

REVIEW OF THE AUDIT COMMITTEE'S ANNUAL WORK PLAN AND FUTURE LEARNING AND DEVELOPMENT REQUIREMENTS 2014/15

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1. Summary

It is important that Audit Committee Members have an agreed plan of work for the year ahead and receive appropriate learning and development in order to deliver their responsibilities effectively. This report provides a proposed Audit Committee work plan and seeks discussion and agreement around a learning and development plan for Members to ensure that they are well informed and appropriately skilled to fulfil their role.

2. Recommendations

The Committee is asked to consider and approve, with appropriate comment:

- a) The Audit Committee work plan for 2015/16, **Appendix A**;
- b) A learning and development plan for Members of the committee taking in to account information in **Appendices A and B**.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 By identifying the key topics to be considered at the Audit Committee meetings and receiving appropriate learning and development sessions in respect of their roles and responsibilities, Audit Committee Members are able to undertake their duties effectively and deliver them to a high standard thereby adding to:
 - the robustness of the risk management framework,
 - the adequacy of the internal control environment and
 - the integrity of the financial reporting and annual governance of the Council.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities or climate change requirements or consequences of this proposal.

4. Financial Implications

- 4.1 The Audit Committee work plan and learning and development sessions for members will be met from within approved budgets.

5 Background

- 5.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) identifies the purpose of an Audit Committee, in its Practical Guidance for Local Authorities and Police 2013 Edition, as providing 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 local authorities, audit committees are necessary to satisfy the wider requirements for sound financial management, 'ensuring that the financial management of the body is adequate and effective and that the body has a sound system of control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk'¹. With a known work plan, and appropriate and timely learning and development for Members, the committee will be well prepared and members will gain the knowledge and experience needed to carry out their role effectively.
- 5.2 The work plan shows with tracked alterations any proposals for changes and member approval is sought on these, **Appendix A**. In considering the amendments the following information may be useful:
- a) With effect from June 2015 the Council's Benefit Fraud Team will transfer to the Department for Work and Pensions (DWP) to form part of the Single Fraud Investigation Service (SFIS) which will be responsible for investigating all welfare benefit fraud.
 - b) The main objectives of the SFIS are to:
 - operate under a single policy and set of operational procedures for investigating all welfare benefit fraud
 - conduct single investigations covering all welfare benefit fraud
 - rationalise existing investigations and prosecution policies in order to create a more coherent investigation service which is joined up, efficient and operates in a more consistent and fair manner, taking into account all offences that are committed
 - support the fraud and error integrated strategy of preventing fraud and error entering the benefit system by detecting and correcting fraud and punishing and deterring those who have committed fraud
 - c) In view of this change, the Benefit Fraud Team Performance Monitoring reports will no longer be put before Audit Committee.
 - d) From June 2015 Housing Benefits will monitor all cases of suspected Fraud referred to the DWP and include statistics on the level of fraudulent

¹ Accounts and Audit (England) Regulations 2011 (2011 no817)

overpayment identified as a result into the annual Housing Benefit Overpayment Performance Monitoring Report.

- e) The IT disaster recovery and business continuity update report is to be circulated on the 8th May 2015 to Members for their consideration as to whether a special meeting of the committee is required.
 - f) Following a Members' training session, six monthly reports on the strategic risks have been introduced into the work plan.
- 5.3 CIPFA identify a key characteristic of an effective Audit Committee as having a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. There is a range of knowledge and experience that audit committee members can bring to the committee which will enable it to perform effectively. No one committee member is expected to be an expert in all areas. There are however some core areas of knowledge which committee members need to acquire in addition to the need for regular briefings and training.
- 5.4 Members consider annually their learning and development plan to support them in delivery of their roles. In 2014/15 Members have received three half day sessions which covered a number of topics in detail. These included reviewing members training and development needs against CIPFA's knowledge and skills framework; considering the effectiveness of the Audit Committee; receiving updates on value for money (VFM), locality commissioning, adult social care, external auditors work, risk management responsibilities, good governance, project and programme management, questioning techniques, the statement of accounts and reviewing the annual governance statement. Training has been delivered from a variety of in-house resources, along with colleagues from external audit.
- 5.5 It is proposed that training is again provided in three half day sessions over the next twelve months in May, October and January with dates to be agreed with the Chairman.
- 5.6 **Appendix B** identifies training topics for Audit Committee Members to consider. Training topics are identified as core areas of knowledge that all Audit Committee Members should seek to acquire and specialisms that can add value to the committee. Members may also want to hear from key officers of the Council where new or changing activities are emerging. Whilst members are asked to confirm the initial sessions for learning and development, this will not prevent any additional items being added during the year or changes being made if these are felt to be of value.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Previous training session records

CIPFA's Audit Committees Practical Guidance for Local Authorities and Police 2013

Audit Committee, 23 February 2015: Review of the Audit Committee's Work Plan and Future Learning and Development Requirements

Edition

Cabinet Member (Portfolio Holder) Keith Barrow (Leader of the Council) and Brian Williams (Chairman of Audit Committee)

Local Member n/a

Appendices

Appendix A – Audit Committee Work Plan 2015/16

Appendix B – Audit Committee Members development topics

Appendix A

Audit Committee Work Plan 2015/16	25 June 2015	17 Sept 2015	26 Nov 2015	18 Feb 2016	Report originator
IT Disaster recovery and business continuity report – to be circulated in April 2015					Head of Customer Involvement and the ICT Manager
Management report on programme controls and risks (and the top fifty contracts controls and risks in June)	✓	✓	✓	✓	Director of Commissioning
Internal Audit Annual Report	✓				Internal Audit
Review of Annual Statement of Accounts	✓				S151 Officer
Annual Governance Statement and a review of the effectiveness of the Council's system of internal control	✓				S151 Officer
Review of Code of Corporate Governance	✓				S151 Officer
Annual review of the effectiveness of the system of Internal Audit and Quality Assurance and Improvement Programme	✓				S151 Officer
Annual Assurance Report of Audit Committee to Council	✓				Internal Audit
Pension Fund Audit Plan 2014/15 (information)	✓				External Audit
Certification Plan 2014/15	✓				External Audit
Audit Fee Letter 2015/16	✓				External Audit
Revenue Outturn Report	✓				S151 Officer
Capital Outturn Report	✓				S151 Officer
Annual Whistleblowing report	✓				Head of Human Resources
Council Tax and NNDR Performance Monitoring Report	✓		✓		Revenues and Customer-Contact Benefits Service Manager
Housing Benefit Overpayment Performance Monitoring Report		✓			Revenues and Customer-Contact Benefits Service Manager

Audit Committee Work Plan 2015/16	25 June 2015	17 Sept 2015	26 Nov 2015	18 Feb 2016	Report originator
Audit Findings Report 2014/15 Shropshire Council		✓			External Audit
Audit Findings Report 2014/15 Shropshire County Pension Fund (Information)		✓			External Audit
Audited Annual Statement of Accounts		✓			S151 Officer
Risk Annual Report		✓			Risk and Insurance Management Team Leader
Annual Treasury Report		✓			S151 Officer
Internal Audit IT Audit update		✓			Internal Audit
Strategic risks update		✓		✓	Risk and Insurance Management Team Leader
Results of National Fraud Initiative		✓	✓		Internal Audit
Annual review of Audit Committee Terms of Reference			✓		Internal Audit
Annual review of Internal Audit Charter			✓		Internal Audit
Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy			✓		Internal Audit
Half year Internal Audit performance report update and revised Annual Audit Plan			✓	✓	Internal Audit
Annual Audit Letter 2014/15			✓		External Audit
Value Statement 2014/15			✓		External Audit
Treasury Strategy Mid-Year Report			✓		S151 Officer
Annual Audit Committee Self-Assessment			✓		S151 Officer
Benefit Fraud Team Performance Monitoring Reports				✓	Revenues and Customer Contact Manager
Three quarter audit report update				✓	Internal Audit
Treasury Strategy				✓	S151 Officer

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2013/14 Financial Resilience- Benchmarking Report				✓	External Audit
2014/15 Certification Summary Report				✓	External Audit
Informing the risk assessment				✓	External Audit
Audit Plan 2015/16				✓	External Audit
Internal Audit report of the Review of Risk Management Audit				✓	Internal Audit
Draft Internal Audit Risk Based Plan				✓	Internal Audit
Draft Audit Committee annual work plan and future training requirements				✓	Internal Audit
External Audit – Audit Committee update	✓	✓	✓	✓	External Audit
Internal Audit Fraud Updates (part 2)	✓	✓	✓	✓	Internal Audit

Audit Committee Members development topics

Core areas of knowledge

Organisational knowledge
Audit committee role and function
Governance
Internal audit
Financial management and accounting
External audit
Risk management
Counter fraud, bribery, corruption and whistleblowing
Values of good governance
Treasury management

Specialist knowledge that adds value to the Audit Committee

Accountancy
Internal audit
Risk management
Governance and legal
Service knowledge relative to the different Council functions
Programme and project management
IT systems and IT governance

Core skills

Strategic thinking and understanding of materiality
Questioning and constructive challenge
Focus on improvement
Able to balance practicality against theory
Clear communication skills and focus on the needs of users
Objectivity
Meeting management skills