

Role, responsibilities and function of the Audit Committee in Local Authority

19th June 2013



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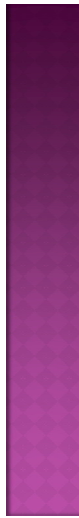


Introduction

**Role, responsibilities and function of
the Audit Committee in Local Authority**

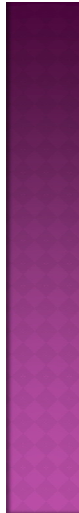
Role, responsibilities and function of the Audit Committee in Local Authority

Cllr Michael White
GRC Global



Agenda

- Setting the context
- Composition of the AC, Remuneration, induction and training of committee members, AC meetings
- Role and responsibilities of the Audit Committee
- Quality, performance, financial reporting, Appointment and removal of external auditors, AC responsibilities and auditor independence, Provision of non-audit services, annual audit cycle
- Risk management and internal controls
- Practical exercise



Role, responsibilities and function of the Audit Committee in Local Authority

Course Agenda

Registration and coffee

Introduction

Composition of the Audit Committee, Remuneration, induction and training of committee members, Audit Committee meetings

- General principles of representation of the Council (Constitution)
- Remuneration schemes: available options
- Lack of provisions for induction and training
- Frequency of the meetings and the role of the Chairman

Role and responsibilities of the Audit Committee

- Reference
- Lack of assurance framework
- Challenges: financial and reputational
- Audit Committee's powers and interconnections with other committees and departments within the Council

COFFEE

Quality, performance, financial reporting, Appointment and removal of external auditors, AC responsibilities and auditor independence, Provision of non-audit services, annual audit cycle

- Technicalities
- Relevant people in relevant departments
- What to do when the trouble comes

Risk management and internal controls

- What we mean by internal control
- Why organisation have internal controls
- Types of internal controls in local authorities
- Responsibilities and accountabilities

Practical exercise

A mock Audit Committee meeting led by the lecturer in a role of the Chairman of the committee. Delegates will be provided with the agenda and will have to contribute.

Cllr Michael white – Curriculum Vitae

Introduction



Councillor Michael White has over 30 years of experience in local and national politics. He has been re-elected as Leader of Havering Council three times. Since his first election as Leader Cllr White brought the crime level down to the second lowest crime rate in London and this borough is home to leading UK schools. He implemented 20 year vision for the authority, identifying clear outcomes and working action plans, and creating a high performing organisation by ensuring robust performance systems and procedures.

He developed alternate service delivery models for leisure, waste and housing and established strong partnership between public bodies and voluntary sector working through the Havering Strategic Partnership to enable substantial improvements in the quality of live for local residents as well as spearheaded the drive to work in partnership with other neighbouring authorities to achieve efficiencies through shared services.

Cllr White is one of the 8 regional peers of the Local Government Association, which is a politically-led, cross-party organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. Cllr White also work as an independent governance consultant for Improvement and Efficiency South East partnership, which is one of nine Regional Improvement and Efficiency Partnerships (RIEPs), providing experience within the public sector and in-house service delivery by designing, enhancing and implementing business critical solutions resulting in huge savings and/or marked improvements.

Michael is also a member of the London Thames Gateway Development Corporation Board and from 2008 to 2010 was Deputy Leader of London Councils. He holds many non-executive appointments in Transport, Health and Enterprise sectors.

Mrs Janina White, ACIS – Curriculum Vitae



Janina White is “the brain” and “a right” (writing) hand of the company. She is an exceptionally versatile and open-minded individual, with a past supplementary experience as a Non-Executive director one of the National regulators, equipped with a commanding track record over the past years of bringing sound judgment and a strong commercial perspective to the full business lifecycle.

Mrs White is an expert in office administration and support services, reports production, corporate governance, compliance and risk management derived from a professional background as a Chartered Company Secretary in addition to highly developed networking, communication skills and sound understanding of Public Relations as well as UK political map as a holder of a Master’s degree in Journalism and Political Sciences.

Mrs White is a Secretary of a local branch of the Institute of Chartered Secretaries and Administrators and an expert in drafting governance structures and conducting Board evaluations. Janina has vast international network of contacts, which include best specialists in specific sectors and highly profiled individuals such as football club owners.

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GRC Global Limited

In 2013 Cllr and Mrs White established Governance, Risk, Compliance Global Limited, the only consultancy on the market offering in-depth, practical solutions for governance challenges in public sector.

The team of highly-recognised specialists they lead are committed to:

- Deliver value-for-money bespoke governance solutions for public sector entities
- Establish the best governance practice and deliver projects in a timely and efficient manner
- Challenge constraints, overcome challenges and create opportunities for local authorities and service delivery companies as well as other public sector entities.

We believe that well established, promoted and understood governance structures are a solution for the following opportunities:

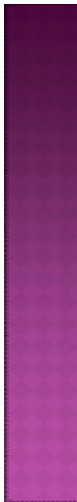
- a transfer of service delivery and commissioning to independent providers
- increased level of localism
- merger and consolidation programmes for organisation in Public and Voluntary sectors.

Composition of the Audit Committee, Remuneration, Induction and training of committee members, Audit Committee meetings

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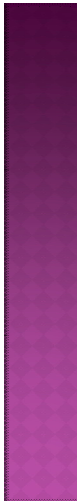


Composition, Remuneration, Induction and training of committee members, Meetings



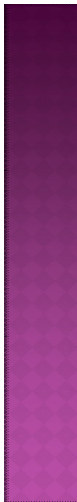


- ◉ Constitution
- ◉ Proportional representation
- ◉ Leaders' selections
- ◉ No formal requirements
- ◉ Selection of Chairman
- ◉ Qualifications?
- ◉ Lay members?



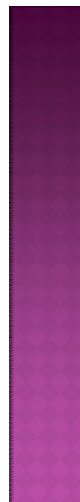


- ◉ Time commitment
- ◉ No remuneration for members, remuneration of Chairman
- ◉ Determination of Chairman's remuneration, London Councils Remuneration Scheme, alternatives
- ◉ Access to resources
- ◉ Expenses



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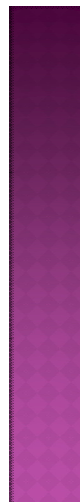
- No formal induction and training
- Lack of basic knowledge on:
 - understanding financial statements,
 - the application of accounting standards,
 - the regulatory framework,
 - external and internal auditing
 - risk management



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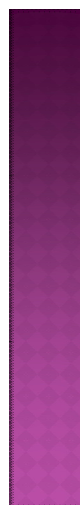
New approach: Keeping the committee members up to date on developments in quality, performance and financial reporting and related Local authorities guidance and legislation by:

- Attendance at formal courses and conferences
- Internal organisation talks
- Seminars and briefings by external advisers
- Absolute requirement for a formal induction course for members and the Chairman



[Redacted]

- Timing and frequency, role of the Chairman
- Interconnections with Council's departments and committees, consultations, delegations
- Council's key dates in the financial reporting and audit calendar
- Invitation of other individuals other than AC's members and the Chairman
- Meeting with external and internal auditors





- Do you think that the role of audit committee members is important to ensure proper financial management and risk control of a local authority?
- To what extent would you agree that Audit Committee members and the Chairman should be selected upon their professional and intellectual fitness and be provided with appropriate induction and training?



(48 pages)

