- Draft Annual Governance Statement
- Internal Audit Progress Report
- Risk Management Effectiveness Update Report
- Internal Auditor Managers Report and Opinion
- Internal Audit Standards Report

July 2018

- Management Representation Letter
- Local Code of Good Governance Review
- Annual Financial Report in financial statements
- Annual Governance Statement
- External Audit - Audit Results Report
- Internal Audit Progress Report

October 2018

- External Auditor – Annual Audit Letter
- Certification of Claims and Returns Annual Report 17/18
- Internal Audit Progress Against the Audit Plan
- Risk Management Effectiveness Update Report