

Audit Board – Member Development Proposal

Introduction

This proposal sets out, in draft, how a Member development programme might look for the Audit Board. The Programme set out below takes its lead from the Terms of Reference and seeks to provide comprehensive coverage of both those terms and the wider expectations of an 'Audit Committee' as published by the Chartered Institute of Public Finance & Accountancy (CIPFA) in their [Practical Guidance](#).

Context

- The Terms of Reference for the Audit Board were adopted in May 2013 and have remained unchanged and agreed at each Annual Council Meeting, most recently in [May 2019](#).
- The Audit Board does not have a set work plan for the year, but reports and decisions are presented in accordance with the Terms of Reference.
- The Board does not undertake an annual assessment or present an annual report to Council each year on how it has fulfilled its duties. ***Following agreement to adopt a Member development programme, this may be something the Board may wish to consider in the future.***

Previous training

Over the past 3 years a couple of training sessions have been arranged and have been well attended by Members. Notably, joint training with Sevenoaks Audit Committee in June 2017:

- **January 2016:** Risk Management Training Session – delivered as part of the Meeting
- **January 2017:** Joint training proposal (with Dartford) using CIPFA training brochure offering bite size sessions on 4 of the following sessions (topics highlighted below):
 - Case study using a standard internal audit report
 - Roles and responsibilities
 - Public Sector Internal Audit Standards (PSIAS)
 - Risk management
 - Corporate governance
 - Approving the annual accounts
 - Fraud and corruption
 - Value for money
 - Assurance gathering
 - How effective is the Audit Committee?
- **June 2017:** Training delivered by CIPFA on above 4 highlighted topics

Appendix A

Proposed Programme

The table below sets out 10 overall themes, with related topics that can be covered as part of training, development or briefing sessions. Each theme is linked to the Terms of Reference and includes suggested timings based on previous training history, and also relevance to key decisions throughout the year:

Development Theme & Specific Topics	Ref to ToR	Suggested Timing	Training History
Internal Audit Activity <ul style="list-style-type: none"> - Committees role in relation to internal audit - Ensuring an effective internal audit process <ul style="list-style-type: none"> - Internal audit planning 	1, 2, 3		June 2017
Finance <ul style="list-style-type: none"> - Understanding Local Authority accounts <ul style="list-style-type: none"> - Specific update/annual issues Comparative review of LG accounts 	4, 5, 18		
Role of internal and external audit <ul style="list-style-type: none"> - Differences in internal/external audit role <ul style="list-style-type: none"> - Assuring effective external audit External auditor appointment 	6, Ref1		
Countering Fraud <ul style="list-style-type: none"> - Whistleblowing - Anti-Fraud & Corruption Policy - Fraud risks and the Councils response <ul style="list-style-type: none"> - Governance policies 	7, 8, 11, 12, 21		June 2017
Risk Management <ul style="list-style-type: none"> - Ensuring effective risk management - Specific strategic and operational risks <ul style="list-style-type: none"> - Risk management strategy - Local government risk outlook 	20, 21		June 2017
Complaints & Probity <ul style="list-style-type: none"> - Corporate complaints procedures - Ombudsman investigation practices - Probity, acting without prejudice 	9, 10, 11, 12		
Procurement and contract procedures <ul style="list-style-type: none"> - Contract Standing Orders & Procurement Strategy <ul style="list-style-type: none"> - Effective procurement processes - Contract management 	13, 15, 16, 21		
Governance <ul style="list-style-type: none"> - The AGS within the Council's governance <ul style="list-style-type: none"> - Specific topics within the AGS - Governance framework 	19, Ref2		
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 	14		
Internal Audit Standards <ul style="list-style-type: none"> - IA Charter & Strategy - Public Sector Internal Audit Standards - Specific work on IA conformance & the EQA 	21		

Appendix A

Development Theme & Specific Topics	Ref to ToR	Suggested Timing	Training History
Standards / Members Code <ul style="list-style-type: none">- Audit Boards role in Standards- Role of the Monitoring Officer<ul style="list-style-type: none">- Hearing practices- Members Allowances Scheme	17, 22, 24		

Putting the programme into practice

Invitations - Ensuring effective governance is something that all Members have a role in, and so invites could be open to all Members, or exclusively for Audit Board.

Resources - We can deliver most (if not all) of the briefings using experienced and qualified officers of the Council, but if necessary, bringing in some external expertise (for instance inviting our external auditors to run a session) could be possible.

Delivery options -

- Immediately preceding a meeting of the Audit Board (this may maximise attendance – and would still allow other Members to attend (20/30min sessions)
- During the meeting – dedicating a 20/30 min agenda item to include a briefing, delivered as part of the meeting
- Specific programmed events (such as an afternoon or as part of wider Member engagement session)

Timing - Sessions can be scheduled to complement future key decisions of the Board – making suggestions to enable healthy challenge when the reports are considered. For instance, a briefing on the audit plan could be scheduled in January in advance of the plan approval in March.

Work Plan – Briefing could be decided at the beginning of each year, and incorporated into an annual work plan for the Board. This would allow for briefings to be prepared in advance, and, enables the Board to have a clear view of what is coming up throughout the year, and

Scope - The Member Development programme should be led from the Terms of Reference, to ensure that we equip Members with the knowledge necessary to fulfil their responsibilities.

AUDIT BOARD

TERMS OF REFERENCE:

A.1 DELEGATED FUNCTIONS:

Audit Responsibilities

1. To consider the internal and external Audit Plans/activities.
2. To monitor and review audit performance, including summaries of all reports and monitoring of audit recommendations.
3. To consider audit reports of a sensitive and confidential nature.

Finance Responsibilities

4. To consider reports relating to matters of financial principle.
5. To adopt, approve publication of and authorise for issue, the Statement of Accounts.
6. To receive reports from the external auditor and Audit Commission.

Whistleblowing, Anti-fraud and Corruption Arrangements

7. To consider reports on matters involving potential significant fraud or financial irregularity.
8. Without prejudice to the roles and responsibilities of the Cabinet, to consider reports on the Whistleblowing Policy where fraud, corruption, bribery or other significant malpractice has occurred and to recommend accordingly to the Cabinet.
9. To consider reports on the Corporate Complaints Procedure where fraud, corruption, bribery or other malpractice has served to undermine the Council's internal controls and lines of reporting and to recommend accordingly to the Cabinet.
10. In order to ensure propriety and probity on corporate land issues including the promotion of specific corporate developments, to review the decisions of the Cabinet as they relate to the treatment of planning policy and land disposals particularly where there is a potential for conflict and to ensure that Cabinet decisions relating to corporate land and the promotion of specific corporate developments are made consistently with other decisions.
11. To receive and consider reports relating to Ombudsman investigations where fraud, corruption or other significant malpractice has occurred and to recommend accordingly to the Cabinet.
12. To review the Whistleblowing Policy and Corporate Complaints Procedure to ensure that robust arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action and to recommend accordingly to the Cabinet.

Risk Management and Corporate Governance Responsibilities

13. To receive and consider reports relating to breaches of Contracts Standing Orders and Financial Regulations and to recommend accordingly to the Cabinet. (For the avoidance of doubt, the Cabinet shall in any event receive such reports for information).

Appendix A

14. Without prejudice to the roles and responsibilities of the Cabinet and other Committees/Boards to oversee and consider the Council's policy as regards the scope, timetable and mechanics for achieving value for money.
15. To consider and keep under review Council policies and procedures on procurement to ensure that these accord with Standing Orders, Financial Regulations and best practice.
16. To consider reports on matters involving contractual disputes and to recommend accordingly.
17. Without prejudice to the roles and responsibilities of the Cabinet, to receive and consider reports from the Monitoring Officer on lawfulness and/or maladministration.
18. To receive and consider reports from the Chief Finance Officer on vires, financial impropriety and probity issues.
19. To consider and keep under review the Council's corporate governance arrangements to ensure that these accord with and/or comply with legislation and best practice.
20. To approve the Council's risk management framework and oversee its application.
21. To agree the following:
 - (a) Procurement Strategy;
 - (b) Risk Management Strategy;
 - (c) Anti-fraud and Corruption Strategy;
 - (d) Audit Charter and Strategy.

Miscellaneous Activities

22. To monitor the Members' Allowances Scheme.

Discussion/Consultation Papers

23. To respond to discussion/consultation papers relating to matters connected/associated with the functions of the Board in accordance with the procedure set out in the Appendix to these Terms of Reference.

Standards

24. To discharge the functions (other than those which are reserved to Council) as set out in Part 1, Chapter 7 of the Localism Act 2011 including:
 - (1) To promote and maintain high standards of conduct by Members and Co-opted Members of the Borough Council and to make recommendations to Council on improving standards.
 - (2) To advise the Borough Council on the adoption of, or revisions to its Code of Conduct.
 - (3) To advise, train or arrange to train Borough Council Members and Co-opted Members and Parish/Town Councillors on matters relating to the Code of Conduct and to assist Borough Councillors, Co-opted Members and Parish/Town Councillors to observe their Codes of Conduct and to make recommendations to the Borough and Parish/Town Councils on improving standards.
 - (4) To monitor and assess the operation and effectiveness of the Code of Conduct and to maintain oversight of and review and manage the Arrangements for dealing with Code of Conduct Complaints.
 - (5) To advise on local ethical governance protocols and procedures and to act as an advisory body in respect of any ethical governance matter.

Appendix A

(6) To receive annual reports respectively on the Borough Council's ethical governance arrangements and the number and nature of complaints received and action taken in consultation with the Independent Person.

(7) To monitor and review the procedures for the Register of Members' Interests and registering and declaring gifts, benefits and hospitality.

(8) To appointment a sub-committee to deal with Code of Conduct complaints, following investigation.

(9) To grant dispensations to Members with Disclosable Pecuniary Interests or Prejudicial Interests where:

(i) without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter.

(ii) that the Council considers that the dispensation is in the interests of persons living in its area; or

(iii) where the Board considers that it is otherwise appropriate to grant a dispensation.

B: REFERRED FUNCTIONS:

1. To consider external audit reports which have significant financial and policy implications for the Borough and to advise the Cabinet as appropriate.

2. To oversee the production of the Council's Annual Governance Statement and to recommend its adoption to the General Assembly of the Council.