

Audit Committee Prospectus: 2018/19

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 annual governance processes. CIPFA

The Context at Rotherham Council

This Prospectus sets out the scope and the standards of the Audit Committee, which are consistent with Local Government standards. It also describes the approach that will be taken by the Audit Committee and outlines its 2018/19 work programme.

In 2017/18 there were two new members of the Audit Committee, Councillors Simon Evans and Stuart Sansome replacing Councillors Sue Ellis and Sarah Allen. Both the new members received induction training to the Committee.

During 2017/18 the Internal Audit team continued to undergo changes, whilst implementing an action plan to improve and at the same time delivering the audit plan. These will all continue during 2018/19 and the Audit Committee will continue to support the team.

Also for 2018/19, the Audit Committee will continue to oversee the Council's risk management arrangements.

After the 2017/18 Statement of Accounts is finalised there will be a change to the external auditors under the new Public Sector Audit Appointments (PSAA) scheme. The Audit Committee will oversee the transition from KPMG to Grant Thornton, the new external auditors.

Scope and Standards

In accordance with CIPFA's Position Statement on Audit Committees, the Audit Committee will:

- ✓ Satisfy itself and others that the Annual Governance Statement reflects the Council's arrangements and position; for 2018/19 this includes the Code of Corporate Governance.
- ✓ Monitor the effectiveness of the internal control environment¹ and assurances obtained about its operation.
- ✓ Consider the accuracy and effectiveness of risk management.
- ✓ Ensure Internal Audit is independent and effective. In particular, the Committee will:
 - review and approve the responsibilities of the internal audit function and ensure the function has the necessary resources to enable it to perform in accordance with appropriate professional standards
 - review and assess the annual internal audit work plan

¹ The internal control environment comprises all the checks and balances in place, including risk management, to ensure the Council's actions are completed properly and recorded accurately

- receive a report on the results of the internal auditor's work on a periodic basis
- ensure Internal Audit implements its Quality Assurance and Improvement Plan and demonstrates compliance with auditing standards.
- ✓ Review the Council's arrangements for managing the risk of fraud.
- ✓ Review and approve the external auditor's annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- ✓ Review the findings of the external auditor's work with the external auditor, including a discussion of any major issues which arise during the audit.
- ✓ Review the financial statements and the external auditor's opinion on the statements. In particular, the Committee will review and challenge where necessary:
 - the consistency of, and any changes to, significant accounting policies
 - the methods used to account for significant or unusual transactions where different approaches are possible
 - whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor
 - the clarity and completeness of disclosure in the financial reports and the context in which statements are made
- ✓ Consider external audit and inspection recommendations and ensure these are fully responded to.
- ✓ Review and monitor treasury management arrangements.
- ✓ Review the Council's policy relating to surveillance and its use of surveillance to ensure compliance with the Regulation of Investigatory Powers Act 2000.

The Audit Committee has *Terms of Reference* that reflect the scope and standards, and agrees an annual work-plan showing how the Committee will deliver its responsibilities. The 2018/19 work-plan, which is a 'live' document that is updated throughout the year, is attached at **Appendix 1**.



The Audit Committee has a membership of five Council Members and one co-opted member. It will

meet five times in 2018/19. The Committee's operating model ensures that it:

- ✓ Has clear rights of access to other committees and functions, for example scrutiny.
- ✓ Will have as regular attendees, the Chief Financial Officer, the Head of Internal Audit and the external auditor. Other attendees may include the Council's Chief Executive and its Legal Officer.
- ✓ Meets privately and separately with the external auditor and with the head of internal audit.
- ✓ Has the right to call on any other officers as required.
- ✓ Will report regularly on its work to the Council.

Priorities for 2018/19

The Audit Committee has a lead role in ensuring governance is in place across the Council. In 2018/19, the Committee will:

- ✓ Oversee the continuing implementation of the overall risk management framework, reviewing the Strategic Risk Register and requesting the attendance of Cabinet Members and senior managers to explain their management of risks.
- ✓ Support the Internal Audit team in continuing improvement and change, and in delivering the audit plan.
- ✓ Oversee the transition to new external auditors, due to change after the Statement of Accounts are finalised.

In addition, the Committee aims to strengthen its own contribution. It will:

- ✓ Provide an opportunity for **public questions** at the start of committee meetings.
- ✓ Maintain a **self-assessment** and take action to address gaps and develop strengths.
- ✓ Receive regular, detailed, update sessions on relevant topics throughout the year.
- ✓ Participate in PSAA Audit Committee seminars and other appropriate events.
- ✓ Receive other development and support as required, individually and/or collectively.

Working with others

The Audit Committee Chair and Vice-Chair are members of the Council's Overview and Scrutiny Management Board. At the end of each Audit Committee meeting there will be a standing item to consider any matters to be referred to scrutiny, the Executive and / or Council for information or action.

How will we know we have succeeded?

The role of the Audit Committee is crucial. The Committee has primary responsibility for ensuring there are effective governance arrangements in place and operating throughout the organisation, and is the principal advisory function to the Council and Executive on governance related matters.

The Audit Committee will be accountable for meeting its responsibilities. We expect the following outcomes to be achieved:

- ✓ Comprehensive risk registers, including fraud risks, with risks demonstrably controlled.
- ✓ Demonstrable implementation of audit and inspection recommendations.
- ✓ A clear risk-based Internal Audit plan that is adequately delivered.
- ✓ The achievement of a clear opinion on the Statement of Accounts.
- ✓ A Code of Governance reflecting CIPFA/Solace guidance.
- ✓ An Annual Governance Statement, external audit Value for Money opinion and Internal Audit control environment assessment that fairly reflect the Council's position.

The Audit Committee will produce an **Annual Report** which will show how the Audit Committee is delivering these success measures and contributing positively to improving governance and risk management. The Annual report will be presented to the Council in June 2019.

Meeting Date	Objective	Agenda Item	Author
25 th July 2018		Training - Treasury Management	
	Review financial statements	Final Statement of Accounts	Graham Saxton
	Review Annual Governance Statement	Final AGS	Judith Badger
	Review External Audit findings	External Audit report on the Accounts	KPMG / Graham Saxton
	Review Treasury Management	Annual Treasury Report	Graham Saxton
	Effectiveness of Risk Management	Strategic Risk Register	Simon Dennis
		Risks Management arising from Brexit	Simon Dennis
		Audit Committee Annual Report	David Webster
		Audit Committee Forward Work Plan	David Webster
		Private Meeting	David Webster

Meeting Date	Objective	Agenda Item	Author
28 th September 2018	Effectiveness of Internal Audit	Training – Risk Management	
		IA Charter review and update	David Webster
	Effectiveness of Internal Audit and internal control environment	IA Progress Report	David Webster
	Effectiveness of Risk Management	Risk Management Policy and Strategy	Simon Dennis
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Assistant Chief Executive	Simon Dennis
	Managing the risk of fraud	Anti-Fraud and Corruption Policy and strategy review and update	David Webster
		Audit Committee Forward Work Plan	David Webster

Meeting Date	Objective	Agenda Item	Author
27 th November 2018	Review External Audit findings	Training – Code of Corporate Governance External Audit Annual Letter	External Audit / Graham Saxton
	Consider Audit and Inspection Recommendations	External Audit and Inspection recommendations	Sue Wilson
	Monitor Treasury Management	Mid-Year Report on Treasury Management	Graham Saxton
	Regulation of Investigatory Powers	Review of Surveillance	Neil Concannon
	Review Annual Governance Statement	Code of Corporate Governance	Simon Dennis
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Regeneration and Environment	Simon Dennis
	Effectiveness of Internal Audit and internal control environment	IA Progress Report Audit Committee Forward Work Plan	David Webster David Webster

Meeting Date	Objective	Agenda Item	Author
29 th January 2019	Review financial statements	Training Final Accounts closedown and accounting policies	Graham Saxton
	Review External Audit findings	External Audit Grants Report	External Audit / Graham Saxton
	Review External Audit Annual Plan	External Audit Plan	Grant Thornton / Graham Saxton
	Effectiveness of Risk Management	Strategic Risk Register	Simon Dennis
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Finance and Customer Services	Simon Dennis
	Effectiveness of internal control environment	Information Governance	Head of Information Governance
	Effectiveness of Internal Audit and internal control environment	IA Progress Report Audit Committee Forward Work Plan	David Webster David Webster

Meeting Date	Objective	Agenda Item	Author
26 th March 2019	Effectiveness of Internal Audit and internal control environment	Training	
		IA Strategy and Plan	David Webster
	Effectiveness of Internal Audit and internal control environment	IA Progress Report	David Webster
	Effectiveness of Internal Audit and internal control environment	Risk Management Directorate Presentation – CYPS	Simon Dennis
	Effectiveness of Internal Audit	PSIAS Internal Assessment / QAIP	David Webster
		Audit Committee Self Assessment and Annual Report	David Webster
		Audit Committee Prospectus and Forward Work plan	David Webster
		Private Meeting	

June 2019		Training – Statement of Accounts	
	Review Financial Statements	Draft Statement of Accounts	Graham Saxton
	Review Governance Statement	Draft AGS	Judith Badger
	Regulation of Investigatory Powers	Review of Surveillance and Policy	Neil Concannon
	Consider Audit and Investigation recommendations	External Audit Recommendations	Sue Wilson
	Effective of internal control environment	Information Governance	Head of Information Governance
	Effectiveness of Internal Audit and internal control environment	IA Progress Report	David Webster
	Effectiveness of Internal Audit and internal control environment	IA Annual Report	David Webster
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Adult Care and Housing	Simon Dennis
		Audit Committee Forward Plan	David Webster