



**Audit Committee
20 March 2017**

**Report from the Chair
of the Audit Committee**

For information

Wards affected: ALL

Improving the Working of the Audit Committee

1.0 Summary

- 1.1 This report sets out a number of suggestions from the Chair of the Audit Committee to help improve the working of the Committee.

2.0 Recommendations

- 2.1 It is recommended that the Audit Committee recommends to the Constitutional Working Group that:
- Present an annual report to the Council, on the major issues identified and level of assurance provided.
 - Request that a programme of additional training be offered to members.
 - Request that consideration be given to trying and maintain a common membership of the Committee, subject of course to the outcomes of elections.
- 2.2 That Members consider any other improvements they may wish to recommend.

3.0 Background

- 3.1 Following some consideration of the Audit Committee's effectiveness and in view of approaching the end of the Chair's second term, the Chair sets out below a number of suggestions that he believes may help the effectiveness of the Committee, and hence help the level of assurance it can provide to the Council.
- 3.2 Although taken a few years ago, the introduction of "call in" arrangements, where managers are asked to attend the committee to explain the action being taken following a significantly unsatisfactory audit report has undoubtedly helped the level of assurance the Committee can provide. It is, however, acknowledged that there is a feeling among some officers that this is heavy handed, which will need to be considered.

3.3 A major issue that was identified was the lack of expert independent input in the Committee's discussions, (the Chair is an independent, a qualified accountant, with a long local government finance background, but he had identified that chairing the meeting, he is at least in part prevented from acting as independently as he would have wished). The Committee therefore agreed to the recruitment of a second independent member, and the Council has been very fortunate in recruiting an independent with a vast experience of local government audit at a senior level.

3.4 A forward plan for the Committee is also being introduced to try and better plan the workload of the Committee.

4.0 Detail

4.1 A number of additional actions are suggested that should improve the efficiency of the Audit Committee. These have been outlined in the paragraphs below.

4.2 A concern is that there is not enough feedback from the Audit Committee to the Full Council, and it is suggested that an annual report on the key issues, identified by the Audit Committee during the municipal year, is presented to Full Council.

4.3 A further need that was identified was for additional training, although some training is being provided on both Treasury Management, by the Council's Treasury Management advisors, and jointly with a number of other authorities by PriceWaterhouseCoopers (PwC) as part of their internal audit provision (regrettably only the Chair and one member were able to attend). The Chair also attended a meeting organised by KPMG with a number of other Chairs and lead members. It is suggested that some additional training on such subjects as the level of risk, assurance and questioning, would be of help and it is therefore suggested the Committee again look to our two firms of auditors, Treasury Management Advisors, and in house staff to provide this. Although there will clearly be a cost to this the Chair believes it would be justified.

4.4. Linked to the above, and although it is clearly acknowledged that the appointment of Members to the Committee is the preserve of Councillors, in view of the suggested investment in training and the experience gained in this area, it is suggested that, as far as possible, the same Members remain on the Committee for a whole Council.

5.0 Financial Implications

5.1 There may be some limited cost from the provision of additional training.

6.0 Legal Implications

6.1 None.

7.0 Diversity Implications

7.1 None.

8.0 Staffing Implications

8.1 None

Background Information

None

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