

Audit Committee

Agenda Item No. 8

27 June 2022

Audit Committee Role, Remit and Work Programme 2022/23

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 2022/23 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 2022/23.

4. Report detail – know

- 4.1 The Audit Committee's remit is included within Part 3 of the council's constitution and 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 The membership of Audit Committee comprises 7 councillors and 3 independent (non-voting) members. The current membership for the new municipal year of 2022/23

contains 6 new members, with a further vacancy to be filled and 2 of the 3 independent member in place.

4.5 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 requirements of individual Members. A proposed training programme for the Committee is as follows:

- 16 June 2022: Induction for all new members - Overview of Role, Remit and Responsibilities of the Audit Committee (Governance, Risk Management, Internal and External Audit);
- 27 June 2022: Statement of Accounts Overview; Governance and the Internal Control Framework
- September 2022: Statement of Accounts; Risk Management and Assurance
- November 2022: Counter Fraud and Corruption
- February 2023: To be agreed
- 11 April 2023: Accounting Policies

4.6 Individual 121 meetings have been offered/held with all new members to provide an overview of their role and discuss skills and training requirements.

4.7 Additional learning and development opportunities may present during the year, including audit committee and governance related seminars. A new Guide for Audit Committees is expected to be released by CIPFA in June 2022 and this will be used to inform future briefings, training and work programmes. 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, as they are published.

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 wishes to address.

8. Respond

8.1 The work of the Audit Committee will be reported to Full Council at the end of the Committee's work programme.

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'.
2021/22 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	27 June 2022	26 September 2022	21 November 2022	21 February 2023	11 April 2023
Overview of Key Issues for each report required by to Democratic Services for Agenda meeting with Chair		6 June	5 September	31 October	30 January	20 March
Date of Chair's agenda briefing meeting (Virtual Meeting / in Vicky's office @ 4.00pm)		8 June	w/c 12 September	w/c 7 November	w/c 6 February	w/c 27 March
Final Report required by Democratic Services		17 June	15 September	10 November	10 February	29 March 2023 (Bank holiday)
Audit Committee Work:						
Audit Committee role, remit and work programme 2022/23	HOF (SP&A)	✓				
Chair's 2021/22 Annual Report to Council	HOF (SP&A)			✓		
Review of the Effectiveness of the Audit Committee	HOF (SP&A)		✓ (Updated CIPFA Guidance)			✓
Internal Audit and Risk:						
Head of Internal Audit Annual Report and Annual Opinion 2021/22	HIA	✓				
Internal Audit Progress Report 2022/23	HIA	✓	✓	✓	✓	✓
Internal Audit Performance (KPI) Report 2022/23	HOF (SP&A)		✓ (Q1 KPI)	✓ (Q2 KPI)	✓ (Q3 KPI)	✓ (Q4 KPI)
Follow Up of Priority 1 Recommendations (Private)	HIA	✓	✓	✓	✓	✓
Risk Management update – Strategic Risk Register (including Assurance Map)	HIA / HOF (SP&A)		✓		✓	
Risk Management update – Strategic Risk Register (SRR2 and SRR7)	DOF / DT&D		✓			
Risk Management Strategy review	HOF (SP&A) / HIA			✓		
Counter Fraud and Corruption Arrangements Update	HOF (SP&A)			✓		✓
Internal Audit Charter	HIA				✓ (2022/23)	
Internal Audit work plan 2023/24)	HIA				✓ (Draft 2023/24)	

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Financial Management & Statement of Accounts:						
2021/22 Statement of Accounts (SoA)	S151 Officer	✓ (Pre-audit)	✓ (Post-audit)			
Accounting Polices 2022/23	HOF (T&T)					✓
Governance / Other:						
Annual Review of Effectiveness of the System of Internal Control 2021/22	HOF (SP&A)	✓				
Annual Governance Statement 2021/22	HOF (SP&A)	✓				
Review of Planning Delegations	MO	✓				
Annual Review of the Scheme of Delegations to Officers	MO					✓
Local Code of Governance Review	MO / DOF				✓	
Overview of Local Audit and Transparency of Local Authority Reporting ("Redmond Review") Update	HOF (SP&A)			✓		
Specific External Audit Work:						
Reporting of external inspections and reviews: - Ofsted and CQC re-inspection of the SEND Local Area	HOF (SP&A) / ED'S			✓ (dependent on timing of publication of inspection outcome)		
Audit Findings Report (Opinion on the Statement of Accounts 2021/22)	GT		✓			
Auditor's Annual Report 2021/22	GT			✓		
External Audit's request for information on how the Audit Committee gains assurance over management processes and arrangements – 2022/23 Accounts	HOF (SP&A) / GT				✓	
External Audit Plan 2022/23 Accounts	GT					✓

<p><u>Key to Lead Officers:</u></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>HOF (SP&A) - Head of Finance - Strategic Planning and Assurance</p> <p>HOF (T&T) - Head of Finance – Technical and Transactional</p>	<p>GT - Grant Thornton (External Audit)</p> <p>HIA - Head of Internal Audit (Mazars)</p> <p>ED's - Executive Directors</p> <p>DOF - Director of Finance, Corporate Landlord and Assurance (Deputy S151 Officer)</p> <p>DT&D - Director, Transformation and Digital</p>
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Foreword Plan

- 1) Retender of External Audit Contract – Public Sector Audit Appointments (PSAA) published the Contract Notice for the External Audit services procurement on 7 February 2022. They expect to announce the successful firms in August and then consult on proposed audit appointments to individual scheme member authorities following the completion of the procurement. Subject to a successful procurement outcome, PSAA will confirm the auditor appointments before the statutory deadline of 31 December 2022. Once a more detailed timeline is available, this will be scheduled into the Committee’s work programme.

- 2) External Inspections and Reviews will be reported to Audit Committee as they arise.

- 3) Training is proposed as follows:
 - 16 June 2022: Induction for New Members - Overview of Role, Remit and Responsibilities of the Audit Committee (Governance, Risk Management Internal and External Audit)
 - 27 June 2022: Statement of Accounts Overview; Governance and the Internal Control Framework
 - September 2022: Statement of Accounts; Risk Management and Assurance
 - November 2022: Counter Fraud and Corruption
 - February 2023: TBA
 - 11 April 2023: 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 and 121 Support session offered to all Members.