

REPORT TO:	Audit Committee
REPORT NO:	HF/69/17
DATE:	27 July 2017
LEAD OFFICER:	Head of Finance
CONTACT OFFICER:	Paul Tharme (Tel: 292750)
SUBJECT:	Audit Committee – Annual Report 2016-17
WARD:	N/A

1. PURPOSE OF THE REPORT

To consider the Chair of the Audit Committee's Annual Report 2016-17.

2. EXECUTIVE SUMMARY

- 2.1 The purpose of the Audit Committee is to provide independent assurance to full Council and management of the adequacy of the risk management framework and the internal control environment.
- 2.2 The Audit Committee's Terms of Reference are set out in Part 2 Article 8.08 of the Constitution. These include the requirements that the Audit Committee should report:
- a) To those charged with governance on the Audit Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions. (30)
 - b) To full council on a regular basis on the Audit Committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose. (31)
- 2.3 The Chair of the Audit Committee's Annual Report 2016-17 is attached at Appendix 1 and this enables both requirements to be met. The report will be presented to Council in September 2017.

3. RECOMMENDATION

- 3.1 **That the Audit Committee recommends the Annual Report 2016-17 to Council.**

REASON FOR RECOMMENDATION

- (i) To ensure the Audit Committee meets the requirements of its Terms of Reference in that it can be held accountable by Council for its performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

4. BACKGROUND INFORMATION

- 4.1 The Audit Committee is a key component of the Council's corporate governance framework. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 4.2 The purpose of the Audit Committee is to provide independent assurance to full Council and management of the adequacy of the risk management framework and the internal control environment. It provides an independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- 4.3 The Chartered Institute of Public Finance and Accountancy recommends that, given its role in the governance structure and in promoting the principles of good governance, the Audit Committee should be clear how it supports one of the key principles: accountability.
- 4.4 It is also important that the Audit Committee should be held to account on a regular basis by the group to which it is accountable which in the case of Wrexham CBC is the Council. The aspects that should be specifically considered include:
 - a) Whether the Audit Committee has fulfilled its agreed terms of reference?
 - b) Whether the Audit Committee has adopted recommended practice?
 - c) Whether the development needs of Audit Committee members have been assessed and whether committee members are accessing briefing and training opportunities?
 - d) Whether the Audit Committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review?
 - e) What impact the Audit Committee has on the improvement of governance, risk and control within the authority?
- 4.5 These are specifically covered within the Audit Committee's Terms of Reference.
- 4.6 The Audit Committee's activities provide assurance as to the effectiveness of the Council's controls and make a positive contribution towards improving governance arrangements. The Council continues to face severe financial challenges and as it strives to look for efficiencies and service delivery initiatives, it is vital that good governance is maintained.
- 4.7 The Audit Committee will continue to support the Council as it responds to these challenges and by providing assurance on the effectiveness of governance arrangements, it is a key control in helping to mitigate risks in this area..
- 4.8 The relevant Equality Impact Assessment was updated in July 2017 as part of the preparation of this report.

5. IMPLICATIONS

5.1 **Policy Framework** - The Constitution sets out the following requirements relating to the Audit Committee:

Part 2 Article 2.23 – 2.24 - Chair of Audit Committee Role Description.

Part 2 Article 2.25 – 2.26 - Member of an Audit Committee Role Description

Part 2 Article 8.08 – Audit Committee Terms of Reference

This supports the Council Plan Objective 02 - Supporting a resilient Council by having a robust Audit Committee.

5.2 **Budget** - There are no budget implications arising from this report.

5.3 **Legal** - There are no legal implications arising from this report.

5.4 **Staffing** - There are no staffing implications arising from this report.

5.5 **Equality/Human Rights** – There are no Equality or Human Rights implications arising from this report. The Equality Impact Assessment found that as this is a retrospective report, there are no outcomes that will affect anyone.

Members are advised of their duty to consider the full Equality Impact Assessment which is available at <http://vmwinqld/equalityisalive/Menu.aspx> report number FIN/EIA00051/2016. Members of the public can request a copy of the full Equality Impact Assessment from the Contact Officer named in the header box of this report. A summary of the Equality Impact Assessment is attached as Appendix 2.

5.6 **Risks** - There are no new risks arising from this report.

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
None		