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Audit Committee Development Day

CIPFA

The Chartered Institute of
Public Finance & Accountancy



Argyll & Bute Council

Audit Committee Development Day: Action Plan

June 2014

1 Executive Summary

1.1 Introduction

The Audit Committee Development Day was held on 30th May 2014.

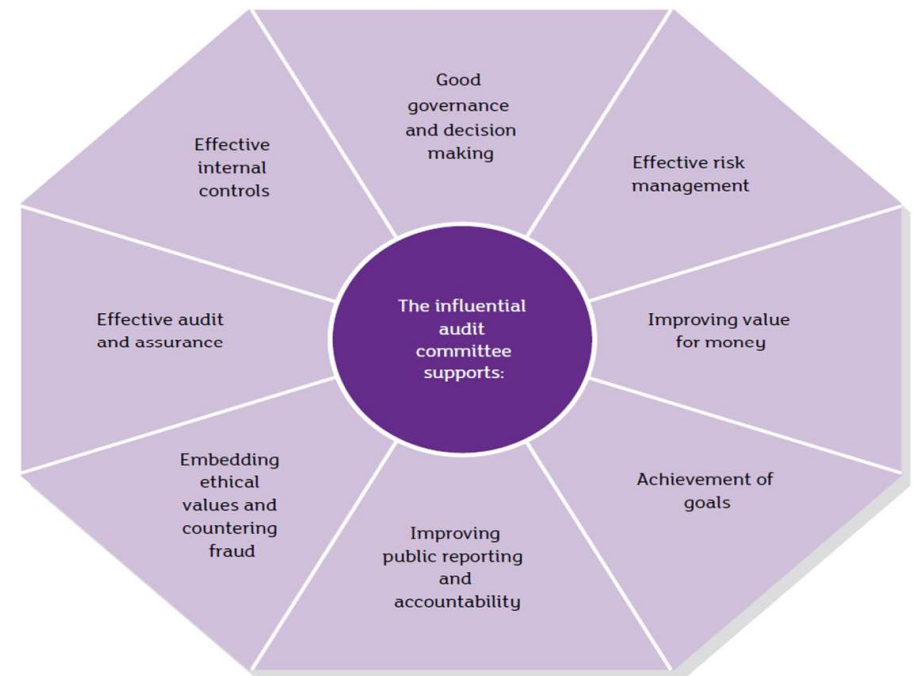
The agenda for the day was discussed at the March Audit Committee, and included a broad outline of the public audit framework in Scotland, and other sources of assurance for the committee. The day also covered the role of the audit committee, drawing on CIPFA's new position statement, and the work of internal audit.

1.2 Discussions during the day

Don Peebles, the Head of CIPFA in Scotland provided an outline (Figure 1) of the key assurance roles provided by audit committees. During discussion, it was noted that some of the roles in Argyll & Bute Council may be performed by the Performance Review and Scrutiny Committee rather than the audit committee.

CIPFA published its revised and updated position statement on audit committees in 2013. The core purpose of an audit committee is to provide the Council with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

Figure 1: How Audit Committees Support Improvement



Source: CIPFA Scotland

Key changes within the CIPFA guidance

Key changes to the CIPFA guidance include the implications of the introduction of the Public Sector Internal Audit Standards and annual governance statements. The Audit Committee role in relation to value for money, counter-fraud, and partnerships governance has also been included in the guidance for the first time.

The guidance also includes a greater focus on the factors that support improvement. These include the knowledge and skills that audit committee members require and a focus on where the audit committee adds value.

1.3 Outcomes from the day

During the day, we logged a number of actions, which have been collated and presented in Section 2 of this report.

A key theme of the discussion was around the culture and profile of the Audit Committee and internal audit team, and arrangements for monitoring changes in culture and impact. We have logged a number of actions to respond specifically to this concern, including attendance by senior management, clarity on roles and accountabilities, and ensuring that Audit Committee members can influence the work of internal audit.

2 Audit Committee Development Day: Action Plan

No.	Issue arising	Proposed action	Lead responsibility	By (date):
Assurance mapping				
1.	Lack of clarity about sources of assurance and the respective roles of the Audit Committee and Performance Review and Scrutiny Committee	<p>A draft outline of assurance mapping process/options will be presented to the June Audit Committee</p> <p>Assurance map to consider respective roles of the PRS Committee and the Audit Committee including:</p> <ul style="list-style-type: none"> ■ clarity of roles ■ areas of overlap ■ scope for collaboration 	Grant Thornton	27 June 2014
Audit Committee Effectiveness				
2.	Clarity about potential gaps against new Audit Committee best practice guidance	<p>Use CIPFA Checklist to review current performance of the Audit Committee, and areas for improvement. Scope to include:</p> <ul style="list-style-type: none"> ■ Defining success criteria for the Committee for 2014-15 ■ How the committee considers the effectiveness of internal audit and external audit, including progress reporting. 	Chair of the AC, but facilitated by CIPFA/GT partnership	Sept 2014

No.	Issue arising	Proposed action	Lead responsibility	By (date):
3.	Increasing the impact of the audit committee, and the understanding of the role the committee plays in the internal control framework	<ul style="list-style-type: none"> ■ Chair / Vice-Chair to reflect on content of the Annual Report, including PSIAS developments and risk management achievements ■ Chair to present Annual Report to the Council meeting in November 2014 	Chair of the AC	November 2014
4.	Managing the length of meetings and quality of discussion	Chair and Vice Chair to consider key papers for discussion at pre-agenda meetings, and allocate any papers that can be noted only.	Chair and Vice Chair of the AC	June 2014 and ongoing
Delivering impact				
5.	Accountability / Officer ownership of actions and attendance at Audit Committee meetings	<ul style="list-style-type: none"> ■ BW to ensure that SMT members attend Audit Committee Meetings where required. ■ IA to review annual plan to group audits as far as possible to support officer attendance 	Head of Strategic Finance Internal audit	Sept 2014 Ongoing
6.	Ensuring that the Audit Committee can influence the scope and coverage of internal audit to meet their assurance requirements	<ul style="list-style-type: none"> ■ IA to prepare indicative 2015-16 annual audit plan for December audit committee meeting, to ensure that Audit Committee members have the opportunity to influence the plan ■ IA to develop an outline scoping protocol to ensure that individual audits are focused on areas of concern to the Audit Committee 	Internal audit	December 2014

No.	Issue arising	Proposed action	Lead responsibility	By (date):
7.	Improving the impact of internal audit	<ul style="list-style-type: none"><li data-bbox="761 352 1610 416">■ To review the format of progress reports, to ensure that they focus on key risks<li data-bbox="761 440 1610 504">■ To ensure that internal audit findings are clear, and risks properly articulated	Internal audit	September 2014