

**REPORT OF SERVICE DIRECTOR, FINANCE, PROCUREMENT &
IMPROVEMENT****POTENTIAL AREAS FOR DEVELOPMENT FOLLOWING AUDIT COMMITTEE
TRAINING****Purpose of the Report**

1. To suggest, for discussion, potential areas of development following the recent training session on Audit Committee effectiveness.

Information and Advice

2. At its meeting on 16 March 2016, the Committee determined that it wished to participate in a county-wide training session for members of local council audit committees, offered free of charge by the County Council's external auditor, KPMG.
3. The training session was held on 28th June 2016 at the offices of Gedling Borough Council. It was well attended, with representatives present from each local council in the county, including five Members from Nottinghamshire County Council's Audit Committee, along with the Service Director – Finance, Procurement and Improvement, the Head of Internal Audit and the Assistant Democratic Services Officer. Informal feedback following the session suggested that most attendees found the training informative and thought-provoking. The training materials provided during the session were circulated to all Members of the Audit Committee, including those who were unable to attend on the day.
4. Subsequent discussion with the Chair and Vice-Chair of the Committee determined that this discussion paper should be prepared, to provide an opportunity for Members to consider further how this Committee functions when compared with the elements of best practice highlighted during the session. Each attendee at the session will no doubt have formed their own opinion about this, but the following sets out the perspective of the Head of Internal Audit, to serve as a prompt for discussion.

Table 1 – Suggested strengths and priorities for improvement

Where the Committee performs well	How the Committee might develop
Communications and relationships between Committee Members, the Head of Internal Audit and the Service Director – Finance, Procurement & Improvement	The Audit Committee’s terms of reference might more demonstrably be the driver for setting out the range of assurance the Committee requires each year, and so should drive the content of the Committee’s agenda at its meetings during the year.
Audit Committee papers provide a good level of information to assist Members.	Each report to the Audit Committee should include reference to the relevant aspect of the Committee’s terms of reference. In this way, it should be clear how each report the Committee receives is making a contribution to the range of assurance the Committee requires.
Internal Audit’s findings and progress are fed through to the Committee at appropriate intervals.	The Committee might consider the benefit of pre-meetings and ad hoc meetings to discuss issues in a less formal setting.
Audit Committee meetings see an even spread of contributions from all attendees.	At the end of each year, the Audit Committee might produce a report to Full Council, setting out its activities, assurances secured and any learning points.
A good process is in place around the Annual Governance Statement.	There may be scope for the Audit Committee to see regular input from a wider range of the most senior members of the Council’s management team.
	The Committee might carry out a periodic self-assessment against best practice for Audit Committees.

5. At the close of the training session, the proposal was aired for ongoing and periodic County-wide sessions to be held in the future, possibly under the guise of a Nottinghamshire Audit Forum. Such a forum is in place in Lincolnshire, embracing the work of audit committees across the public sector. The Lincolnshire Forum meets approximately six-monthly and provides an opportunity to share experiences and discuss topical issues. Audit Committee’s views would be welcome as to whether it would like to express its interest in pursuing this further for Nottinghamshire.
6. In considering potential areas for development, the Audit Committee may wish to be mindful of the most appropriate timing for any agreed developments to be progressed and implemented.

Other Options Considered

7. This report seeks to draw out the key issues arising from the recent training event held, therefore no other options were considered in compiling this report.

Reason/s for Recommendation/s

8. To capture the key areas in which the Audit Committee considers it may be able to improve its own effectiveness and to consider the most appropriate timing for any developments to be implemented.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and adults at risk, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

The Audit Committee delivers a key role in the Authority's governance arrangements, incorporating the arrangements for the effective management and control of the Council's finances. As such, any improvement in the effectiveness of the Audit Committee should lead to strengthened arrangements for financial governance.

RECOMMENDATION/S

- 1) The Committee discusses the scope for developing its effectiveness in light of the recent training event and, where it considers changes should be made, it identifies the most appropriate timing for their implementation.

Nigel Stevenson

Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact: Rob Disney, Head of Internal Audit

Constitutional Comments [KK 11/08/2016]

10. The proposal in this report is within the remit of the Audit Committee.

Financial Comments [CB 12/08/2016]

11. The finance implications are contained within the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Presentation slides from the training event held June 2016

Electoral Division(s) and Member(s) Affected

- All