



<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
1 st March 2018	
1:30 pm	<u>Public</u>

REVIEW OF THE AUDIT COMMITTEE'S ANNUAL WORK PLAN AND FUTURE LEARNING AND DEVELOPMENT REQUIREMENTS 2018/19

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1. Summary

It is important that Audit Committee Members have an agreed plan of work for the year ahead and receive appropriate learning and development in order to deliver their responsibilities effectively. This report provides a proposed Audit Committee work plan and seeks discussion and agreement around a learning and development plan for Members to ensure that they are well informed and appropriately skilled to fulfil their role.

2. Recommendations

The Committee is asked to consider and approve, with appropriate comment:

- a) The Audit Committee work plan for 2018/19, **Appendix A**;
- b) A learning and development plan for Members of the committee taking in to account information in **Appendices A and B**.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 By identifying the key topics to be considered at the Audit Committee meetings and receiving appropriate learning and development sessions in respect of their roles and responsibilities, Audit Committee Members are able to undertake their duties effectively and deliver them to a high standard, thereby adding to:
 - the robustness of the risk management framework;
 - the adequacy of the internal control environment and
 - the integrity of the financial reporting and annual governance of the Council.

- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities or climate change requirements or consequences of this proposal.

4. Financial Implications

- 4.1 The Audit Committee work plan and learning and development sessions for members will be met from within approved budgets.

5 Background

- 5.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) identifies the purpose of an Audit Committee, in its Practical Guidance for Local Authorities and Police 2013 Edition, as providing 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. In local authorities, audit committees are necessary to satisfy the wider requirements for sound financial and operational management. Accounts and Audit (England) Regulations 2015 state 'the relevant authority must ensure that it has a sound system of internal control which; facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk'. With a known work plan, and appropriate and timely learning and development for Members, the committee will be well prepared and members will gain the knowledge and experience needed to carry out their role effectively.

Work Plan

- 5.2 The Work Plan in **Appendix A** continues to be presented in a format which demonstrates how reports to Audit Committee contribute to the delivery of the Committee's Terms of Reference and what assurances they provide.
- 5.3 In addition, any proposals for changes for which member approval is sought are highlighted in bold and underlined in **Appendix A**. In considering the amendments the following information may be useful:
- a) An additional Audit Committee has been introduced in July allowing members the opportunity to consider and feedback on the External Auditor's annual report prior to Council receiving it, alongside the Statement of Accounts on the 26th July. The tight timescale is to respond to changes in statutory requirements. Members will have had sight of the draft Statement of Accounts before this date and the External Audit report will be shared as soon as it becomes available.
 - b) The Annual Governance Statement and review of the effectiveness of the Council's controls and Shropshire Council's Code of Corporate practice are closely aligned. To reflect this the two elements are to be brought together in a single report.

- c) Members need to consider the strategic risks, reported at their meeting in November 2017, when considering specific report updates. To date members have asked for updates in respect of the following systems:
- IT;
 - Estates and
 - Digital Transformation Programme (DTP)
- These are programmed in and one off requests in last year's plan are removed:
- Programme controls and risks.
- d) Members are also asked to consider, in the current risk environment, if they wish to continue to receive the following service specific reports:
- Council Tax and NNDR performance monitoring report
 - Housing Benefit overpayment performance monitoring report
- e) The National Fraud Initiative (NFI) will be reported as part of the wider Counter Fraud, Bribery and Anti-Corruption Strategy report
- f) There are minor changes to report originator post titles and titles of some reports.

Learning and Development

- 5.4 CIPFA identify a key characteristic of an effective Audit Committee as having a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. There is a range of knowledge and experience that audit committee members can bring to the committee which will enable it to perform effectively. No one committee member is expected to be an expert in all areas. There are however some core areas of knowledge which committee members need to acquire in addition to the need for regular briefings and training.
- 5.5 Members need to consider annually their learning and development plan to support them in delivery of their roles. Following the elections early in 2017/18 Members have received two half day sessions covering a number of topics in detail. These included presentations and workshops on:
- The purpose of the audit committee and its core functions;
 - The wider role of the audit committee;
 - Membership and effectiveness;
 - Conducting an annual assessment evaluating effectiveness and identifying any improvements for the committee;
 - Member self-assessment of skills and training needs;
 - Contract management and Porge;
 - Risk management and registers.
- 5.6 It is proposed that training is again provided in three half day sessions over the next twelve months in March, June, and October with dates to be agreed with the Chairman.

- 5.7 In response to members' requests arrangements for training on March the 8th have been confirmed. An associate of the Chartered Institute of Public Finance and Accountancy (CIPFA), will be facilitating the committee in reviewing its own effectiveness. This training is a cost for the Council at a time of financial constraints but is in direct response to requests from Members of the Audit Committee. With appropriate attendance and engagement this training represents excellent value for money. The s151 Officer has stated that it is essential, to ensure value for money and positive outcomes, that Members prioritise this event. The expectation is that all Members of the Audit Committee will be in attendance for the duration of this event.
- 5.8 **Appendix B** identifies training topics for Audit Committee Members to consider. Training topics are identified as core areas of knowledge that all Audit Committee Members should seek to acquire plus specialisms that can add value to the committee. Members may also want to hear from key officers of the Council where new or changing activities are emerging and can request this as part of their training.
- 5.9 Whilst members are asked to endorse the initial sessions for learning and development, this will not prevent any additional items being added during the year or changes being made if these are felt to be of value.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Previous training session records

CIPFA's Audit Committees Practical Guidance for Local Authorities and Police 2013 Edition

Accounts and Audit Regulations 2015

Cabinet Member (Portfolio Holder) Peter Nutting (Leader of the Council) and Peter M Adams (Chairman of Audit Committee)

Local Member n/a

Appendices

Appendix A – Audit Committee Work Plan 2018/19 and Summary

Appendix B – Audit Committee Members development topics

Appendix A: Audit Committee Work Plan – 2018/19

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core business 28 June 2018		
1. Internal Audit: Annual Report.	<p>Head of Audit’s overall opinion on the Council’s internal control environment.</p> <p>Performance against the revised internal audit plan.</p> <p>Provides a review of the effectiveness of the systems of internal control.</p>	<p>To consider the Head of Audit’s annual report, specifically:</p> <p>a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of Internal Audit.</p> <p>b) The opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.</p>
2. Section 151 Officer: Approval of the Council's Statement of Accounts.	<p>Ensure that the narrative report to the accounts help the public understand the authority's financial management of public funds.</p> <p>Consider the outcome of the External Audit and the appropriateness of management responses.</p>	<p>To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need</p>

Appendix A: Audit Committee Work Plan – 2018/19

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	Seek assurance that the Council has appropriate accounting policies in place to ensure that items are treated correctly in the accounts.	to be brought to the attention of the Council.
3. Section 151 Officer: Annual Governance Statement (AGS) and review of the effectiveness of the Council's internal controls and Shropshire Council's Code of Corporate Governance.	<p>Confirm that the final Annual Governance Statement accurately reflects the Committee's understanding of how the Council is run.</p> <p>Gain assurance that management have progressed the agreed actions associated with the significant issues / key risks identified in the Annual Governance Statement.</p> <p>That the Council has very strong compliance with the Code of Corporate Governance which is part of the overall internal control framework and contributes to the Council's strong governance arrangements.</p>	<p>To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.</p> <p>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</p> <p>To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.</p>
4. Section 151 Officer: Annual review of internal audit: quality assurance and improvement programme (QAIP).	That Internal Audit complies with the Public Sector Internal Audit Standards and is effective in doing so.	To consider reports from the Head of Audit on Internal Audit's performance

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Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>That there is an improvement programme in place to ensure that any identified gaps are addressed.</p>	<p>during the year, These will include reports on:</p> <ul style="list-style-type: none"> • the results of the Quality Assurance and Improvement Programme; and • instances where the Internal Audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance should be included in the Annual Governance Statement. <p>To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.</p>
<p>5. Internal audit: Annual assurance report of Audit Committee to Council.</p>	<p>Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run.</p> <p>Provides Council with an independent assurance report that the Council has in place adequate and effective risk management and internal control</p>	<p>To report annually to Full Council on the Committee's findings, conclusions and recommendations; providing its opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; internal and external audit</p>

Appendix A: Audit Committee Work Plan – 2018/19

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>systems that can be relied upon and which contribute to the high corporate governance standards that this Council expects and has consistently maintained.</p>	<p>functions and financial reporting arrangements.</p> <p>To report to Council where the Audit Committee have added value, improved or promoted the control environment and performance in relation to the Terms of Reference and the effectiveness of the Committee in meeting its purpose and functions.</p>
<p>6. Section 151 Officer: Revenue Outturn report.</p>	<p>Provides the financial outturn of the Council's budget for the year and therefore considers the effect that any over/underspend has on the Council's balances.</p> <p>Provides details of the potential risks affecting the balances and financial health of the Council.</p>	<p>To review the annual statement of accounts. Specifically, to consider whether appropriate 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.</p> <p>To consider the Council's arrangements for securing value for money and review assurances and assessments on the effectiveness of these arrangements.</p>
<p>7. Section 151 Officer: Capital Outturn report.</p>	<p>Provides the financial outturn of the Council's capital budget for the year and therefore</p>	<p>As above</p>

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Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	considers the impact that slippage within the programme will have on the financing of the capital programme in the future, including any future revenue implications.	
8. Head of Workforce and Technology: Annual Whistleblowing report.	Assurance that as part of the Counter Fraud, Bribery and Anti-Corruption Strategy the Whistleblowing policy contributes to our zero tolerance of fraud, bribery and corruption.	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.
9. External Audit: Fee Letter.	To provide a clear indication as to the external Auditor's fees for the year.	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
10. External Audit: Audit Committee update.	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>The paper also includes:</p> <ul style="list-style-type: none"> • a summary of emerging national issues and developments that may be relevant to the Council; and • a number of challenge questions in respect of these emerging issues which the Committee may wish to consider. 	<p>To consider specific reports as agreed with the External Auditor and other inspection agencies.</p> <p>To comment on the scope and depth of external audit work and to ensure it gives value for money.</p>

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Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
11. Internal Audit: Fraud, investigations and RIPA update.	Provide assurances and an update on current fraud and investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on activity under the Regulation of Investigatory Powers Act (RIPA).	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption. To monitor the counter-fraud, bribery and corruption strategy, actions and resources.
Other assurance		
12. Revenues and Benefits Service Manager: Council tax and NNDR performance monitoring report	Provides assurances through performance monitoring information on the collection of this income. Monitoring this high risk impact area, provides assurances that actions are completed and risk-related issues are addressed in a timely manner. The Committee is not responsible for the regular performance monitoring of this activity.	To monitor progress in addressing risk-related issues reported to the committee and seeking assurances that action is taken by management in risk related issues identified by auditors and inspectors. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
13. External Audit: Pension Fund Audit Plan (information).	Evidence that the External Auditor understands the Council's business, risk, challenges and opportunities it is facing. Explanation of its audit approach and the scope of its plans for the Pension Fund.	To consider specific reports as agreed with the External Auditor and other inspection agencies.

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Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
14. Head of Business Enterprise and Commercial Service: Estates update	Provide management assurance on the direction of travel and robustness of the internal control arrangements for Estates activity and systems arising from the identification of operational risks.	To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
15. Head of Workforce and Technology: Digital Transformation Programme (DTP) update	Provide management assurance on the direction of travel and robustness of the internal control arrangements for delivery of the DTP.	To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
16. IT Manager: IT update	<p>Provide management assurance on the direction of travel and robustness of the internal control arrangements for IT activity and systems arising from the Council's identification of key strategic risks and associated governance issues.</p> <p>To include assurances on the delivery of disaster recovery testing.</p> <p>Monitoring this high risk impact area, provides assurances that actions are completed and risk-related issues are addressed in a timely manner. The Committee is not responsible for the regular performance monitoring of this activity.</p>	To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
Core business: 24 July 2018		

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Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
17. External Audit: Audit Findings report Shropshire Council	<p>Seek assurance over the adequacy of the External Audit opinion on the financial statements and the Council's value for money arrangements.</p> <p>Ensure any issues / risks identified are being effectively managed.</p>	To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
Core business: 13 September 2018		
18. Risk and Insurance Manager: Risk and Insurance Annual report	<p>To understand the current strategic risk exposure together with recent modifications and planned changes to strategic risk management within the authority.</p> <p>Gain assurance that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.</p>	To monitor the effective development and operation of risk management in the Council.
19. Risk and Insurance Manager: Strategic Risks update	Assurances that the management of strategic risks, a key process that underpins the successful achievement of the Council's priorities and outcomes, is robust. Strategic risks are a key aspect of the Annual Governance Statement.	To monitor the effective development and operation of risk management in the Council.

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	<p>Provide information to confirm to the Audit Committee that they are receiving assurances on the key risk areas within the Council and how these are being managed through the internal controls and governance processes.</p>	
<p>20. Section 151 Officer: Audited Annual Statement of Accounts</p>	<p>Ensure that the narrative report to the accounts help the public understand the authority's financial management of public funds.</p> <p>Consider the outcome of the External Audit and the appropriateness of management responses.</p> <p>Seek assurance that the Council has appropriate accounting policies in place to ensure that items are treated correctly in the accounts.</p>	<p>To review the annual statement of accounts. Specifically, to consider whether appropriate 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.</p>
<p>21. Section 151 Officer; Annual Treasury report</p>	<p>Provide assurance on the treasury activities for Shropshire Council, including the investment performance of the internal Treasury team.</p>	<p>To receive regular reports on activities, issues and trends to support the Committee's understanding of treasury management activities. The Committee is not responsible for the regular monitoring of treasury management activity.</p> <p>To review the treasury risk profile and adequacy of treasury risk management</p>

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Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		procedures and assurances on treasury management.
22. Internal Audit: Performance report and revised Annual Audit Plan	<p>Understand the level of assurances being given as a result of audit work and their impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p> <p>Understand any resourcing issues as a result of changes to the plan.</p>	<p>To consider reports from the Head of Audit on Internal Audit's performance during the year, including the performance of external providers of Internal Audit Services. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work.</p> <p>To consider summaries of specific internal audit reports as requested.</p> <p>To receive reports outlining the action taken where the Head of Audit 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.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements.</p>

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Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
23. External Audit: Audit Committee update	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>The paper also includes:</p> <ul style="list-style-type: none"> • a summary of emerging national issues and developments that may be relevant to the Council; and • a number of challenge questions in respect of these emerging issues which the Committee may wish to consider. 	<p>To consider specific reports as agreed with the External Auditor and other inspection agencies.</p> <p>To comment on the scope and depth of external audit work and to ensure it gives value for money.</p>
24. Internal Audit: Fraud, special investigations and RIPA update.	<p>Provide assurances and an update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.</p>	<p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p> <p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p>
Other assurance		
25. IT Manager: IT update	<p>Provide management assurance on the direction of travel and robustness of the internal control arrangements for IT activity and systems arising from the Council's identification of key strategic risks and associated governance issues.</p>	<p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p>

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	<p>To include assurances on the delivery of disaster recovery testing.</p> <p>Monitoring this high risk impact area, provides assurances that actions are completed and risk-related issues are addressed in a timely manner. The Committee is not responsible for the regular performance monitoring of this activity.</p>	
<p>26. Revenues and Benefits Service Manager: Housing benefit overpayment performance monitoring report</p>	<p>Seek assurances on the recovery of Housing Benefit overpayments and receive performance monitoring information on the collection of this income for the year.</p> <p>Monitoring this high risk impact area, provides assurances that actions are completed and risk-related issues are addressed in a timely manner. The Committee is not responsible for the regular performance monitoring of this activity.</p>	<p>To monitor progress in addressing risk-related issues reported to the committee and seeking assurances that action is taken by management in risk related issues identified by auditors and inspectors.</p> <p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p>
<p>27. External Audit: Audit Findings report Shropshire County Pension Fund (information)</p>	<p>Seek assurance over the adequacy of the External Audit opinion on the financial statements and the Council's value for money arrangements.</p> <p>Ensure any issues / risks identified are being effectively managed.</p>	<p>To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.</p>

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Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core business: 6 December 2018		
28. Internal Audit: National Fraud Initiative update	Provides an update and assurances on the outcomes of the National Fraud Initiative.	To monitor the counter-fraud, bribery and corruption strategy, actions and resources.
29. Internal Audit: Annual review of Audit Committee Terms of Reference	Ensures the Audit Committees continues to benefit the Council by continuing to provide an effective service assessed against current best practice.	To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
30. Internal Audit: Annual review of Internal Audit Charter	Assurance that effective corporate governance arrangements are maintained in the Council part of which is evidenced by a current Internal Audit Charter.	To approve the Internal Audit Charter.
31. Internal Audit: Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy <u>and activities; including an update on the National Fraud Initiative (NFI)</u>	<p>Confirm that the Council's counter fraud activity is targeted and effective.</p> <p>Ensure that appropriate progress is being made on the delivery of the Counter Fraud plan.</p> <p>Ensure that lessons have been learnt – understand fraud risks facing the Council and actions being taken to reduce the risk</p>	To monitor the counter-fraud, bribery and corruption strategy, actions and resources.

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	<p>Provides confirmation that the Counter Fraud, Bribery and Anti-Corruption Strategy has been reviewed in line with best practice and continues to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption whether it be attempted on, or from within, the Council, thus demonstrating the strategy's continuing and important role in the corporate governance and internal control framework.</p> <p><u>Provides an update and assurances on the outcomes of the National Fraud Initiative.</u></p>	
<p>32. Internal Audit: Performance report and revised Annual Audit Plan</p>	<p>Understand the level of assurances being given as a result of audit work and their impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers</p>	<p>To consider reports from the Head of Audit on Internal Audit's performance during the year, including the performance of external providers of Internal Audit Services. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work.</p> <p>To consider summaries of specific internal audit reports as requested.</p>

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	<p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p> <p>Understand any resourcing issues as a result of changes to the plan.</p>	<p>To receive reports outlining the action taken where the Head of Audit 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.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements.</p>
<p>33. Section 151 Officer: Treasury Strategy Mid-Year report</p>	<p>Provide assurance on the treasury activities for Shropshire Council, including the investment performance of the internal Treasury team.</p>	<p>To receive regular reports on activities, issues and trends to support the Committee's understanding of treasury management activities. The Committee is not responsible for the regular monitoring of treasury management activity.</p> <p>To review the treasury risk profile and adequacy of treasury risk management procedures and assurances on treasury management.</p>
<p>34. Section 151 Officer: Annual Audit Committee self-assessment</p>	<p>Confirmation that the Audit Committee is working effectively and where any further improvements</p>	<p>To review the Council's corporate governance arrangements against the</p>

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	are identified to improve its overall effectiveness, there are plans to implement these.	good governance framework and consider annual governance reports and assurances.
35. External Audit: Annual Audit Letter	Provides assurances on the key findings arising from the work that External Audit have carried out at the Council.	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
36. External Audit: Value Statement	Seek assurance from External Auditor on all relevant reports	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
37. External Audit: Audit Committee update	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>The paper also includes:</p> <ul style="list-style-type: none"> • a summary of emerging national issues and developments that may be relevant to the Council; and • a number of challenge questions in respect of these emerging issues which the Committee may wish to consider. 	<p>To consider specific reports as agreed with the External Auditor and other inspection agencies.</p> <p>To comment on the scope and depth of external audit work and to ensure it gives value for money.</p>

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Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
38. Internal Audit: Fraud, special investigations and RIPA update	Provide assurances and an update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption. To monitor the counter-fraud, bribery and corruption strategy, actions and resources.
Other assurance		
39. Revenues and Benefits Service Manager: Council tax and NNDR Performance Monitoring report	Provides assurances through performance monitoring information on the collection of this income. Monitoring this high risk impact area, provides assurances that actions are completed and risk-related issues are addressed in a timely manner. The Committee is not responsible for the regular performance monitoring of this activity.	To monitor progress in addressing risk-related issues reported to the committee and seeking assurances that action is taken by management in risk related issues identified by auditors and inspectors. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
40. IT Manager: IT update	Provide management assurance on the direction of travel and robustness of the internal control arrangements for IT activity and systems arising from the Council's identification of key strategic risks and associated governance issues. To include assurances on the delivery of disaster recovery testing.	To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

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	<p>Monitoring this high risk impact area, provides assurances that actions are completed and risk-related issues are addressed in a timely manner. The Committee is not responsible for the regular performance monitoring of this activity.</p>	
Core business: 7 March 2019		
41. Risk and Insurance Manager: Strategic Risks update	<p>Assurances that the management of strategic risks which is a key process that underpins the successful achievement of the Council's priorities and outcomes is robust. Strategic risks are a key aspect of the Annual Governance Statement.</p> <p>Provide information to confirm to the Audit Committee that they are receiving assurances on the key risk areas within the Council and how these are being managed through the internal controls and governance processes.</p>	To monitor the effective development and operation of risk management in the Council.
42. Section 151 Officer: Treasury Strategy	Provides assurances that the Council's Treasury Management practice complies with CIPFA's Code of Practice on Treasury Management, the Council's Treasury Policy Statement, Treasury Management Practices and the Prudential Code	To consider the robustness of the authority's treasury management strategy, policies and procedures before their submission to Cabinet and Full

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	for Capital Finance and together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and reduce any potential for financial loss.	Council, ensuring that controls are satisfactory.
43. Internal Audit: Report of the audit review of Risk Management	Provides independent assurance on the overall control environment for the Risk Management system that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.	To monitor the effective development and operation of risk management in the Council.
44. Internal Audit: Performance report and revised Annual Audit Plan	<p>Understand the level of assurances being given as a result of audit work and their impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers</p>	<p>To consider reports from the Head of Audit on Internal Audit's performance during the year, including the performance of external providers of Internal Audit Services. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work.</p> <p>To consider summaries of specific internal audit reports as requested.</p>

Appendix A: Audit Committee Work Plan – 2018/19

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p> <p>Understand any resourcing issues as a result of changes to the plan.</p>	<p>To receive reports outlining the action taken where the Head of Audit 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.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements.</p>
<p>45. Internal Audit: Draft Annual Internal Audit risk based plan</p>	<p>That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Audit opinion.</p> <p>Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year.</p> <p>Ensure that the Internal Audit Resource has sufficiently capacity and capability to deliver the plan.</p>	<p>To approve, but not direct, the risk-based internal audit plan, including internal audit resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.</p> <p>To make appropriate enquiries of both management and the Head of Audit to determine if there are any inappropriate scope or resource limitations.</p>

Appendix A: Audit Committee Work Plan – 2018/19

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Seek an understanding of what assurances Internal Audit will be providing the Committee to help it discharge its terms of reference.</p> <p>Gain assurance that the Council has effective arrangements in place to fight fraud locally and that counter fraud resources are targeted to the Council's key fraud risks.</p>	
46. Internal Audit: Draft Audit Committee annual work plan and future training requirements	Assurance that the agreed plan of work for the year ahead will deliver against the terms of reference of the Audit Committee and that Members will receive appropriate learning and development in order to deliver their responsibilities effectively.	To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
47. Internal Audit: Fraud, special investigations and RIPA update	Provide assurances and an update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption. To monitor the counter-fraud, bribery and corruption strategy, actions and resources.
48. External Audit: Annual Plan	Evidence that the External Auditor understands the Council's business, risk, challenges and opportunities it is facing. Explanation of its audit approach and the scope of its plans.	To comment on the scope and depth of external audit work and to ensure it gives value for money.

Appendix A: Audit Committee Work Plan – 2018/19

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
49. External Audit: Certification Summary report	Seek assurances that claims and returns have been managed appropriately and that there are no significant errors that would result in loss of funding.	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
50. External Audit: Informing the risk assessment	<p>As part of External Audit's risk assessment procedures they obtain an understanding of management processes and the Audit Committee's oversight of the following areas:</p> <ul style="list-style-type: none"> • Fraud • Laws and regulations • Going concern • Related party transactions • Accounting estimates <p>This report includes a series of questions on each of these areas and the response we have received from the Council's management for Audit Committee to consider whether the responses are consistent with the its understanding and whether there are any further comments it wishes to make.</p>	To comment on the scope and depth of external audit work and to ensure it gives value for money.
51. External Audit: Audit Committee update	Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.	To consider specific reports as agreed with the External Auditor and other inspection agencies.

Appendix A: Audit Committee Work Plan – 2018/19

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>The paper also includes:</p> <ul style="list-style-type: none"> • a summary of emerging national issues and developments that may be relevant to the Council; and • a number of challenge questions in respect of these emerging issues which the Committee may wish to consider. 	<p>To comment on the scope and depth of external audit work and to ensure it gives value for money.</p>
Other assurance		
52. IT Manager: IT update	<p>Provide management assurance on the direction of travel and robustness of the internal control arrangements for IT activity and systems arising from the Council's identification of key strategic risks and associated governance issues.</p> <p>To include assurances on the delivery of disaster recovery testing.</p> <p>Monitoring this high risk impact area, provides assurances that actions are completed and risk-related issues are addressed in a timely manner. The Committee is not responsible for the regular performance monitoring of this activity.</p>	<p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p>

APPENDIX A

Audit Committee Work Plan 2018/19 Summary

Audit Committee Work Plan 2018/19	28 June 2018	<u>24</u> <u>July</u> <u>2018</u>	13 Sept 2018	6 Dec 2018	7 Mar 2019	Report originator
Internal Audit Annual Report	✓					Internal Audit
Approval of the Council's Statement of Accounts	✓					Section 151 Officer
<u>Review of the Council's Annual Governance Statement (AGS) and review of the effectiveness of the Council's internal controls and Shropshire Council's Code of Corporate Governance.</u>	✓					Section 151 Officer
<u>Review of Code of Corporate Governance</u>	✓					<u>Section 151 Officer</u>
Annual review of <u>the effectiveness of the system of</u> Internal Audit: <u>and</u> Quality Assurance and Improvement Programme (QAIP)	✓					Section 151 Officer
Annual Assurance Report of Audit Committee to Council	✓					Internal Audit
Revenue Outturn Report	✓					Section 151 Officer
Capital Outturn Report	✓					Section 151 Officer
Annual Whistleblowing report	✓					Head of <u>Workforce and Technology</u> <u>Human Resources</u>
Audit Fee Letter 2016/17	✓					External Audit
Audit Committee Update	✓		✓	✓	✓	External Audit
Fraud, special investigations and RIPA Updates (part 2)	✓		✓	✓	✓	Internal Audit
Council Tax and NNDR Performance Monitoring Report	✓			✓		Revenues and Benefits Service Manager
Pension Fund Audit Plan (information)	✓					External Audit
<u>Management Report: Estates Update</u>	✓					<u>Head of Business Enterprise and Commercial Services</u>
<u>Management Report: Digital Transformation Programme Update</u>	✓					<u>Head of Workforce and Technology</u>
Findings Report Shropshire Council		✓	✓			External Audit

Audit Committee Work Plan 2018/19	28 June 2018	24 July 2018	13 Sept 2018	6 Dec 2018	7 Mar 2019	Report originator
Risk and Insurance Annual Report			✓			Risk and Insurance Manager
Strategic Risks update			✓		✓	Risk and Insurance Manager
Audited Annual Statement of Accounts			✓			Section 151 Officer
Annual Treasury Report			✓			Section 151 Officer
Performance Report and revised Annual Audit Plan			✓	✓	✓	Internal Audit
<u>Programme controls and risks</u>			✓			<u>Director of Commissioning Technology and Communications</u> †
IT Update	✓		✓	✓	✓	
Housing Benefit Overpayment Performance Monitoring Report			✓			Revenues and Benefits Service Manager
Findings Report Shropshire County Pension Fund (Information)			✓			External Audit
<u>National Fraud Initiative Update</u>				✓		<u>Internal Audit</u>
Annual review of Audit Committee Terms of Reference				✓		Internal Audit
Annual review of Internal Audit Charter				✓		Internal Audit
Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy <u>and activities; including an update on the National Fraud Initiative (NFI)</u>				✓		Internal Audit
Treasury Strategy Mid-Year Report				✓		Section 151 Officer
Annual Audit Committee Self-Assessment				✓		Section 151 Officer
Annual Audit Letter				✓		External Audit
Treasury Strategy					✓	Section 151 Officer
Report of the Audit Review of Risk Management					✓	Internal Audit
Draft Annual Internal Audit Risk Based Plan					✓	Internal Audit
Draft Audit Committee annual work plan and future training requirements					✓	Internal Audit

Audit Committee Work Plan 2018/19	28 June 2018	<u>24</u> <u>July</u> <u>2018</u>	13 Sept 2018	6 Dec 2018	7 Mar 2019	Report originator
Audit Plan					✓	External Audit
Certification Summary Report					✓	External Audit
Informing the risk assessment					✓	External Audit

Appendix B

Audit Committee Members development topics

Core areas of knowledge

Organisational knowledge
Audit committee role and function
Governance
Internal audit
Financial management and accounting
External audit
Risk management
Counter fraud, bribery, corruption and whistleblowing
Values of good governance
Treasury management

Specialist knowledge that adds value to the Audit Committee

Accountancy
Internal audit
Risk management
Governance and legal
Service knowledge relative to the different Council functions
Programme and project management
IT systems and IT governance

Core skills

Strategic thinking and understanding of materiality
Questioning and constructive challenge
Focus on improvement
Able to balance practicality against theory
Clear communication skills and focus on the needs of users
Objectivity
Meeting management skills