

**NORTH LINCOLNSHIRE COUNCIL**

**AUDIT COMMITTEE**

**AUDIT COMMITTEE FORWARD PLAN 2017-18**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1. To approve the forward plan for reporting to the Audit Committee during 2017/18 and consider whether the assurances indicated in the plan provide adequate coverage to allow the Committee to fulfill its terms of reference.

**2. BACKGROUND INFORMATION**

- 2.1 Audit Committees are a key part of governance arrangements and can make a real difference to the way public services are run. They provide an independent, high-level resource supporting strong public financial management and governance.
- 2.2 Each year a forward plan of reports is presented for approval. Appendix A shows the proposed forward plan for 2017/18 and how the reporting areas will provide members of the committee the assurances they require to fulfil the Audit Committee's terms of reference.
- 2.3 In addition to the reports identified in Appendix A, further areas may be identified throughout the year and reported to the committee during 2017/18. The Council is moving towards a three lines of assurance model where:
- the first line represents managers responsible for the delivery of operation and services;
  - the second line relates to assurances provided by those responsible for the oversight of management activity and separate from those responsible for delivery (such as finance, HR, legal services, risk management, etc); and
  - the third line represents assurance from those with independent oversight (such as internal and external audit)

2.4 Currently the Audit Committee receives most of its assurance from the “third line of defence” as well as assurances provided by financial services (such as those relating to treasury management). As the Council develops its assurance model then it is anticipated that the Audit Committee will receive additional reports from other providers of assurance, particularly in the following areas of the Audit Committee’s remit:

- To maintain an overview of the council's constitution and governance arrangements in respect of contract procedure rules, financial regulations and the shared services programme with North East Lincolnshire Council, including the joint committee established thereunder;
- To consider the council's compliance with its own and other published standards and controls; and
- To consider the council’s arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

### **3. OPTIONS FOR CONSIDERATION**

3.1 The Committee should consider whether the forward plan for 2017/18 provides sufficient scope to obtain assurance on the adequacy of the council’s internal control and governance arrangements to fulfill its terms of reference.

3.2 That the forward plan for 2017/18 is approved with the scope to receive additional reports during the year, as required.

3.3 The Committee may decide not to approve the forward plan.

### **4. ANALYSIS OF OPTIONS**

4.1 The forward plan is designed to provide Members with sufficient scope to gain adequate assurance to fulfill their role as set out in the Committee’s terms of reference.

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 There are no additional resource implications. However regular reviews of internal control and governance arrangements should safeguard the council’s assets and help ensure that value for money is achieved in the use of resources.

## **6. OUTCOMES OF INTEGRATED IMPACTASSESSMENT (IF APPLICABLE)**

6.1 An Integrated Impact Assessment is not required.

## **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

7.1 The forward plan for 2017/18 is the result of consideration of professional guidance and external audit's reporting requirements.

7.2 There are no conflicts of interests to declare.

## **8. RECOMMENDATIONS**

8.1 That the Audit Committee considers whether the forward plan for 2017/18 provides sufficient scope to provide an appropriate level of assurance on the adequacy of the council's internal control and governance arrangements.

8.2 That the Audit Committee approves the forward plan for 2017/18 with scope to receive additional reports as identified by the Director of Governance and Partnerships during 2017/18.

### **DIRECTOR: GOVERNANCE AND PARTNERSHIPS**

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#### **Background Papers used in the preparation of this report:**

Chartered Institute of Public Finance and Accountancy (CIPFA) – Audit Committees, Practical Guidance for Local Authorities and Police (2013 edition)

## Audit Committee Forward Plan 2017/18

Current TOR as per constitution	Proposed Changes	June	Sept	Jan	April
<b>Audit Activity</b>	<b>Internal Audit</b>				
<p>a) To consider the head of internal audit's annual report and opinion, a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.</p> <p>.</p> <p>.</p>	<p>To approve the audit charter and annual audit plan;</p> <p>To consider the head of internal audit's annual report and opinion, including</p> <ul style="list-style-type: none"> <li>• a summary of internal audit activity (actual and proposed);</li> <li>• the level of assurance it can give over the council's control framework; and</li> <li>• the performance and effectiveness of internal audit (including compliance with Public Sector Internal Audit Standards, results of the Quality Assurance and Improvement Programme, and relevant external inspections)</li> </ul>	HAA annual report			Internal Audit Plan (inc audit charter update if applicable)

<b>Current TOR as per constitution</b>	<b>Proposed Changes</b>	<b>June</b>	<b>Sept</b>	<b>Jan</b>	<b>April</b>
<b>Audit Activity</b>	<b>Internal Audit</b>				
(b) To consider significant issues arising from internal audit reviews carried out and high risk agreed actions not implemented within a reasonable timescale		HAA annual report	Internal Audit update	Internal Audit update	Internal Audit update
<b>Audit Activity</b>					
(c) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance. This includes reports dealing with the management and performance of the internal audit service.		External audit update report	ISA 260 report	Audit annual letter	External update report
(d) To consider specific reports as agreed with the external auditor					
(e) To comment on the scope and depth of external audit work and to ensure it gives value for money.		External Audit update report			External audit update report

<b>Current TOR as per constitution</b>	<b>Proposed Changes</b>	<b>June</b>	<b>Sept</b>	<b>Jan</b>	<b>April</b>
<b>Audit Activity</b>					
(f) To liaise with the Audit Commission over the appointment of the council's external auditor.				Report on PSSA outcome	

Current TOR as per constitution	Proposed Changes	June	Sept	Jan	April
<b>Audit Activity</b>					
<b>Regulatory Framework</b>					
(a) To maintain an overview of the council's constitution and governance arrangements in respect of contract procedure rules, financial regulations and the shared services programme with North East Lincolnshire Council, including the joint committee established thereunder.		HAA report			
(b) Consider the effectiveness of the authority's risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations. This includes:			Update report including updated risk policy		Annual report of risk management arrangements

<ul style="list-style-type: none"> <li>• monitoring and reviewing the Risk Management Group's facilitation role in maintaining and developing the risk management framework in accordance with best practice.</li> <li>• approval of the risk management strategy</li> <li>• consideration of progress reports throughout the year.</li> </ul>					
(c) To monitor the council's counter-fraud and anti-corruption strategy (including the Whistle Blowers' Charter).			Update report, including updated fraud strategy		Annual Fraud report
(d) To oversee the production of the council's Annual Governance Statement and adopt it alongside the council's accounts		AGS Draft	AGS Final		
(e) To consider the council's arrangements for corporate governance and agreeing necessary action to ensure compliance with best practice.				Review of the code of governance	



<b>Current TOR as per constitution</b>	<b>Proposed Changes</b>	<b>June</b>	<b>Sept</b>	<b>Jan</b>	<b>April</b>
<b>Audit Activity</b>					
(f) To consider the council's compliance with its own and other published standards and controls.		HAA report			
(g) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.		HAA report	ISA 260 report		
(h) Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice		Treasury management annual report	Treasury management and strategy mid year review	Treasury management quarterly report	Treasury management quarterly report

<b>Current TOR as per constitution</b>	<b>Proposed Changes</b>	<b>June</b>	<b>Sept</b>	<b>Jan</b>	<b>April</b>
<b>Audit Activity</b>					
<b>Financial reporting</b>					
(a) To approve the accounting policies to be used to prepare the accounts.				Accounting policies	
b) To review and/or approve the annual statement of accounts. Specifically, to consider whether the approved 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.			Annual Accounts		
(c) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.			ISA260 report		