

Audit Committee – 25 October 2010

Review of Audit Committee Effectiveness at Walsall Metropolitan Borough Council – Draft Action Plan for Approval

Summary of report:

To provide Audit Committee with a draft action plan for approval following Grant Thornton's report entitled 'Review of Audit Committee effectiveness at Walsall Metropolitan Borough Council'.

Background papers:

Grant Thornton's report entitled 'Review of Audit Committee effectiveness at Walsall Metropolitan Borough Council'.

Recommendation:

1. To agree the draft action plan at **Appendix 1**.



Rory Borealis – Executive Director (Resources)
11 October 2010

Background

Grant Thornton agreed with Walsall Council that they would undertake a review of the effectiveness of the council's Audit Committee as part of their annual external audit for 2009/10, in order to appraise the effectiveness of the Committee as an important aspect of the Council's governance and assurance processes. The review was intended to assist the Committee in its periodic review and the self assessment of its work, in the context of continuous improvement.

The report was considered at Audit Committee of 28 September 2010 where it was noted and agreed that officers would prepare a draft action plan to address the issues identified. It was agreed that the draft action plan would be presented for discussion at a future meeting of the Committee.

Draft Action Plan

The draft action plan has been prepared and is detailed at **Appendix 1**.

Resource and legal considerations:

None directly related to this report.

Performance and risk management issues:

The report raises a number of issues around performance and risk management.

Equality Implications:

None directly arising from this report.

Consultation:

Grant Thornton designed a questionnaire which was completed by Audit Committee members and also held a workshop session with members. The resultant report was considered by members at Audit Committee on 28 September 2010.

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Draft Action Plan

Review of Audit Committee Effectiveness at Walsall Metropolitan Borough Council

Ref	Recommendation	Priority	Council Comment	Responsibility	Timescale
Role of the Audit Committee					
R1	Consider which areas of Council business are appropriate for management review and those for the Audit Committee to consider. The latter should focus on identifying trends and requesting information from the relevant officer in order to make informed decisions.	M	Audit Committee's improved work plan and timetable for 2010/11 now includes a comprehensive list of inspection / assurance sources for Audit Committee's consideration. Audit Committee will scrutinise such sources, including obtaining information from the presenting officers as part of their consideration of each item. The training needs assessment suggested at R4 will also assist in the effectiveness of this.	Assistant Director – Finance	Implemented
R2	Consider the use of an 'early warning' system on potentially important issues worthy of tabling at Audit Committee and review these as a priority.	H	This has been addressed by the new quarterly reporting of all internal audit reports issued with a 'no' or 'limited' assurance opinion. 'Hot issues' will be added as a standard Audit Committee agenda item for early reporting of potentially important issues worthy of tabling at Audit Committee.	Head of Internal Audit Constitutional Services Officer	Implemented 7 December 2010
Skills and Knowledge of the Audit Committee					
R3	Discuss with officers the options around finding a suitable independent member. Ensure clarity of role objectives to guard	M	Options for sourcing a suitable independent member will be presented to the next meeting of the Committee.	Assistant Director – Finance	7 December 2010

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	against any potential imbalances arising within the committee.				
R4	Identify any training needs required by the Audit Committee, focusing on skills directly required to conduct the role and supporting this with knowledge gathering by other means such as briefings by specialists in particular areas where the need arises, for example European Grant Funding.	H	<p>A training needs assessment will be undertaken and presented to the next meeting of the Audit Committee for approval.</p> <p>The suggested format of which will be '20 minute bite size sessions' which will be delivered prior to the commencement of each Audit Committee meeting on a topic relevant to that agenda.</p>	Head of Internal Audit & Head of Corporate Finance	7 December 2010
Role of External Audit					
R5	Consider probing external audit for example requesting presentations at Audit Committee on specific areas eg the scope and focus of its work and why it is important.	M	<p>Audit Committee's improved work plan and timetable for 2010/11 now includes a comprehensive list of inspection / assurance sources for Audit Committee's consideration, including external audit inspection reports. Audit Committee will continue to probe external audit as part of their consideration of external audit items.</p> <p>External audit will be included within the training needs assessment suggested at R4</p>	Assistant Director – Finance	Implemented
Role of Internal Audit					
R6	Consider the adoption of a RAG rated priority system to ensure that key issues are escalated and reviewed by the Audit Committee on a more timely basis.	H	As R2.		

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Risk Management					
R7	Focus on the observation of trends rather than detail. Consider how risks are increasing or decreasing through time and assess their impact.	M	<p>Audit Committee receive the corporate risk register which identifies if risks have increased or decreased and shows the trend. In addition they also have sight of the risk matrix. Audit Committee select a number of risks for review. The ones selected are often those where it can be seen that the risk has deteriorated; have a high corporate profile or have a significant impact on the Committee discharging its assurance responsibility. Officers are asked to attend and present their risk management action plans to Committee who may challenge actions plans to ensure that the controls identified are being actioned.</p> <p>A follow up plan will, however, be introduced to enable Audit Committee to review those risks previously selected and the impact over time.</p>	Corporate Risk & Insurance Manager	7 December 2010