

Audit Committee Training

Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202.

1 Purpose of Report

This report seeks the Committee's views on the training session carried out on 11 February 2009 covering the role of the Audit Committee. The Committee is also asked how they would like training to be continued.

2 Recommendations

The Committee is asked to consider and decide:

- a) Whether further training is needed on the role of the Audit Committee; and
- b) What the next area for training is to be and how this is to be arranged.

3 Background

At the last meeting of the Committee the following topics were considered priority areas for training:

- The Role of the Audit Committee
- The Role of IT Audit
- Contract Rules
- Risk Management for Audit Committee Members
- Financial Rules
- Treasury Management
- Protection of and Quality of Data

The Committee decided to cover the role of an Audit Committee, that it should take place before a Fire Authority meeting and that it should last about an hour.

Views are sought on the success of this approach. Our internal auditors have also produced a checklist (attached as an appendix) which members may like to complete if they think it will help develop future training.

Members also felt that it would be useful for each of them to have a copy of the Chartered Institute of Public Finance and Accountancy (CIPFA) handbook on Audit Committees. In order to reduce expense your officers have sought, and obtained, from CIPFA permission to reproduce the handbook and a copy will be given to each Member at the meeting.

4 Next Steps

Depending on members' views, a further training session, can be arranged in a format, and on a topic that is considered helpful.

5 Financial Implications

There are no direct financial implications arising from this report.

6 Legal Comment

There are no direct legal implications arising from this report.

7 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

8 Appendix

Audit Committee Member Skills Assessment

9 Background Papers

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	
Capacity		Member Involvement	*
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial		Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*

Audit Committee – Members Skills Assessment

Name:

This form enables you to check what you already know about the Audit Committee, and to identify the topic areas in which you want to develop your knowledge and skills.

Work through the form and assess yourself by ticking the appropriate column.

The Audit Committee	Strongly agree	Confident	Comfortable	Disagree
	Very confident			Not confident
I am conversant with, and understand, the objectives and current significant issues facing the Authority.				
I have an understanding of the Authority's structure.				
I could identify the key relationships that the Authority has with external partner organisations.				
I have an understanding of relevant legislation and other rules governing the operation of the Authority.				
I am familiar with the Authority's Constitution.				
I understand what is meant by Standing Orders and Schemes of Delegation.				
I could explain the relevance of Financial Regulations.				
I have a broad understanding of the local government environment.				
I am aware of current major initiatives which affect the Authority.				
I can explain why the Authority has an Audit Committee and what it does.				
I can outline the terms of reference of my own authority's Audit Committee.				

<p>I can describe the membership of an Audit Committee.</p> <p>I could identify the delegated powers of the Audit Committee.</p> <p>I can describe how internal and external auditors are appointed.</p> <p>I can describe the difference between the roles of internal and external audit.</p> <p>I could identify other external inspection agencies, and their role.</p> <p>I can outline the purpose and content of the reports that are submitted by internal and external auditors which are reviewed by the Audit Committee.</p> <p>I understand the relevance of making audit recommendations and the importance of implementing them.</p> <p>I am comfortable in identifying and evaluating risks that could arise from the failure to implement audit recommendations.</p> <p>I understand what is meant by the audit strategy, and the period that the Audit Strategic Plan covers.</p> <p>I can outline the purpose and content of the annual audit plan and the responsibility of the Committee to monitor progress against the plan.</p> <p>I understand what is meant by an 'audit needs assessment' and the process involved in establishing these assessments</p> <p>I can outline the purpose and content of the Annual Governance Statement and understand what is meant by the authority's framework of internal control.</p> <p>I understand what is meant by the external auditors' opinion on the Statement of Accounts.</p> <p>I could explain the difference between a qualified and an unqualified opinion.</p>				
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<p>I am able to interpret the content of the Annual Accounts, and understand the following accounting terms:</p> <ul style="list-style-type: none"> • Capital receipts • Deferred charges • Deferred liabilities • Contingent liabilities • Collection fund • Precept. <p>I could explain the difference between a 'provision' and a 'reserve' in the accounts.</p> <p>I am confident in making a judgement on the adequacy of the maintenance of proper accounting records by the authority.</p> <p>I understand the purpose and relevance of the External Auditor's Management Letter.</p> <p>I understand what is meant by Risk Management and Corporate Governance in relation to my duties as a member of the Audit Committee.</p> <p>I could explain what an inherent risk is.</p> <p>I could explain what is meant by a residual risk, and give examples.</p> <p>I understand what a Gershon saving is.</p> <p>I know what ISA stands for.</p> <p>I could identify the principal risk associated with failing to achieve the ISA standard or CIPFA's Code of Practice for Internal Audit in Local Government.</p> <p>I could evaluate the effectiveness of my own authority's Audit Committee.</p> <p>I can describe an Audit Committee's responsibilities in relation to the investigation of fraud and irregularities.</p> <p>I am conversant with the policies that the Audit Committee is required to review and approve on a regular basis, and the purpose of these documents.</p>				
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<p>I feel confident in seeking clarification of any information presented to me, or statement made to me, that I do not understand.</p> <p>I understand the relevance of Section 151 of the Local Government Act 1972 to the Council.</p> <p>I understand what is meant by the 'Use of Resources Judgement'.</p> <p>I could explain what a fundamental system is and give some examples.</p> <p>I can name the Section 151 Officer.</p> <p>I could give examples of systems on which the use of IT audit would be applied.</p>				
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In order to establish that there is a 'balance' of skills represented across the Audit Committee membership, please evaluate how experienced you are in the following areas:

	Very experienced	Confident	Comfortable	No experience
Finance – in a professional capacity				
Finance - Local Government				
Legal matters				
HR/Staffing				
Risk Management				
Audit and Internal Control Assurance				
Other technical skills relevant of the Council				
The authority's governance and regulatory framework				