

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

24 NOVEMBER 2014

REPORT OF HEAD OF AUDIT PARTNERSHIP

Report prepared by Rich Clarke – Head of Audit Partnership

1. MEMBER DEVELOPMENT PROGRAMME

1.1 Issue for Decision

1.1.1 As included on the Committee's work programme and acknowledged in the Council's Annual Governance Statement, there is a need to drive forward improvement in Members' Professional Development. The Member Development Policy, approved in July 2013, delegated responsibility for defining and pursuing development needs to individual committees. This paper responds to that direction by setting out a proposed Member Development Programme linked to the Committee's Terms of Reference and wider requirements as set out in CIPFA's Audit Committee guide.

1.1.2 Members should consider the proposal and the extent to which it reflects their own view of the Development needs of the Committee. Subject to that consideration and comment, officers will then work with Members to deliver suitable development sessions to address identified needs.

1.2 Recommendation of the Head of Audit Partnership

1.2.1 That the Audit Committee **approves** the outline Member Development Programme included in this report, subject to any comments or amendments.

1.2.2 That the Audit Committee **agrees** that sessions on Strategic Risk Management and Countering Fraud will form the first two sessions

1.2.3 That the Audit Committee **resolves** to keep its development needs under review in line with the Committee's overall work programme and keep the future shape of the Development Programme updated.

1.3 Reasons for Recommendation

1.3.1 Members generally and members of the Audit Committee in particular, play a key role in ensuring the Council's systems of control, risk management and corporate governance are designed and operating effectively. In order to properly fulfil these responsibilities Members should ensure that their

knowledge of and insight into current practice remains current. This Development Programme is intended to provide Members with that knowledge and insight, with sufficient coverage and flexibility to be adaptive to assessed development needs and demands of the Committee's work programme.

1.4 Alternative Action and why not Recommended

1.4.1 The programme proposed is intended to be comprehensive in addressing each and every part of this Committee's terms of reference and the broader guidance for Audit Committees contained within CIPFA's Guide. Members may wish to adopt a more varied – or indeed narrower – Development Programme but doing so would risk either not giving proper consideration to the Committee's breadth of responsibilities or taking up valuable time in Development which does not directly assist the Committee's function. Consequently, no alternative action is recommended, although we note that there is considerable scope within the proposal to allow Members to shape a particular path through the Development Programme that is responsive to identified needs and workflow demands.

1.5 Impact on Corporate Objectives

1.5.1 The role of the Audit Committee includes the consideration of risk, controls and governance across the whole Council. This consideration can only be enhanced, and made more valuable, by following a comprehensive development programme.

1.6 Risk Management

1.6.1 A lack of adequate Member Development has previously been identified as a risk and incorporated within the Annual Governance Statement. This programme proposed is part of the mitigating actions to limit the likelihood and impact of that risk materialising.

1.7 Other Implications

1.7.1 None directly

- 1. Financial
- 2. Staffing
- 3. Legal
- 4. Equality Impact Needs Assessment
- 5. Environmental/Sustainable Development
- 6. Community Safety

- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management

Relevant Documents

1.7.2 Appendices

1.7.2.1 Member Development Programme Proposal

1.7.3 Background Documents

1.8.2.1 None

IS THIS A KEY DECISION REPORT?

THIS BOX MUST BE COMPLETED

Yes

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No

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If yes, this is a Key Decision because:

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Wards/Parishes affected:

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APPENDIX - MEMBER DEVELOPMENT PROGRAMME PROPOSAL

The Programme set out below takes its lead from the Committee terms of reference and seeks to provide comprehensive coverage of both those terms and the wider expectations of an Audit Committee as described by CIPFA. The Programme has been developed by Audit, in consultation with Finance, Democratic Services and Policy & Communications leads.

For each of the ten overall themes there are a number of specific topics that might be addressed in a development session, the list provided being only indicative. We encourage Members to consider with care precisely where their needs lay to enable creation of training materials that can fulfil those needs.

While the programme is aimed at the needs of Audit Committee members, of course all Members have a role to play in ensuring the effective governance of the authority. Consequently we would be very happy to invite all interested Members to attend any and all development sessions. Our intention is that development sessions will immediately precede meetings of the Audit Committee so as to minimise the need for Members to make separate attendance, but would be happy to discuss variation on that aim as may suit Member requirements.

Each session would be based around a presentation delivered by an appropriately qualified and experienced individual, who may be an officer of the Council (for example the Head of Audit Partnership) or where budget allows and there is identified need, an external training provider.

The table below also includes a suggested timing where the topic will be of most relevance to the current work of the Committee. However, Members may wish to vary this in discussion depending on need.

Development Theme & Specific Topics	Ref to AC ToR	Ref to CIPFA AC Guide	Suggested Timing
Reviewing an audit plan <ul style="list-style-type: none">- Member roles in relation to internal audit- Ensuring effective internal audit- Performance measures in audit	Items 1, 9	Chap 4	January to March
Reviewing the Annual Governance Statement <ul style="list-style-type: none">- The AGS within the Council's governance- Specific topics within the AGS- Comparative review of AGS across local gov	Items 14, 15	Chap 4	June
Countering Fraud <ul style="list-style-type: none">- Whistleblowing- Investigative practice- Fraud risks and the Councils response- Governance polices	Items 11, 13, 15	Chap 4	Flexible

Development Theme & Specific Topics	Ref to AC ToR	Ref to CIPFA AC Guide	Suggested Timing
Strategic Risk Management <ul style="list-style-type: none"> - Risk appetite - Specific strategic and operational risks - Risk management strategy - Local government risk outlook 	Items 12, 15	Chap 4	Flexible
Role of internal and external audit <ul style="list-style-type: none"> - Differences in internal/external audit role - Assuring effective external audit - External auditor appointment 	Items 1-8	Chap 4	January to March
Understanding local authority accounts <ul style="list-style-type: none"> - General understanding of accounts - Specific update/annual issues - Comparative review of LG accounts 	Items 5, 17, 18	Chap 4	June to September
Assurance across partnerships <ul style="list-style-type: none"> - Governance challenges in partnership working - Review on specific partnerships 	Items 10, 15, 16	Chaps 4 and 6	Flexible
Commissioning, procurement and contracting <ul style="list-style-type: none"> - Risks in commissioning &c - Effective procurement processes 	Item 12	Chaps 4 and 5	Flexible
Assurance on value for money <ul style="list-style-type: none"> - How external audit assess VfM conclusion - Measuring value for money in local government - Data quality and performance measurement 	Items 17, 18	Chap 4	Flexible
Internal Audit Standards <ul style="list-style-type: none"> - How standards are set and monitored - Specific work on IA conformance 	Items 1, 2	Chap 4	October to December

PUTTING THE PROGRAMME INTO PRACTICE

As discussed above, we would encourage Members to undertake their own assessment of development needs and make requests of officers to prepare specific, tailored, development sessions to address those needs. With that in mind, our recommendation is that Members should seek to keep the plan under review and have sessions planned at least two meetings in advance. With that in mind, we propose the following be added on a continuing basis to the Committee's work programme:

Meeting Date	Development Session	Issue for Decision
January 2015	As per this proposal	Select development theme and/or specific area to be delivered ahead of meeting in June 2015
March 2015	As per this proposal	Select development theme and/or specific area to be delivered ahead of meeting in September 2015
June 2015	Area selected in January 2015	Select development theme and/or specific area to be delivered ahead of meeting in November 2015
September 2015	Area selected in March 2015	Select development theme and/or specific area to be delivered ahead of meeting in January 2016
November 2015	Area selected in June 2015	Select development theme and/or specific area to be delivered ahead of meeting in March 2016 Annual review of overall programme.

We would intend for this cycle to continue, with an annual review of the themes and development needs to ensure they remain current and no areas have been unduly neglected.

SUGGESTED DEVELOPMENT THEMES FOR EARLY 2015

In order to set off the process, we suggest below two areas to address in early 2015 with the intention that thereafter Members select areas of interest as outlined above.

Meeting	Theme and Topics	Reason for Selection
January 2015	Strategic Risk Management - Risk appetite - Risk Management Strategy	To prepare Members for new Risk Management Policy and Strategic Risk Register refresh later in 2015
March 2015	Countering Fraud - Fraud risks and the Council's response	To inform Members of development in the Council's counter fraud approach following on from new CIPFA Code issued late 2014