

ARCHBISHOPS' COUNCIL

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR

THE YEAR TO 31 MAY 2011

1. Introduction

The Audit Committee has a duty to oversee the discharge of the Archbishops' Council's responsibilities relating to the financial statements, governance, risk management and internal control systems and internal and external audit. It reports to the Archbishops' Council with recommendations as appropriate, and publishes a report each year which is laid before the Archbishops' Council and the July Group of Sessions of General Synod. Agreed practice is for the report to be debated every three years (this year's report is scheduled for debate), unless there is a specific request from the Committee in the intervening years to debate issues in addition to existing arrangements.

2. Meetings

The Committee has met three times during the year, on 22 July and 3 November 2010 and 5 May 2011.

3. Committee Membership

Member	Appointment	Attendance
Tony Hesselwood	Chair appointed by the Archbishops and approved by General Synod for three years to 31 July 2012.	3 of 3
Jane Bisson	Elected by the General Synod for five years to 31 December 2010.	2 of 2
Brian Newey	Appointed by the Appointments Committee from amongst the membership of the Finance Committee for five years to 31 December 2013. *	3 of 3
Keith Malcouronne	Re-elected by the General Synod for five years to 2015 or until successor elected.	3 of 3
Paul Boyd-Lee	Archbishops' Council Member and appointed by them until the 31 May 2016.	3 of 3
John Neilson	Appointed by the Archbishops' Council for five years to 30 November 2012.	3 of 3
Susan Cooper	Elected by the General Synod for five years to 2015 or until successor elected.	1 of 1

* In future under the amended constitution Brian Newey, as a member of the Finance Committee, will become ineligible to be a member of the Audit Committee.

Jonathan Evans OBE served as consultant to the Audit Committee and attended the Committee as an observer.

4. External audit

The Committee endorsed BDO's approach to the external audit for 2010 and fees at the meeting on 3 November 2010. This enabled greater value for money to be secured in undertaking the audit this year.

The Committee considered the external auditors' report on the 2010 financial statements and noted the management response. They were pleased that this process again went smoothly and that, for a second year, no extra fees needed to be incurred. They welcomed the wider involvement of the Council's senior management in the sign off of the letter of representation to the auditors for 2010.

5. Annual financial statements and trustees' report

The Committee reviewed at their meeting on 5 May 2011 the draft financial statements and trustees' report of the Archbishops' Council for 2010. After seeking some modifications which would provide greater clarity, they recommended their acceptance to the Archbishops' Council.

6. Internal Audit

The Committee reviewed the internal audit reports on corporate policies compliance within the MPA and Secretariat divisions, the management of grants within the Cathedrals and Church Buildings division and the review of funding allocations to dioceses. The Committee endorsed the relevant management responses, but will continue to monitor that these have been followed up expeditiously.

The Committee approved the 2011 internal audit plan, including greater priority being given to risk management activities.

7. Risk management

Following the review of internal audit effectiveness and risk management procedures reported last year, a new Director of Risk Management and Internal Audit for the NCIs took up his post in October 2010.

The Committee have endorsed the work undertaken in recent months to improve the risk management process, and have approved a revised risk management policy.

8. Representations

The Committee received no representations.

Under the NCIs' Whistleblowing policy, complaints are made to designated members of the NCI audit committees, who also supervise the subsequent investigation. No complaints were received in respect of the Archbishops' Council.

9. Other topics

The Committee would like to record its thanks to Jane Bisson and Brian Newey for their service to the Committee, and to Kim Parry for his service as Head of Internal Audit to the NCIs.

During the year the Council approved some changes to the constitution of the Committee, and these have already been reported to Synod. The Committee will advise on any further proposed changes to the governance of the Council.

Church House

London

31 May 2011

(signed) Tony Hesselwood

Chair of the Audit Committee

List of current members of Archbishops' Council's Audit Committee:-

Tony Hesselwood

Chair of the Audit Committee

Keith Malcouronne

Vice-Chair

Paul Boyd-Lee

John Neilson

Susan Cooper

Jonathan Evans

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