

## GENERAL SYNOD

### ARCHBISHOPS' COUNCIL

#### Annual Report of the Audit Committee for the year to 31 May 2016

#### **1. Introduction**

The Audit Committee has a duty to oversee the discharge of the Archbishops' Council's responsibilities relating to financial reporting, governance, risk management, 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 reviewed and discussed by Synod every three years (this year's report is not scheduled for debate), unless there is a specific request from the Committee in the intervening years to debate issues.

The Committee reviews minutes from the Finance and Investments Committees, along with Council minutes, to inform its work, to allow the prompt identification of relevant issues for its consideration and to seek further information from the management team when considered necessary.

Mary Chapman is Chair of the Committee. Mary has been a member of the Council since 2010.

#### **2. Meetings**

The Committee has met three times during the year, on 3 July 2015, 2 October 2015 and 2 March 2016.

#### **3. External audit**

The external auditors are BDO. At the meeting on 2 October 2015, the Committee agreed their approach to the 2015 external audit and confirmed that fees were in line with the agreed contract.

The Committee considered the external auditors' report on the 2015 financial statements and reviewed the management response. The audit went smoothly and no significant issues were identified. The Council's senior management team have again confirmed that they are not aware of any reason why the letter of representation to the auditors should not be signed off by those entrusted by the Council to do so.

#### **4. Annual financial statements and trustees' report**

The Committee reviewed, at their meeting on 2 March 2016, the draft financial statements for the Archbishops' Council for 2015 and initial draft annual report. The Committee worked with management and other selected members to shape the format and content of the annual report. This input also helped ensure that the annual report and accounts have been produced in a timely way for the Council and Synod. The

Committee recommended acceptance of the annual report and accounts to the Archbishops' Council.

## **5. Risk management**

The Committee maintains a review of the adequacy of the risk management arrangements in place within the Archbishops' Council. This includes review of strategic risks identified by the Archbishops' Council and operational risks identified and assessed by Divisional management. The Committee seeks to obtain insight and assurance over the current and planned mitigations in place to manage significant risks and during the past year has received assurance from internal audit work and directly from risk owners and other responsible senior staff. The key areas of risk, over which the Committee has sought assurance in the past year, have been in areas such as the delivery of new arrangements by the national safeguarding team; the development and approval of proposals under the renewal and reform agenda; developments to the funding model for the Archbishops' Council; and significant changes in the infrastructure and delivery of IT for the NCIs.

The Committee is content that current risk management arrangements follow good practice guidance from the Charity Commission and continue to mature and become more embedded for both management and trustees. The Audit Committee was content that the current risk register accurately reflected the issues faced by the Archbishops' Council. Further developments will take place during 2016, as priorities and business plans develop with the arrival of a new Secretary General and the continued roll out of the renewal and reform agenda.

## **6. Internal Audit**

The internal audit plan for the Archbishops' Council is focussed on providing an assessment on the adequacy and effectiveness of key controls in place to manage key risks to the achievement of the Archbishops' Council's objectives. In addition, the internal audit plan annually includes review of the controls in place within selected central service areas of the NCIs (ChECS). The Committee works with management to develop the internal audit plan, to ensure that resources are focussed on key areas of assurance need.

In the past year, the Committee has received reports on the following Archbishops' Council operations: The contract for ministry education; diocesan financial monitoring; the management of strategic development grants; and arrangements to roll out independent safeguarding assessment to Dioceses. These areas were identified as areas of significant change and also areas where significant operational risks were being managed.

The Committee was satisfied that overall, adequate internal control arrangements were in place in these areas. No fundamental control weaknesses were identified. Where weaknesses in control were identified, adequate action plans had been agreed with relevant management. The Committee has provided ongoing review of progress in the implementation of agreed management actions to address areas of weakness identified by internal audit.

In the past year the Committee has sought feedback and assurance from a range of senior managers over areas of planned change. This has included elements of the renewal and reform agenda, the financing of the Archbishops' Council and national safeguarding developments.

The Committee received regular updates from the National safeguarding team on the implementation of new policies and procedures and the implementation of assurance and quality inspection arrangements within Dioceses.

The Committee also received and reviewed the following internal audit reports which related to selected central service operations, used in common by all three National Church Institutions (NCIs): general IT controls, staff payroll, data handling compliance and a follow up of accounts payable. The majority of these areas were found to have effective controls in place to manage key risks. However, IT continues to be an area which requires further development.

The NCI IT infrastructure and resources have been subject to significant change and development in the past year and ongoing change to the department and infrastructure, and working practices will continue to be a focus in 2016. The Committee receives regular updates on progress, in what is a key risk area for the NCIs, including the Archbishops' Council.

The Committee approved the 2016 internal audit plan. The Committee has again aimed to ensure that the focus of the internal audit work in 2016 will be around areas of significant risk and significant planned change. Further focus will be on the adequacy of governance and programme management arrangements for elements of the renewal and reform agenda.

## **7. 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.

## **8. Committee Membership**

During the past year there have been a changes to the membership of the Committee. Keith Malcouronne, Susan Cooper and Paul Boyd Lee stepped down from the Committee after the 2<sup>nd</sup> October 2015 meeting.

Two new Synod elected members Debbie Buggs and Stephen Hogg were appointed in January 2016 and attended their first meeting on 2 March 2016. In addition Simon Butler has been appointed as the representative from the Council and will attend his first meeting in July 2016.

It has been agreed, by the Appointments Committee, that the terms of John Nielson and Jonathan Evans would both be extended by one year. This will provide continuity whilst new members become embedded.

<b>Member</b>	<b>Appointment</b>	<b>Attendance</b>
Mary Chapman	Chair appointed by the Archbishops' Council in the first instance until 31 December 2017.	[3 of 3]
Keith Malcouronne	Re-elected by the General Synod for five years to 2015 or until successor elected. Last meeting on 2 October 2015	[2 of 2]
Paul Boyd-Lee	Archbishops' Council Member and appointed by them until 31 May 2016. Last meeting on 2 October 2015	[2 of 2]
John Neilson	Appointed by the Archbishops' Council for one further year to 30 November 2017.	[3 of 3]
Susan Cooper	Elected by the General Synod for five years to 2015 or until successor elected. Last meeting on 2 October 2015	[2 of 2]
Jonathan Evans	Appointed by the Archbishops' Council for one further year to May 2017.	[2 of 3]
Debbie Buggs	Elected by the General Synod for five years to 2021 or until successor elected.	[1 of 1]
Stephen Hogg	Elected by the General Synod for five years to 2021 or until successor elected.	[1 of 1]
Simon Butler	Archbishops' Council Member and appointed by them until 31 May 2021.	n/a

Church House  
London  
18<sup>th</sup> May 2016

(signed) Mary Chapman  
Chair of the Audit Committee