

ENFIELD

Council

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**AUDIT COMMITTEE
ANNUAL REPORT
2009/10
(DRAFT)**

CHAIRMAN'S INTRODUCTION

I am very pleased to present this Audit Committee Annual Report for 2009/10 to both the Committee and to full Council.

The report shows that the Audit Committee has undertaken its role effectively, covering a wide range of topics and ensuring that appropriate governance and control arrangements are in place to protect the interests of the Council and the community generally.

The introduction of the Annual Governance Statement has increased the corporate role of the Committee within the Council by promoting best practice and demonstrating that Enfield is a well run and efficient authority that takes its governance responsibilities seriously.

I would like to thank all the members who served on the Committee during 2009/10 and welcome those new members for the current year. My thanks also go to Councillor Jonas Hall, who chaired the Committee until September 2009, and Grant Thornton (external auditors) and to Council officers who have supported the work of the Committee and more specifically me in my role as Chairman.

Councillor Don Delman
Chairman

1. TERMS OF REFERENCE AND MEMBERSHIP

The terms of reference of the Audit Committee are set out in the Council's Constitution (see Chapter 2.7 – paragraph 5). Our primary purpose is to achieve best practice for corporate governance and to enable the Council to demonstrate its fiduciary responsibilities in preventing fraud and corruption and arranging proper stewardship of public funds.

Our terms of reference have been aligned with the core functions of an Audit Committee as recommended by CIPFA.

We met 5 times during 2009/10, in addition to a number of briefing sessions (see paragraph 13).

During 2009/10 our membership was:

Councillor Don Delman	Chairman from 23 September 2009 Vice Chairman to 23 September 2009
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Councillor Jonas Hall	Vice Chairman from 23 September 2009 Chairman to 23 September 2009
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Councillors Ruth Hones, Dinos Lemonides, Toby Simon, Doug Taylor. Councillor Adrian Croshaw replaced Councillor Henry Pipe from 1 July 2009.

2. THE COMMITTEE'S WORK PROGRAMME

We agree a comprehensive work programme each year covering all aspects of our terms of reference. Members have a direct input into the content of this programme which is reviewed and monitored at each meeting. Items can be added if the Committee feels it appropriate.

The work undertaken during 2009/10 fell into five key areas:

- the Internal Audit Plan and the adequacy of the control environment of the Council – a primary role of Internal Audit;
- the relationship with the external auditors of the Council, working together to maximise the contribution to the assurance process;
- the Annual Governance Statement and working across the Council to assess overall governance arrangements;
- Risk Registers and the management of risk relating to safeguarding
- specific areas of interest chosen by the Committee – these were the Contract Procedure Rules and the work of Corporate Procurement, review of Internal Audit against the CIPFA Code of Practice, International Financial Reporting Standards (IFRS) and Review of Arrangements for Senior Officer Remuneration.

Appendix A sets out the work programme of the Committee in 2009/10.

3. THE INTERNAL AUDIT PLAN 2008/9

In September 2009 we considered the Internal Audit & Investigations outturn report for 2008/9. This summarised the performance and effectiveness of the Internal Audit section for the year 2008/09.

We received a positive assurance that the control environment within the Council is adequate and that the work undertaken by the Audit Team has obtained sufficient evidence to support this opinion.

4. THE INTERNAL AUDIT PLAN 2009/10

The Internal Audit Plan for 2009/10 was considered at our meeting on 31 March 2009. It represented a key area of interest for the Committee and it covered the activities around controls, assurance and governance arrangements within the Council. The plan showed how the resources of the Internal Audit Team were to be applied to cover the key controls of the Council and address the risks that the Council faced. Regular reports throughout the year monitored the plan itself or specific aspects of activity around the control assurance.

5. INTERNAL AUDIT SERVICE

The Internal Audit & Risk Management division has undergone a period of significant structural and organisational change which has had an effect on the level of resources available to the team to achieve its projected work plans. However the 2009/10 Audit Plan was completed. Grant Thornton (external auditors) undertook a review of the Internal Audit Service in March 2009 and considered that the Council complied with the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in 2008/9. Recommendations for improvement were made and an improvement plan was implemented.

6. RELATIONSHIP WITH THE EXTERNAL AUDITORS

Representatives of our External Auditors have been regular attendees at our meetings, making a welcome contribution to governance processes within the Council and the development of committee members. We have considered reports on a variety of issues including tackling health inequalities in Enfield, data management, review of arrangements for senior officer remuneration, use of resources, grants certification.

7. THE ANNUAL GOVERNANCE STATEMENT

In June 2009 we considered the 2008/09 Statement of Accounts which included the Annual Governance Statement. Throughout the year we have monitored the Annual Governance Statement Action Plan and Framework to ensure that effective governance arrangements are in place within the Council.

8. CONTRACT PROCEDURE RULES

We have kept the Council's Contract Procedure Rules under review. We also reviewed waivers of the contract procedure rules.

9. RISK MANAGEMENT

In September 2009 we considered the Council's Corporate Risk Register to enhance the Council's identification and management of its key risks. The Council's Risk Management Strategy follows best practice to help the Council achieve its aims and objectives – to be Risk Aware not Risk Averse. As part of embedding the risk management process the Committee agreed to track a risk from the Corporate Risk Register in order to see how it was being managed. The risk selected was safeguarding. Consequently we received reports on safeguarding in relation to vulnerable children, adults and recruitment.

The Committee found the tracking of a specific risk to be very helpful in ensuring effective monitoring. It is suggested that future Audit Committees select a risk from the Corporate Risk Register for similar tracking.

We also considered two departmental Risk Registers (Place Shaping & Enterprise and Finance & Corporate Resources).

10. COUNTER FRAUD

In September 2009 the Audit Commission published "Protecting the Public Purse", a guide for the public sector on fraud risks in the recession with a checklist for those charged with governance. Performance against this checklist was very good with improvement actions implemented in some areas.

In January 2010 we approved the 3 year strategy for Benefit Fraud Investigation and Counter Fraud Policy Statement.

A number of initiatives and actions have placed Enfield in a good position for inclusion in pilot projects and being at the leading edge of anti fraud initiatives. We have been asked to be part of the CIPFA Fraud benchmarking pilot along with 3 other boroughs and other organisations. This together with other actions placed Enfield on the map as a Council who have a zero tolerance approach to fraud and demonstrate commitment to reducing fraud both within the Borough and wider.

11. TREASURY MANAGEMENT STRATEGY & PRUDENTIAL INDICATORS

In response to problems in the financial markets during the 'credit crunch' CIPFA revised the Code of Practice for Treasury Management and Prudential Indicators. A key recommendation of the revised Code was that there was a mechanism for reviewing Council's Treasury Management and Prudential Indicators (including the Investment Strategy) through scrutiny by the Audit Committee. We considered the 2010/11 Treasury Management Strategy & Prudential Indicators at our meeting on 2 March 2010. Future Audit Committees will need to include similar consideration in their work plans.

12. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The International Financial Reporting Standards (IFRS) are to be adopted with effect from the 2010/11 financial year, replacing UK Generally Accepted Accounting Practice (GAAP). The Finance team have and continue to work with the external auditors to support the transition to IFRS reporting. The Committee were pleased to note that the Audit Commission had identified Enfield as an example of good practice as having engaged positively in the transition process to IFRS as many council's were unprepared.

13. TRAINING AND BRIEFING SESSIONS

The following sessions were held during 2009/10:

- Reporting of risk and opportunity in reports
- Changes to the Statement of Accounts 2008/09
- 2009/10 External Audit Plan
- Accreditation and the support provided to schools

We propose to continue to hold regular update/briefing sessions on issues within our terms of reference throughout 2010/11.

14. WORK PROGRAMME 2010/11

We have agreed our work programme for the current year.

15. CONCLUSION

Overall we feel that we fulfilled our role and responsibilities successfully during 2009/10. Members demonstrated real commitment and engagement in the issues before them. We would like to express our appreciation to staff both within the Council and our External Auditors who have contributed to our work and supported us throughout the year.

Summary of Audit Committee Work Programme 2009/10

Date of Meeting	Report Considered
30 June 2009	<ul style="list-style-type: none"> • 2008/09 Annual Statement of Accounts including Annual Governance Statement • External Audit and Inspection Plan 2009/10 • Annual Inspection Fee letter
24 September 2009	<ul style="list-style-type: none"> • International Financial Reporting Standards • Corporate Risk Register • Certification of the audit of accounts 2006/7 and 2007/8 • Re-tendering of the contract for the provision of the Council's general insurance arrangements • Business Continuity • Annual Governance Statement Action Plan • Internal Audit & Investigations Progress Report
24 November 2009	<ul style="list-style-type: none"> • Use of Resources Audit • Management of Risk Relating to Safeguarding Vulnerable Children • Place Shaping & Enterprise Departmental Risk Register • Review of Internal Audit Service • Terms of Reference for Review of Arrangements for Senior Officer Remuneration • Annual Governance Statement Action Plan and Framework • Internal Audit & Investigations Progress Report
7 January 2010	<ul style="list-style-type: none"> • Council Tax Base 2010/11 • Management of Risk Relating to Safeguarding Adults • Annual Audit letter 2008/09 • Review of Data Management • Tackling Health Inequalities in Enfield • External Audit Audit Plan 2009/10 • Counter Fraud Policy Statement and Benefit Fraud Strategy • Money Laundering Policy • Internal Audit & Investigations Progress Report
2 March 2010	<ul style="list-style-type: none"> • Contract Procedure Rules • 2010/11 Treasury Management Strategy & Prudential Indicators • Finance & Corporate Resources departmental Risk Register • Safeguarding and the recruitment process • Government Protective Marking Scheme • Review of Arrangements for Senior Officer Remuneration • Grants Certification 2008/09 • Internal Audit Strategy & Plan 2010/11 • Internal Audit & Investigations Progress Report • Annual Governance Statement Action Plan