

Audit Committee

Agenda Item No. 8

8th July 2021

Audit Committee Role, Remit and Work Programme 2021/22

Ward(s): All

Portfolios: All

Purpose: Approve

1. Aim

- 1.1 To ensure that the work of the Audit Committee fulfils its remit including independent review of governance, risk management, financial reporting and other governance processes within the council, as well as overseeing the work of internal and external audit.

2. Summary

- 2.1 This report outlines the remit of the Audit Committee and the proposed work programme for 2021/22 for consideration and approval.

3. Recommendations

- 3.1 To note the remit of the Audit Committee.
- 3.2 To consider, amend as appropriate, and approve the proposed work programme for 2021/22.

4. Report detail – know

- 4.1 The Audit Committee's remit is included within Part 3 of the council's constitution. The membership of Audit Committee comprises 7 councillors and 3 independent (non-voting) members. The remit is included at Appendix 1.
- 4.2 The Committee's work is a major aspect of the council's corporate governance framework. Its wide-ranging remit includes providing independent assurance on the adequacy of the internal control environment. It provides an independent review of governance, risk management, financial reporting and other governance processes, as well as overseeing the work of internal and external audit. This provides assurance to local taxpayers and other stakeholders on the adequacy of the council's arrangements in these regards.
- 4.3 The work programme seeks to ensure that the work of Audit Committee is focused on those areas requiring their scrutiny and oversight, specifically the internal control environment and assurance framework. The proposed work programme is attached at Appendix 2.
- 4.4 Training on the remit and role of the Audit Committee, the governance framework, including the internal control environment and risk management framework, is planned to take place

during the year. Additionally, it is proposed that further training and development opportunities are made available to Committee members, where required, to suit the experiences of individual Members. A proposed training programme for the Committee is as follows:

- June 2021 - Overview of Role, Remit and Responsibilities of the Audit Committee; Internal Audit/Internal Control Environment; Statement of Accounts Overview
- September 2021 - Statement of Accounts, Risk Management
- November 2021 - Governance / Assurance Mapping
- February 2022 - Counter Fraud / Fraud Awareness
- April 2022 - Accounting Policies

4.5 Additional learning and development opportunities may present during the year, including audit committee and governance related seminars. Additionally, CIPFA via their Better Governance Forum network, provide briefings and updates for Audit Committee Members, which will be circulated for information and/or follow up.

5. Financial information

5.1 There are no direct financial implications arising from this report. Financial management is an integral part of the council's governance framework.

6. Reducing Inequalities

6.1 The work of the Audit Committee provides assurance that the council's governance arrangements are effective. Good governance support delivery of the council's objectives, a key driver of which is reducing inequalities.

7. Decide

7.1 Audit Committee may approve the proposed work programme as set out or amend it as appropriate. The Committee are also able to update the work programme during the municipal year if there are matters that arise that the Committee wishes¹ to address.

8. Respond

8.1 The work of the Audit Committee will be reported to Full Council at the end of the municipal year.

9. Review

9.1 Progress against delivery of the work programme will be monitored throughout the year.

Background papers

CIPFA 2018 guidance 'Audit Committees: Practical Guidance for Local Authorities & the Police'.
2020/21 Work Programme
Constitution – Part 3

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AUDIT COMMITTEE

Membership

7 Members of the authority as determined by the Council with a maximum of 3 independent members (non-voting) appointed by the Council.

Substitutes

Substitute members may be nominated to the Committee in accordance with paragraph 4 of the Council procedure rules (Part 4).

Chairman and Vice-Chairman

The Chairman and Vice-Chairman will be appointed at the Annual Council meeting for the municipal year.

Quorum

The quorum of the Committee shall be one third of the membership, subject to a minimum of two.

Meetings

The Committee will meet five times per year and will usually meet at the Council House, Walsall at 6.00 p.m.

Access to information

The Committee will comply with the Access to Information Rules set out in Part 4 of the Constitution.

Purpose

To act as the Council's Audit Committee, the purpose of which is to provide independent assurance to members of the adequacy of the risk management framework and internal control environment. To provide an independent review of governance, risk management and control frameworks, which include the council's arrangements for performance management and oversee the financial reporting and annual governance processes. To oversee internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Delegations

To exercise the following powers and functions of the Council:

Governance, risk and control

- (1) To review the Council's corporate governance arrangements against a good governance framework and consider annual governance reports and assurances.
- (2) To review the annual governance statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- (3) To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- (4) To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- (5) To monitor the effective development and operation of risk management in the Council.
- (6) To monitor progress in addressing risk related issues reported to the committee.
- (7) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- (8) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- (9) To monitor the counter fraud strategy, actions and resources.

Internal Audit

- (10) To approve the internal audit charter.
- (11) To commission work from internal audit.
- (12) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- (13) To prove significant interim changes to the risk-based internal audit planning resource requirements.

- (14) To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- (15) To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These include:
 - a. Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - b. Regular reports on the results of the Quality Assurance and Improvement Programme.
 - c. Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
- (16) To consider the Head of Internal Audit's annual report:
 - a. The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note on the results the Quality Assurance and Improvement Programme that supports the statement.
 - b. The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with a summary of the work supporting the opinion.
- (17) To consider summaries on specific internal audit reports as requested.
- (18) To receive reports outlining the action taken where the head of internal auditor has concluded that management has accepted the level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- (19) To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of the internal audit that takes place at least once every five years.
- (20) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- (21) To support the development of effective communication with the Head of Internal Audit.

External audit

- (22) To consider the external auditors annual letter, relevant reports, and the report to those charged with governance.

- (23) To consider specific reports as agreed with the external auditor.
- (24) To comment on the scope and depth of external audit work to ensure it gives value for money.
- (25) To commission work from external audit.
- (26) To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

- (27) To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether they ask concerns arising from financial statements from the audit that need to be brought to the attention of the Council.
- (28) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

- (29) To report to those charged with governance of the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
- (30) To report to full Council on a regular basis the committee's performance in relation to the terms of reference and effectiveness of the committee in meeting its purpose.

WALSALL COUNCIL – AUDIT COMMITTEE WORK PROGRAMME & TIMETABLE – 2021/22

Activity / Area of Assurance	Lead Officer	8 July 2021	27 September 2021	22 November 2021	22 February 2022	11 April 2022
Overview of Key Issues for each report required by to Democratic Services for Agenda meeting with Chair		17 June	6 September	3 November	2 February	22 March
Date of Chair's agenda briefing meeting (Virtual Meeting / in Vicky's office @ 4.00pm)		28 June 4pm	14 September 4pm	11 November 4pm	10 February 4pm	29 March 4pm
Final Report required by Democratic Services		29 June	16 September	10 November	11 February	31 March
Audit Committee Work:						
Audit Committee role, remit and work programme 2021/22	HOF	✓				
Chair's 2020/21 Annual Report to Council	HOF	✓				
Internal Audit and Risk:						
Head of Internal Audit Annual Report 2020/21 and Opinion	HIA	✓				✓ (2021/22 Draft)
Internal Audit Progress Report 2021/22 & KPI's	HOF/HIA	✓	✓ (& Q1 KPI)	✓	✓ (& Q2 KPI)	✓ (& Q3/Q4 KPI)
Risk Management update – Strategic Risk Register (SRR)	DHOFC/HIA		✓		✓	
Counter Fraud and Corruption Arrangements (Policy / Procedure Updates) Update	DHOFC/HIA				✓	
Internal Audit Charter	HIA				✓ (2022/23)	
Internal Audit work plan	HIA				✓ (Draft 2022/23)	

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Financial Management & Statement of Accounts:						
2020/21 Post Audit Statement of Accounts	S151 Officer	✓ (Pre-audit)	✓ (Post-audit)			
Accounting Polices 2021/22	DHOCF					✓ (2021/22)
Governance / Other:						
Annual Governance Statement including Annual Review of Effectiveness of Internal Control	CEO/HOF	✓	✓ (Final – included in SoA above)			✓ (2021/22 Draft)
Annual Review of the Scheme of Delegations to Officers	MO		✓			✓
Corporate Performance Management Framework – Markers of Success	DOPH	✓				
Corporate Performance Management Framework Refresh	HOF / CAM					✓
Assurance Map and Governance framework Update	HIA / DHOFC			✓		
Redmond Review - <i>to be scheduled</i>	HOF					
Specific External Audit Work:						
Reporting of external inspections and reviews - as they arise	DOF / ED'S					
Audit Findings Reports (Opinion on the financial statements and VFM conclusion 2020/21)	GT		✓			
Auditor's Annual Report 2020/21	GT			✓		
External Audit's request for information on how the Audit Committee gains assurance over management processes and arrangements – 2021/22 Accounts	HOF / GT				✓	
External Audit Plan 2021/22 Accounts	GT				✓	

<p><u>Key to Lead Officers:</u></p> <p>CEO – Chief Executive Officer</p> <p>S151 Officer – Officer charged with being responsible for the administrator of the council financial affairs (Chief Finance Officer)</p> <p>MO – Assistant Director of Legal & Democratic Services (Monitoring Officer)</p> <p>DOF – Director of Finance, Corporate Landlord and Corporate Performance Management (Deputy S151 Officer)</p> <p>HOF – Head of Finance</p> <p>DHOFC – Deputy Head of Finance (Corporate)</p>	<p>DOPH – Director of Public Health</p> <p>GT – Grant Thornton (External Audit)</p> <p>HIA – Head of Internal Audit (Mazars)</p> <p>CAM – Corporate Assurance Manager</p> <p>ED's – Executive Directors</p>
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Foreword Plan

1. Training is proposed as follows:

June 2021 - Overview of Role, Remit and Responsibilities of the Audit Committee; Internal Audit, Internal Control Environment; Statement of Accounts Overview

September 2021 - Statement of Accounts, Risk Management

November 2021 – Governance / Assurance Mapping

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April 2022 – Accounting Policies

Audit Committee training will also take place as and when policies and procedures are updated. Bespoke training will be offered to all Members as requested.

2. The following items will be programmed for the 2022/23 work programme:

- Risk Management Strategy review
- Review of the Effectiveness of the Audit Committee