

Report to Audit Committee

Agenda
Item:

A.8

Meeting Date: 19 March 2018
Portfolio: Finance, Governance and Resources
Key Decision: Not Applicable:
Within Policy and
Budget Framework YES
Public / Private Public

Title: UPDATE ON EFFECTIVENESS REVIEW OF THE AUDIT
COMMITTEE
Report of: Chief Finance Officer
Report Number: RD52/17

Purpose / Summary:

This report provides Members with an update on the Audit Committee effectiveness review and the proposed training programme for the Committee for the forthcoming Civic year.

Recommendations:

Members are requested to approve or suggest amendments to the proposed outline training programme.

Tracking

Audit Committee:	19 March 2018
Overview and Scrutiny:	Not applicable
Council:	Not applicable

1. BACKGROUND

- 1.1 This report provides an update following the effectiveness review of the Audit Committee, which was undertaken on 19th April 2016 and a further workshop to discuss the improvement plan which was held on 11 April 2017.
- 1.2 An update was provided to the Committee on 14 July 2017, outlining the proposed areas for a skill based framework and specific training programme and how the profile of the Audit Committee could be raised.
- 1.3 From that meeting the following comments were made:
- Members would welcome the opportunity to talk to the Chief Executive about the culture of the organisation at a pre-meeting session;
 - Senior Members of the Committee could act as mentors to new Members;
 - Moving forward the private preparatory / briefing meetings for Members held immediately prior to each meeting to be used as a training session; the new arrangement to be reviewed in a year;
 - Task and Finish Group meetings could be held on occasions where such meetings would add value to the work of the Committee;
 - Consideration to be given to the number of Committee meetings and possible use of special meetings to avoid the scenario whereby a large volume of business required to be transacted at any meeting;
 - Members were in agreement with the suggestions put forward with a view to raising the profile of the Audit Committee.

2. TRAINING PROGRAMME

- 2.1 The Committee currently receives specific training on the Statement of Accounts, Role of Internal Audit, Role of External Audit and Role of the Audit Committee as part of the Ethical Governance Training Programme in June each year which is to aid the Committee in fulfilling its role throughout the year.
- 2.2 As well as this specific training it was agreed that there would be further opportunities to deliver training to the Committee prior to each meeting. (From 9.15 to 10.00). A proposed outline of the subjects to be covered by this training is given below. It is proposed to start these training sessions from the 9 July meeting, with one topic being covered at each subsequent meeting.
- **Local code of Corporate Governance/Annual Governance Statement (9 July)**
 - *Overview of the requirements*
 - *What goes in the Annual Governance Statement?*
 - *Approval Process*

To be delivered by Principal Auditor and Deputy Chief Finance Officer

- **Budget planning process (26 September)**
 - *Overview of budget process, including MTFP, Timetable, Reporting requirements*
- **Financial reporting and monitoring (26 September)**
 - *Overview of content of budget monitoring reports*
 - *Explanation of terminology used*
 - *Impact on reserves*

Both to be delivered by Deputy Chief Finance Officer

- **Treasury Management (including MRP) (17 December 2017)**
 - *Overview of Prudential Code, CIPFA Code of Practice on Treasury Management, Guidance on Minimum Revenue Provision and Local Authority Investment Guidance*

To be delivered by Deputy Chief Finance Officer

- **Public Sector Internal Audit Standards (PSIAS) (18 March 2019)**
 - *Overview of the PSIAS and what they include*

To be delivered by Principal Auditor

- **The risk based approach to internal auditing (18 March 2019)**
 - *Overview of the planning process, risk scoring matrix and detail around where audit resources will be deployed*

To be delivered by Principal Auditor

Further training proposed for 2019/20 will include:

- Risk Management (tbc)
- Value for Money (tbc)
- Constitution (tbc)
- Counter Fraud and Corruption (tbc)
- Understanding of Legislation (tbc)

2.4 An updated CIPFA Guidance on Local Government Finance was published at the end of 2017 and copies have been placed on the intranet for members and officers to view. There are two versions of the document, an introductory version that is more abridged and easier to read and a full version that goes into more technical

detail. These documents could be utilised in the Budget Setting and Financial Reporting and Monitoring Training sessions.

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 3.1 Members are requested to note the comments and proposed training programme included in the report to improve the effectiveness of the Committee.

4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 4.1 To ensure that the Council has the necessary governance arrangements in place to comply with statutory requirements and CIPFA guidance.

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**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

Community Services – not applicable

Economic Development – not applicable

Governance & Regulatory – The purpose of the Council's Audit Committee is to provide independent assurance of the adequacy of the risk management framework and also scrutiny of our financial and non-financial performance. The establishment of the Committee is in line with CIPFA best practice as is the requirement to review the committee's effectiveness so as to ensure that the Council obtains the necessary assurance it requires. Even when operating to a satisfactory level, we should also seek to improve when we are able to do so. Article 15 of the Constitution says that the Monitoring Officer should promote best practice amongst the Council's Committees and the effectiveness review of the Audit Committee which included the involvement of the Chief

Finance Officer, Designated Head of Internal Audit and the Monitoring Officer is welcomed and is an excellent part of this process.

Corporate Support & Resources – included in the main body of the report