

## **AUDIT COMMITTEE**

**1<sup>ST</sup> FEBRUARY 2011**

### **ACTION POINTS FROM THE REVIEW OF THE AUDIT COMMITTEE BY LOCAL GOVERNMENT IMPROVEMENT AND DEVELOPMENT (LGID)**

#### **Background**

LGID was commissioned by the Council to undertake a peer review of the Audit Committee. The review was jointly commissioned by Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils and included interviews and discussions with Councillors, Officers and partners. The objective for the review was to allow each Audit Committee to be benchmarked against examples of best practice and thereby help the Committee to become more effective in undertaking its functions. The final report included a summary of the review across the four Authorities and broke the findings down into more specific reviews of each Audit Committee. The report was submitted to the 14<sup>th</sup> December 2010 Meeting of the Committee and a discussion ensued about the actions to be taken in relation to the report's findings and conclusions.

It was agreed that an informal session should be set up in January 2011 between Committee Members, Officers and the Chair and Vice-Chair of Overview & Scrutiny to identify actions to be taken in relation to the report's findings and conclusions with a review to reporting these back to the 1<sup>st</sup> February Meeting of this Committee. That session took place on Wednesday 19<sup>th</sup> January and was attended by the Chairman and Vice Chairman of the Committee, one other Committee Member, the Chairman of Overview & Scrutiny, the Deputy Chief Executive, the Head of the Internal Audit Partnership, the Audit Partnership Manager and Eamon Lally of LGID. The outcomes of that meeting are outlined below: -

#### **Informal Session – 19<sup>th</sup> January 2011**

The original LGID report listed six Areas for Development for Ashford's Audit Committee (listed in bold below). There was broad agreement on all of these points, but further relevant comments have been added next to each.

- **Risk reports need enhancing**  
The reporting of risk was clearly something that needed to be developed. There needed to be a greater understanding of risk, risk management and which Committee was responsible for which elements, across the Authority. Officers explained that a paper on the future proposals for risk management had been added to the Agenda for the April Meeting of this Committee. The Chairman was keen for this to be made clearer to incoming Council Members in May in terms of who was responsible for what and endeavoured to consult with the Overview & Scrutiny Chairman on forward work planning and producing a comprehensive checklist on all areas of risk. A useful

Governance Pack had been produced by Dover District Council covering what each Committee was responsible for in terms of risk, and it was considered that it would be useful to pursue something similar for Ashford.

- **Committee could expand its governance assurance role to cover partnerships**  
Partnerships were accepted as an area the Committee needed to have a greater understanding of. It was agreed to add a paper to the Agenda for the April Meeting of this Committee outlining a recommended approach for dealing with both current and emerging partnerships.
- **Audit Committee should produce an annual report of its activities and effectiveness**  
This was accepted and copies of a similar report already produced by Tunbridge Wells' Audit Committee were circulated as an example of good practice. It was considered it would be a good way of informing everybody what the Committee did and passing messages on to others. However, they should guard against simply listing achievements and "patting each other on the back". Further to this it was agreed that the Committee should consider developing a forward plan of work and that this would lead to informal discussion of chairs of Audit and Overview & Scrutiny to discuss and agree how some work might be divided across the Committees.
- **Skills assessment and further development for Committee Members**  
Accepted and will be covered following Borough Elections in May 2011. Committee make-up likely to be different and early training (late May/early June) will be essential ahead of scheduled Meetings on 7<sup>th</sup> and 21<sup>st</sup> June 2011. It would be important for the role and skill-set needed to be an Audit Committee Member to be clearly defined and for Members to be brought to a common level of understanding as soon as possible in the areas of auditing, accounting, risk management and partnerships to give Members the confidence to challenge and ask questions. Training on this would perhaps be best delivered by an external provider and jointly across the four Authorities. The Governance Pack as mentioned about would also be a useful addition. Another point for consideration would be small groups of Members sitting with an Officer in Audit and going through an audit file from start to finish. This would only have to happen perhaps once in the four-year cycle but would provide additional evidence and background to audit reports, as well as being a training/development opportunity for Members.
- **Council could consider appointing co-opted non-voting Members**  
There was quite a lot of discussion on this issue with views on either side. Therefore the agreed approach was to find out a little more about the process of appointing a co-opted Member and report that to the Audit Committee in April 2011. The decision on whether to go ahead

with an appointment would then be left for the new Committee to decide if it was something they wished to pursue. It would clearly be important to get any recruitment process right, and only appoint if a suitable candidate(s) emerged, but it was considered an Independent Member(s) could offer benefits and potentially help a new Committee with its development.

- **Greater promotion of the role of the Audit Committee across the Council**

Again this was accepted but it was considered this should not just be about promoting the Committee but wider promotion of all elements of its work, particularly risk management. There was a need to be more open and engaging and the message should be that the role of the Audit Committee was to support rather than to police. In terms of how that could be done in practice, the previous suggestions about Members going through an audit file with Officers, a greater explanation of what each Committee was responsible for and an Annual report would all help in this. It might also be useful to consider appointing 'lead Members' for each element of the Committee's work (e.g. risk, governance, accounting etc) to act as an intermediary between Officers and Committee Members and divide the workload.

**Recommendation:**

**The Committee is asked to consider the six Action Points above and agree a way forward.**

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24<sup>th</sup> January 2011