



*cutting through complexity™*

# Audit Committee Effectiveness Training

**Member briefing**

London Borough of Brent

# London Borough of Brent Audit Committee Effectiveness Training

## Background

CIPFA's guidance 'Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition)', suggests that the purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. In this way, audit committees are an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. Good governance is a feature of high performing organisations.

KPMG have worked with a number of different public sector organisations to assess their governance arrangements and have delivered Board development programmes to a number of aspiring NHS Foundation Trusts. We have worked with the London Borough of Brent since 2012, as your external auditor, and have attended a number of your audit committee meetings. We therefore understand the Borough and the issues you are facing.

We have been asked by the Chief Finance Officer to develop and deliver training to audit committee members to help them understand their role more fully and to improve the audit committee's effectiveness. We have also been asked to include the Brent Housing Partnership Audit Committee's members in the training. This document outlines how we propose to work with your audit committee members and the training that we will deliver.

## Purpose of this proposal

The use of this document is solely for internal purposes by the London Borough of Brent and it should not be copied or disclosed to any third party or otherwise quoted or referred to, in whole or in part, without our prior written consent.

## Our approach

The training will involve:

- a review of documentation including audit committee papers and forward plan;
- observation of London Borough of Brent and Brent Housing Partnership audit committee meetings;
- survey of audit committee members;
- face to face meetings with audit committee members in advance of the training; and
- initial training session.

Following this initial training session, we intend to review progress with the Chief Finance Officer to consider whether an on-going development programme would be useful.

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## Objectives

The objectives of our work are:

Objective	Description of work to undertake
<b>Objective One</b>  Assess the committee's effectiveness and look at the characteristics of an effective audit committee	We will assess the effectiveness of the Audit Committee. We will do this by observing the audit committee meetings. Our review will also consider: <ul style="list-style-type: none"><li>member induction and performance management; and</li><li>performance reporting including the quality and timeliness of information provided to audit committee members.</li></ul>
<b>Objective Two</b>  Ensure all members of the audit committee have a clear and shared understanding of their role	Deliver training to ensure that members have a shared understanding of their role. We will explore members' understanding of the role through a questionnaire and also through face to face meetings with members individually to ensure that we understand their training needs. The training will cover: <ul style="list-style-type: none"><li>The purpose of an audit committee;</li><li>The core functions of an audit committee (including the Annual Governance Statement, internal audit, risk management, countering fraud and corruption, external audit and financial reporting; and</li><li>The characteristics of effective committees.</li></ul>
<b>Objective Three</b>  Provide training on some of the softer skills that will help the members to become more effective in their role.	This part of the training will focus on some of the practical and softer skills needed to be an effective audit committee member and will include: <ul style="list-style-type: none"><li>Preparation for the meeting (reading materials, areas to probe, additional information requests and use of pre-meetings);</li><li>Techniques for effective challenge (questioning style, Member / Member challenge, Member / Officer challenge).</li></ul>

## Key contacts

In order to undertake this work we will require meetings with:

- Conrad Hall, Chief Finance Officer;
- Members of the London Borough of Brent Audit Committee, and
- Members of the Brent Housing Partnership Audit Committee.

This list is not exhaustive and we may require additional meetings, as our work evolves.

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## Resourcing

The staff identified to conduct this review have been drawn from our public sector team and have been selected due to their experience of working with local authorities and also for their experience in performing board governance reviews.

## Outputs

At the conclusion of our work we will present a short report for discussion with the Chief Finance Officer and the audit committees. The report will include our main observations, recommendations and areas for development.

## Timetable

The timetable for this review is shown below:

Due date	Task	Responsibility	
		Local Authority	KPMG
January 2015	Agree project brief	✓	✓
<b>Fieldwork</b>			
7 Jan & 24 March 2015	Observe LB Brent Audit Committee	✓	✓
March 2015	Commence information gathering (off site)		✓
TBC	Observe Brent Housing Partnership meeting		✓
March & April 2015	Questionnaire completed by audit committee members		✓
April & May 2015	Audit Committee member interviews		✓
June 2015	Training Session		✓
<b>Reporting</b>			
July 2015	Discuss draft report with Chief Finance Officer	✓	✓
End of July 2015	Final report issued		✓

## Documentation request

We list below documentation we would like to review in advance of our fieldwork. This list is not exhaustive and we may request further documentation. If you feel that there are other documents that would assist the review which are not listed below we would be grateful if you could also provide them. We will require these documents for the London Borough of Brent and the Brent Housing Partnership.

- Audit Committee papers and minutes from the last two meetings;
- Forward plan for Audit Committee;
- Induction and training plan for Audit Committee members and
- Any previous self assessment completed by the Audit Committee;
- CVs of Audit Committee members; and
- Committee Structure, terms of reference, membership, timings and frequency of meetings.

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## Actions for audit committee members

### *Pre face to face meeting*

We need you to complete a brief CV and a questionnaire. Completed individual CVs and questionnaires will not be shared with anyone other than KPMG staff and remain confidential. However, common themes arising from the questionnaires will be shared as part of the report and the training session. We will ask for audit committee members to provide their name on the questionnaire so that the face to face meeting can be tailored to an individual members' needs.

The form of the CV is up to the individual audit committee member but if possible can you please include:

- The amount of time that you have been a councillor
- Any business or financial experience or training – either outside or inside the council
- Any audit committee or scrutiny committee experience
- Other council committee experience

We would like completed CV and questionnaires to be sent to Sally-Anne Eldridge at [Sally-Anne.Eldridge@kpmg.co.uk](mailto:Sally-Anne.Eldridge@kpmg.co.uk).

## Questions

If you have any questions about the training please do not hesitate to contact Phil Johnstone or Sally-Anne Eldridge (details shown below):

Email: [Philip.Johnstone@kpmg.co.uk](mailto:Philip.Johnstone@kpmg.co.uk)

Telephone: 020 7311 2091

Mobile: 077 6974 2275

Email: [Sally-Anne.Eldridge@kpmg.co.uk](mailto:Sally-Anne.Eldridge@kpmg.co.uk)

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