

45/05 - **AUDIT COMMITTEE TRAINING PRESENTATION:** The Chair introduced the Audit Manager and Corporate Improvement Officer (Governance), who had each attended the Commission meeting to deliver training presentations in relation to the work of Audit Committees. The Corporate Improvement Officer (Governance) delivered a presentation in relation to Audit Committees providing an overview of the role and scope in this regard before handing over to the Audit Manager who discussed Audit Committees and Internal Audit with the Commission in greater depth.

In relation to the first presentation by the Corporate Improvement Officer (Governance), Members were provided with an introduction to the work of Audit Committees and advised of the statutory background leading to the requirement for such bodies. The Officer also referred to a number of key definitions which Audit Committee Members would become familiar with, together with steps which could be observed in relation to internal control, roles and responsibilities of the Committee, its key aspects, purpose, features, core functions and its scope. The Officer also referred to certain key Officers that would become regular attendees at Audit Committee meetings, and concluded by referring to a training programme for Audit Committee Members, one aspect of which would be covered by the Audit Manager in the following presentation.

The Chair invited Members to table questions in that regard. It was anticipated that future guidance would recommend the establishment of a separate Audit Committee, however, for the time being, the Audit Committee existed as a function of the Resources Commission.

It was suggested that perhaps the training modules set out in the presentation to be received by Audit Committee Members should also be made available to Members (including Chair and Vice-Chair) of the General Purposes Committee on the basis that the authority to approve the "Statement of Internal Control" had been delegated to that Committee. It was also suggested that the past Committee system had significant advantages when compared to the new Scrutiny system in terms of Corporate Governance in as far as a Finance Committee constituted specifically for that purpose would in the past have comprised Members with specialised knowledge and experience which could be brought to bear on issues which fell within their remit. It was considered that under the new system of local government, it was at the present time difficult for Members to build up specific knowledge and/or experience on the basis of their new and wider remit. It was anticipated that training and experience in the new Audit Committee role would help in this regard.

It was also suggested that perhaps Commission Members should meet Audit Commission Officers twice a year – once in its Audit Committee role when the Audit Commission was planning work for the forthcoming year and once again when the Audit Management Letter was presented to the Council. It was noted that the Audit Management Letter was normally presented to the Authority in the December following the previous financial year-end. However, the next Management Letter would be later than this to take into account the Audit Commission's opinions on the use of Resources' and key lines of Inquiry for the Authority. An interim Management Letter would be

produced in the meantime. Members expressed concern that issues of any note should be brought to the attention of the Chair as soon as feasibly possible, so that a decision could be taken whether or not to inform Members accordingly or take other action. It was noted that liaison between Officers and the Chair of the Commission would take place, and the Commission would have the opportunity to consider areas of risk when appropriate Corporate Governance reports were considered by the Audit Commission.

The Chair then invited the Audit Manager to deliver the presentation in relation to the work of Internal Audit. The Audit Manager referred to the broad remit of the Internal Audit Section and its role and provided a more formal definition in relation thereto together with the origin of that Section's authority in terms of the Local Government Act 1972 and Accounts and Audit Regulations 2003. The Audit Manager referred to the "proper internal audit practices", referred to in the Regulations and indicated that these were set out in a Code of Practice for Internal Audit. The Audit Manager then referred to the work of the Internal Audit Section in more detail in terms of responsibility and types of work undertaken during the course of the municipal year. Members were then referred to the role of the Audit Committee and areas that Members of that Committee may wish to address during their work. The Audit Manager then concluded by referring to the current reporting arrangements for Internal Audit to the Audit Committee which required two reports per year to the Committee that currently were reported in December/January and June/July.

The Audit Manager then invited Members' questions. Councillor Hawkins expressed concern regarding the level of experience required for Members of an Audit Committee and the difficulties for Members in acquiring such experience. It was agreed that there were advantages in comprising a Committee of Members with differing backgrounds and areas of expertise. It was noted that the Resources Commission and therefore the Audit Committee would have the ability to co-opt or bring on board individuals with specialised experience and knowledge as and when required. This was considered particularly pertinent when considering issues, for example, relation to Information Technology and/or project management.

In relation to the membership of the Audit Committee, training and skills were considered to be important for those Members wishing to serve, and therefore it was considered important to invite Committee Members and substitutes to any training courses offered and at the same time maintain a core membership. It was considered important to urge Group Members to be mindful of the need to maintain consistent memberships year on year.

Councillor Hawkins then queried the Council's whistleblowing policy and whether it was considered sufficient when encouraging staff to raise the alarm in confidence. The Executive Director, Corporate Policy and Improvement advised that the whistleblowing policy was highlighted during the Council's Induction process and featured as part of employee's terms and conditions of employment. There was also reference to the Council's policy on the Council's Intranet, and indeed, the Audit Manager had

undertaken to remind staff of its existence and whereabouts. It was considered that the policy worked well.

The Chair then thanked the Audit Manager and Corporate Improvement Officer for their time and presentations.

(5.33 pm – 6.30 pm)