

Audit Committee

Agenda Item No.

12th April, 2021

8.

Audit Committee - Engagement and Participation

Ward(s): All

Portfolios: All

Purpose – Approve

1. Aim

- 1.1 To strengthen existing good practice to ensure that the Audit Committee continues to provide robust and effective challenge.

2. Summary

- 2.1 As part of its terms of reference, Audit Committee, with the support and advice of officers, reviews its effectiveness on an annual basis.
- 2.2 When considering its effectiveness in November, 2020 the Committee was satisfied it was meeting its objectives. However, it was also recognised that further developments could be explored to strengthen existing good practice.

3. Recommendations

3.1 That:

1. The Section 151 Officer and Monitoring Officer develop an appropriate list of skills which would benefit members of the Audit Committee;
2. The Section 151 Officer, or their nominated representative, meet with Group Leaders following each election to:-
 - Discuss the importance of the role and function of the Audit Committee; and
 - Request that, wherever possible, members appointed to the Audit Committee have skills that are closely aligned to the list developed by the Section 151 and Monitoring Officer.
3. A skills analysis be undertaken when members are appointed to ensure training can be tailored to their needs;
4. The Councils report template be adopted for Audit Committee (appendix 1), which aligns with the New Ways of Thinking Framework (appendix 3);
5. That the report guidelines document be adopted and implemented from May 2021 (Appendix 2);
6. A guide on Audit be produced in plain English, for all members; and

7. All 60 Members of the Council be invited to attend training on Audit matters when arranged.

4. Report detail – know

4.1 Audit Committee operates on an 18 month cycle, rather than a municipal year. Appointments to the Audit Committee are made annually whilst Independent Members are appointed as and when vacancies arise for a 4 year period. Given the cycle of the Committee and its highly technical nature, it is advantageous to ensure, wherever possible, that members serve on the committee for a number of cycles. This ensures that knowledge can be gained and retained to provide effective, constructive challenge at meetings.

4.2 The current membership of the Committee is outlined below and confirms that five (of seven) elected member appointments have been committee members for less than 18 months.

| Name | Group | Term of office | Member since |
|--------------------------|-----------------------------------|-------------------------------|------------------------------------------------------------------------------|
| Mr A Green | (Chairman and Independent Member) | 4 years (but can be extended) | 12 th April, 2011 *Chair since 18 th June, 2018 |
| Councillor Rasab | (Vice-Chairman) Conservative | Annual | February, 2020 |
| Councillor Ali | Conservative | Annual | July, 2019 |
| Councillor Johal | Conservative | Annual | July, 2019 |
| Councillor Neville | Conservative | Annual | July, 2019 |
| Councillor Robertson | Labour | Annual | 15+ years |
| Councillor Young | Labour | Annual | 2017 |
| Councillor J Fitzpatrick | Labour | Annual | 16/12/20 |
| Sureya Ajaz | Independent Member | 4 years (but can be extended) | 25 th February, 2021 |
| X1 vacancy | Independent Member | 4 years (but can be extended) | Since 2018 |

4.3 In terms of political membership, there are several matters that should be recognised as set out below:-

- **Elections** - Walsall operates a 4 year cycle in which members are elected in thirds, followed by a fallow year. Elections are due to take place in May 2021. As such, Membership of the Committee may change due to changes in political

balance (the number of members on each Group determine the number of seats it has on each committee);

- **Group Dynamics** – There are in excess of 100 committee seats allocated between 60 members at the Annual Meeting of the Council each year. Group Leaders have to ensure that appointments are made fairly and, wherever possible, best suited to individual's interests, professional knowledge and availability.

4.4 The Audit Committee has x3 independent persons as part of its membership. Council, at its meeting held on 25th February, 2021 confirmed the appointment of an Independent Person which means there is now x1 vacancy. A recruitment exercise is underway to recruit to the remaining vacancy. Independent Persons go through a robust recruitment exercise to ensure that they have the requisite skills and experience to add value and actively engage and participate in meetings.

4.5 To develop this report, discussions were held with existing members of the Audit Committee. I am thankful to those members that provided feedback which have informed the recommendations. In brief, these suggestions included the:-

- **Importance of a succinct summary in plain English so that the public can readily understand the purpose of the report.**

Many of the reports submitted to the Audit Committee are technical, lengthy and complex. It is of the utmost importance that the correct information is included to ensure that members make an informed decision. However, adopting a new style of report which sets out clearly the aim, summary and recommendations would benefit the reader.

- **Need to remove abbreviations and provide clarity on technical wording that may not be clear to members of the public;**

Whilst technical language is at times unavoidable, it is important that this is accompanied by an explanation to make reports more understandable. The importance of using clear language is included within the report guidance attached as appendix 2.

- **Further development of the training programme which should be offered to all members of the Council;**

The Council provides a robust training programme for members of the Audit Committee which should be developed further. It was suggested that the training also be offered to all members of the council as Members serving on many of the Councils Committees, Cabinet and indeed Council scrutinise Treasury Management policies, strategies, full year and mid-year reviews. This has been recognised and all members have been invited to attend Treasury Management Training on 30th March, 2021 at 6.00 p.m.

- **Considering Best Practice at other Councils and the introduction of a succinct guide to the Audit Committee.**

It is important that existing practices are regularly reviewed to continuously improve. Identifying areas of best practice in other authorities is a key component of this process. It has been recognised that a succinct guide to Audit Committee be produced and made available both to the public and members of the Council.

5. *Financial information*

There are no direct financial implications within this report.

6. *Reducing Inequalities*

The Audit Committee has a responsibility to ensure that the Council provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations. Ensuring compliance with laws and regulations ensures that inequalities are reduced as the process is fair, open and transparent.

7. *Decide*

- 7.1 The Audit Committee is meeting its objectives and providing effective challenge and so, should the recommendations not be approved, the Council can be assured that there are sufficient controls in place to ensure that the council is held to account and that processes are monitored and challenged where necessary.
- 7.2 Should the recommendations be accepted then this will build on existing good practice, enhance the training offer and seek stability of membership, acknowledging the 18 month cycle of the committee.

8. *Respond*

If committee are minded to approve the recommendations Officers would implement the changes.

8. *Review*

- 8.1 This has been a very valid and worthwhile review that has identified several potential ways to help develop the effectiveness of the Audit Committee. Working with the Committee Membership to identify ways of developing the committee collectively is crucial. This will be underpinned by reports that are accessible to their intended audience. The addition of new independent members should add additional skills to the committee membership.
- 8.2 Audit Committee, with the support and advice of officers, reviews its effectiveness on an annual basis.

Background papers

None.

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