

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 30 June 2011

Report of: Head of Policy & Performance

Title: Work Plan

Portfolio Holder: Councillor Wesley Fitzgerald

1.0 Report Summary

- 1.0 To present an updated Work Plan to the Committee for consideration.

2.0 Recommendations

- 2.1 That the Committee:

- (1) consider the Work Plan and determine any required amendments;
- (2) note the changes made to the plan since it was last discussed in March 2011; and
- (3) note that the plan will be periodically brought back to the Committee for development and approval.

3.0 Reasons for Recommendations

- 3.1 The Audit and Governance Committee has a key role in overseeing and assessing the risk management, control and corporate governance arrangements and advising the Council on the adequacy and effectiveness of these arrangements. A forward looking programme of meetings and agenda items is necessary to ensure that the Committee fulfils its responsibilities.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including - Climate change - Health

- 6.1 Not applicable.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 When reviewing the Work Plan, Members will need to consider the resource implications of any reviews they wish to carry out both in terms of direct costs and in terms of the required officer support.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Work Plan must take account of the requirements of the Accounts and Audit Regulations 2011.

9.0 Risk Management

- 9.1 Effective internal control and the establishment of an audit committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position. However, an effective audit committee can:

- raise awareness of the need for robust risk management, control and corporate governance arrangements and the implementation of audit recommendations
- increase public confidence in the objectivity and fairness of financial and other reporting
- reinforce the importance and independence of internal and external audit and any other similar review process
- provide additional assurance through a process of independent and objective review

- 9.2 A comprehensive Work Plan is necessary to ensure that the Committee fulfils its responsibilities.

10.0 Background and Options

- 10.1 A forward looking programme of meetings and agenda items to ensure comprehensive coverage of the Committee's responsibilities has been attached at Appendix A of this report. The Committee is asked to consider the contents of the Work Plan and establish any additional agenda items/training/briefing sessions that will enable it to meet its responsibilities. In doing so it should be noted that the following changes have been made to the programme that was discussed in March 2011:

- Business Continuity update – The Work Plan has been amended, at the request of Members, to include a quarterly Business Continuity update report.

- Anti Fraud & Corruption Policy - A final draft of the Anti Fraud and Corruption Policy has been carried forward to the September Agenda. Work on Fraud Risk has, however, continued throughout the quarter. This includes meeting the requirements of the National Fraud Initiative (NFI), analysis of the Council's arrangements using the CIPFA Fraud Evaluation Diagnostic Tool (FRED1) and developing the Council's Whistleblowing Policy.
- A report has been included on the June Agenda in order that External Audit can update Members on the audit to date.

10.2 Furthermore, the Committee is asked to note that new regulations (cited as the Accounts and Audit Regulations 2011) came into force on 31 March 2011. The impact of the new regulations on the Work Plan can be summarised as follows:

- The regulations have removed the requirement for the accounts to be formally reviewed and approved by the Audit and Governance Committee prior to audit i.e. before the end of June, although they must still be signed by the responsible financial officer (Borough Treasurer and Head of Assets) at that date.
- Members must now consider and approve the accounts no later than 30th September following the financial year end. The AGS should be approved and published at the same time as the statement of accounts i.e. by 30 September.
- The draft Statement of Accounts will, therefore, be made available to the Committee after they have been signed by the responsible financial officer together with a full draft version of the AGS. As previously discussed this allows further time to close the accounts, which is beneficial as this is the first year of reporting under International Financial Reporting Standards (IFRS).
- A training/briefing session will be held in early September that will address both the structure and content of the accounts together with the AGS and the accompanying assurances. This will allow Members to review the statement of accounts, together with the AGS, during the audit of the accounts and raise any points that may need to be addressed. This complies with CIPFA's recommendation that the statement of accounts should be put to the Committee for initial consideration at a meeting prior to that at which the accounts will be formally approved i.e. near to 30 September.
- The new regulations have replaced the need for the Council to conduct an annual review of the effectiveness of the system of internal audit to an annual review of the effectiveness of its internal audit. This would include the contribution made by internal audit but would also cover the wider assurance framework and the audit committee itself. In light of the adopted regulations, CIPFA's Audit

Panel is currently considering drafting further guidance to support practitioners.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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