

Borough Council of
**King's Lynn &
West Norfolk**



The Role of the Audit Committee



Terms of Reference



- Contained in Part 3 of the Council Constitution
- Last revised May 2016 (next revision 2019)
- No member of Cabinet can be on the Audit Committee (The American IIA has a catchphrase: “Noses In, Fingers Out”).
- Political decisions are a given (subject to the specified scrutiny process).
- Purpose:
 - Independent assurance of the adequacy of the risk management framework
 - Independent scrutiny of the Council’s financial and non-financial performance
 - To oversee the financial reporting process

Core functions (1)



- a. Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- b. Monitor action taken on risk-related issues identified by management, auditors and inspectors (notably through monitoring progress identified on risks included in the corporate risk register).
- c. Review internal audit's strategy and plan, and monitor performance.
- d. Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

Core functions (2)



- e. Receive the annual report of the Audit Manager.
- f. Receive the reports of external audit and inspection agencies.
- g. Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- h. Monitor management action in response to any issues raised by internal audit.

Challenge what you are told (and what you are not told)



- Constructively, of course!
- *“What’s the evidence for this?”* – how do you know this is indeed the case?
- *“What’s the implication of this?”* – does this actually matter?
- *“What’s being done about this?”* – are risk and control problems actually being addressed in an appropriate way?
- *“What about?”* – feel free to raise issues you are aware of as Members, not just what the auditors present you with.
- Don’t be scared to ask “naïve” questions!

Setting “tone”



- Give a lead in promoting good governance, including commitment to:
 - Effective risk management including reasonable internal controls
 - An organisational culture that values integrity and is intolerant of fraud and corruption
 - Openness to Internal and External Audit as tools that provide assurance and drive continuous improvement in the management of risk and the application of control
 - High standards of financial management and reporting
 - Value for Money
 - Effective performance management

Oversight of Financial Reporting



- Statement of Accounts
- Annual Governance Statement
- Treasury Management – mid-year report and year end out-turn
- External Audit
 - Plan
 - Report to those charged with governance

Support the auditors and audit process



- Constructive challenge of strategic direction and specific workplans
- Is anything obstructing auditors from carrying out the work they want to do?
- Are auditors adequately resourced to deliver their remit?
- Are Officers sufficiently responsive and helpful to enable the audit process?

Policies



- Take the lead role on behalf of Members in the maintenance of relevant Policies, and other relevant guidance:
 - Risk Management Policy
 - Anti-Fraud and Anti-Corruption Strategy
 - Whistleblowing Policy
 - Fraud response plan
 - Financial Regulations
 - Contract Standing Orders

Know and use your skills and experience



- How much do you know about each others relevant knowledge and experience?
 - Preparing accounts
 - Running a business
 - Recruiting, training, managing staff
 - Procuring goods and services
 - Managing contracts and contractors
 - Measuring and managing corporate performance
 - Preventing and detecting fraud
 - Getting best value for money
- Don't be afraid to admit to things you don't understand and to seek out training

Meeting in private



- Don't be afraid to meet in private, either just as the Committee or with the Internal and External Audit leads (separately)
 - Are you happy with what you are being told?
 - Are we being supplied with the right material to allow us to discharge our responsibilities?
 - Is there anything you want us to know that you don't want to say in front of Internal / External Audit, in front of the Chief Executive, in front of the Assistant Director Finance, in front of the public.