



<b>Title of Report:</b>	<b>Audit Committee Training and Slides Fraud Awareness Training Update</b>
<b>Committee Report Submitted To:</b>	<b>Audit Committee</b>
<b>Date of Meeting:</b>	<b>20<sup>th</sup> September 2023</b>
<b>For Decision or For Information</b>	<b>For Information</b>
<b>To be discussed In Committee</b>	<b>YES/NO</b>

<b>Linkage to Council Strategy (2021-25)</b>	
Strategic Theme	Cohesive Leadership
Outcome	Improve Service Delivery
Lead Officer	Director of Corporate Services/Audit, Risk and Governance Manager

<b>Budgetary Considerations</b>	
Cost of Proposal	Nil
Included in Current Year Estimates	<b>YES/NO</b>
Capital/Revenue	Revenue
Code	51003-2401
Staffing Costs	Internal staff costs

<b>Legal Considerations</b>	
Input of Legal Services Required	<b>YES/NO</b>
Legal Opinion Obtained	<b>YES/NO</b>

<b>Screening Requirements</b>	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

## **1.0 Purpose of Report**

- 1.1 Audit Committees practical guidance for Local Authorities and Police states the Audit Committee needs to work with auditors and key officers to ensure that there is a shared understanding of objectives, expectations and outcomes from the audit. It is likely that the committee members will need support and training to improve their knowledge and understanding in this area unless they have had prior experience.

## **2.0 Background**

- 2.1 All elected members who do not hold previous board training was invited to hybrid Audit Committee training. There were 11 Members in total at the training, 5 members attended in person and 6 members attended online. Two additional members have arranged to receive the training.

Fraud Awareness training will be rolled out on the 15<sup>th</sup> September to new Elected Members who have previously not received this training.

## **3.0 Recommendation**

**It is recommended** that the Council note the roll out of Audit Committee training and Fraud Awareness training to new Audit Committee Members.

# Audit Committee Training

Presented by: Audit Risk & Governance Manager

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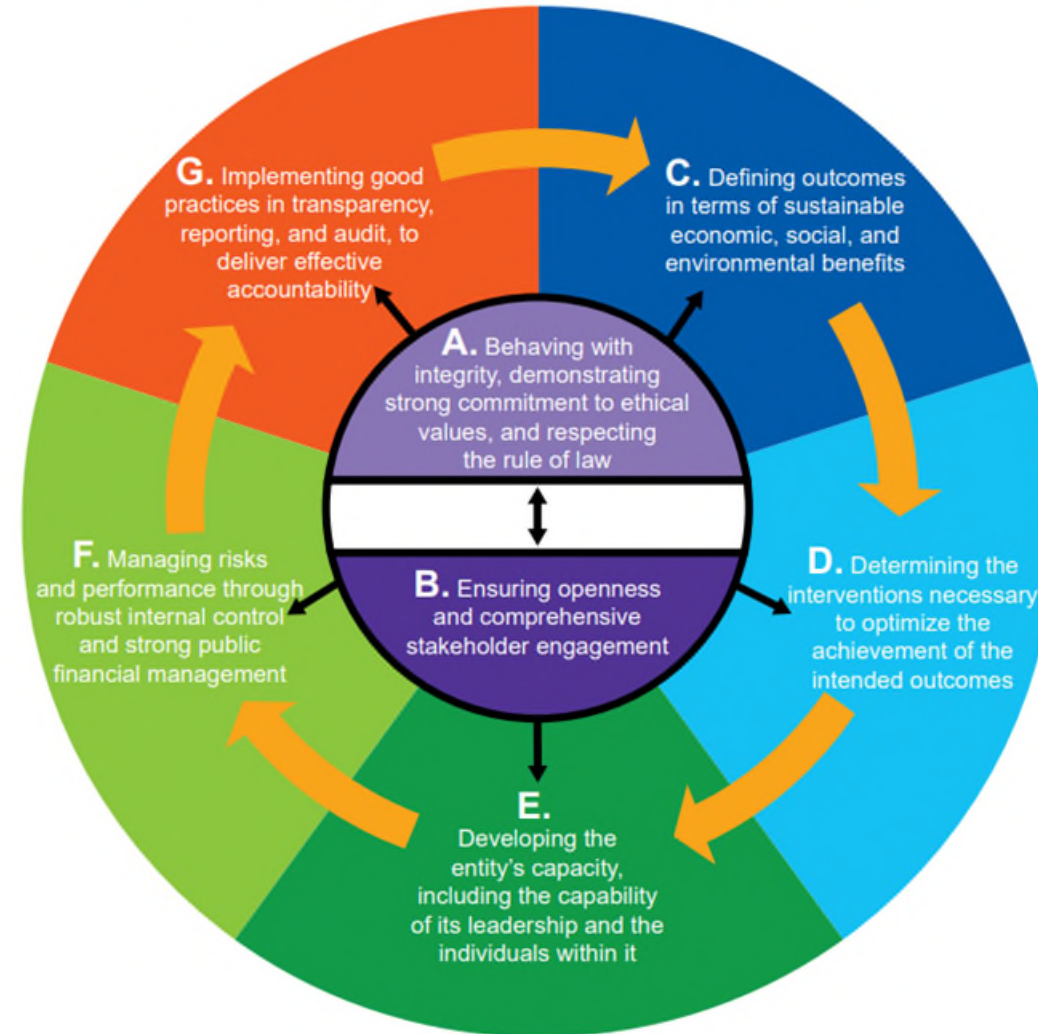


**Causeway  
Coast & Glens  
Borough Council**

# Course Objectives

- Increased knowledge of the role and responsibilities of Audit Committee
- Develop skills required for Audit Committee Members
- Key ways the Audit Committee can make a difference
- Support Audit Committee Members to deliver against the terms of reference:
  - Statement of Accounts
  - Statutory Audit – External
  - Performance Improvement
  - Risk Management
  - Annual self – assessment of Audit Committee

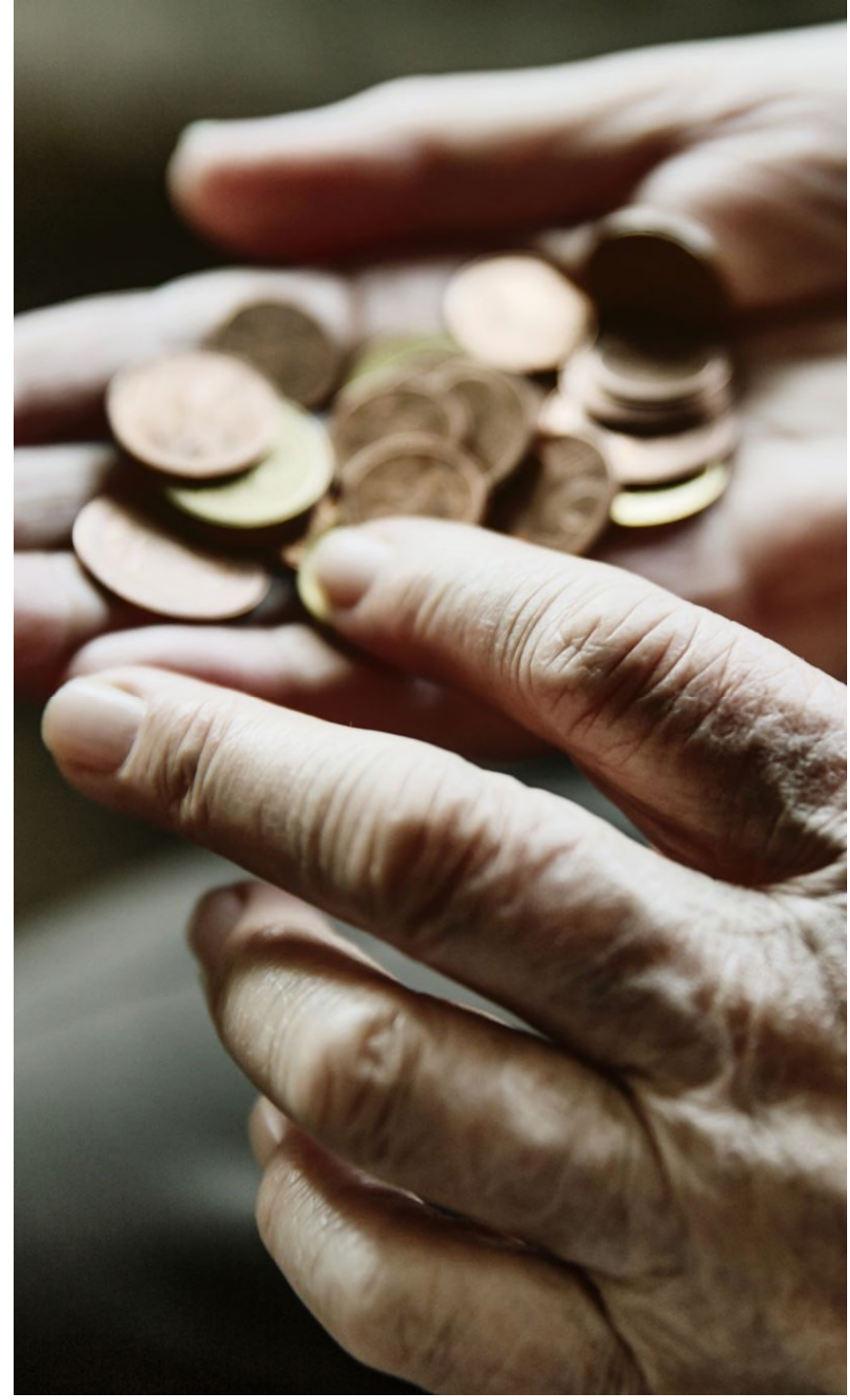
## Achieving the Intended Outcomes While Acting in the Public Interest at all Times



Relationships  
between the  
principles of good  
governance in the  
Public Sector

# Surcharges

- An officer or councillor who unlawfully spends public funds, or causes loss to a local authority through misconduct in Northern Ireland, can be surcharged to recover the public money lost.
- The auditor can seek a declaration:
  - Order part/all to be repaid
  - Have the person disqualified
- The power is rarely used, examples include:
  - Lambeth Borough Council & Liverpool City Council (1985)
  - Clay Cross Urban District Council (1973)



# Role of the Audit Committee

- Providing assurance on Council's risk management, control and governance arrangements
- Oversight of financial and non-financial performance.
  - Internal & External audit are primary sources of assurances:
  - Internal audit gives assurance on key risk, systems and controls.
  - External audit gives assurance on financial statements and performance improvement
- Audit Committee should review the reliability and integrity of these assurances
- Oversight of financial reporting process and review of financial statements on behalf of Council



# Independence, Objectivity and Understanding

- The audit committee should be independent and objective
- Each member should have a good understanding of their objectives and priorities of the Council and their role as an Audit Committee Member.
- CIPFA requirement to have at least one independent member on the Audit Committee to strengthen independence and experience. Provides an additional level of assurance to the public
- Independent Members do not have voting rights
- Internal Audit and External Audit usually attend meetings
- Director of Corporate Services and Head of Finance usually attend meetings, and other officers at the request of the Committee.
- The Chief Executive is invited to attend at least one meeting on an annual basis.



# Meetings

At least 4 meetings per annum:

- June
- September
- December
- March

Special meetings convened as required

## Typical Agenda Items

- Internal Audit Reports
- Internal Audit Annual Year End Assurance Report
- Local Government Auditor (LGA) Audit Strategy (NIAO)
- Draft Financial Statements
- Draft Annual Governance Statement
- Internal Audit Charter
- Internal Audit Annual Plan
- Report to those charged with Governance (RTTCWG) (NIAO)
- Local Government Annual Audit Letter (NIAO)

# Key Relationships with the Audit Committee include:

## **Chief Executive**

- Oversee production of Assurance Statement, signed by Chief Executive as Accounting Officer
- Monitor Implementation of Councils internal control and risk management system
- Consider Actions needed to ensure compliance with corporate governance

## **Director of Corporate Services**

- Day to day oversight and liaison with internal audit
- Audit Committee: Review effectiveness
- Technical Advice to Audit Committee
- Audit Committee: Review and Follow-up

## **Head of Performance**

- Advising and updating audit committee on progress of Council's Annual Performance Improvement Plan

## **Chief Finance Officer**

- Preparation of Financial Statements
- Liaison with Local Government Auditor (NIAO) during the statutory audit

## **Audit Risk and Governance Manager**

- Annual controls sign off and Audit opinion
- Presentation of internal audit reports
- Annual monitoring of internal audit recommendations implementation

# Statutory Audit

- Carried out by the Local Government Auditor (NIAO)
- Follows Code of Audit Practice
  - How the Local Government Auditor carries out her functions
  - Financial statements audit conducted in accordance with International Auditing Standards
- Scope of Code
  - Audit of Financial Statements
  - Arrangements for securing economy, efficiency and effectiveness in use of resources
  - Performance Improvement Responsibilities

# Local Government Auditor Responsibilities (External)

- Public Interest Report - (on a matter coming to notice in the course of an audit).
- Special Inspection Report – (in relation to Performance Improvement Responsibilities)
- Report to Members of Local Councils
- Annual Audit Letter
- Local Government Auditors Annual Improvement Report

DfC with the consent of the Comptroller and Auditor General (C&AG), designate a member of NIAO staff as the Local Government Auditor. Once designated the auditor will perform this function independently of DfC and the C&AG.

The current Local Government Auditor is Colette Kane.



# Internal Audit Responsibilities

(Audit Risk & Governance Manager & Co-sourcing Contract)



Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Councils operations.



It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.



Internal audit will provide an opinion as a key element of the framework of assurance that informs the completion of the Annual Governance Statement. Internal audit will meet with the external auditor and chair of the Audit Committee as required.



# Statement of Accounts (Financial)

- Draft annual accounts are produced by 30<sup>th</sup> June 2023
- Final audited financial accounts published by 30<sup>th</sup> September

Main Statements within the Annual Accounts are:

1. Comprehensive Income & Expenditure Statement – shows the accounting cost of providing services (financial performance)
2. Movements in Reserves Statement – shows the movement in the year of the various reserves the Council have.
3. Balance Sheet – shows the value of the Council's assets and liabilities (financial position)
4. Cash Flow – shows the changes in cash and cash equivalents during the financial year



# Audit Committee Role

- Accounting policies and procedures
- Unadjusted mis-statements in the accounts
- Estimates/judgement areas
- Audit journals
- Look at variances year on year
- Large (or no) movements in reserves
- Post-balance sheet events
- Prior Year Adjustments
- Review the Report to those charged with Governance, what issues are arising from the External Audit



# Performance Improvement (Non-Financial)

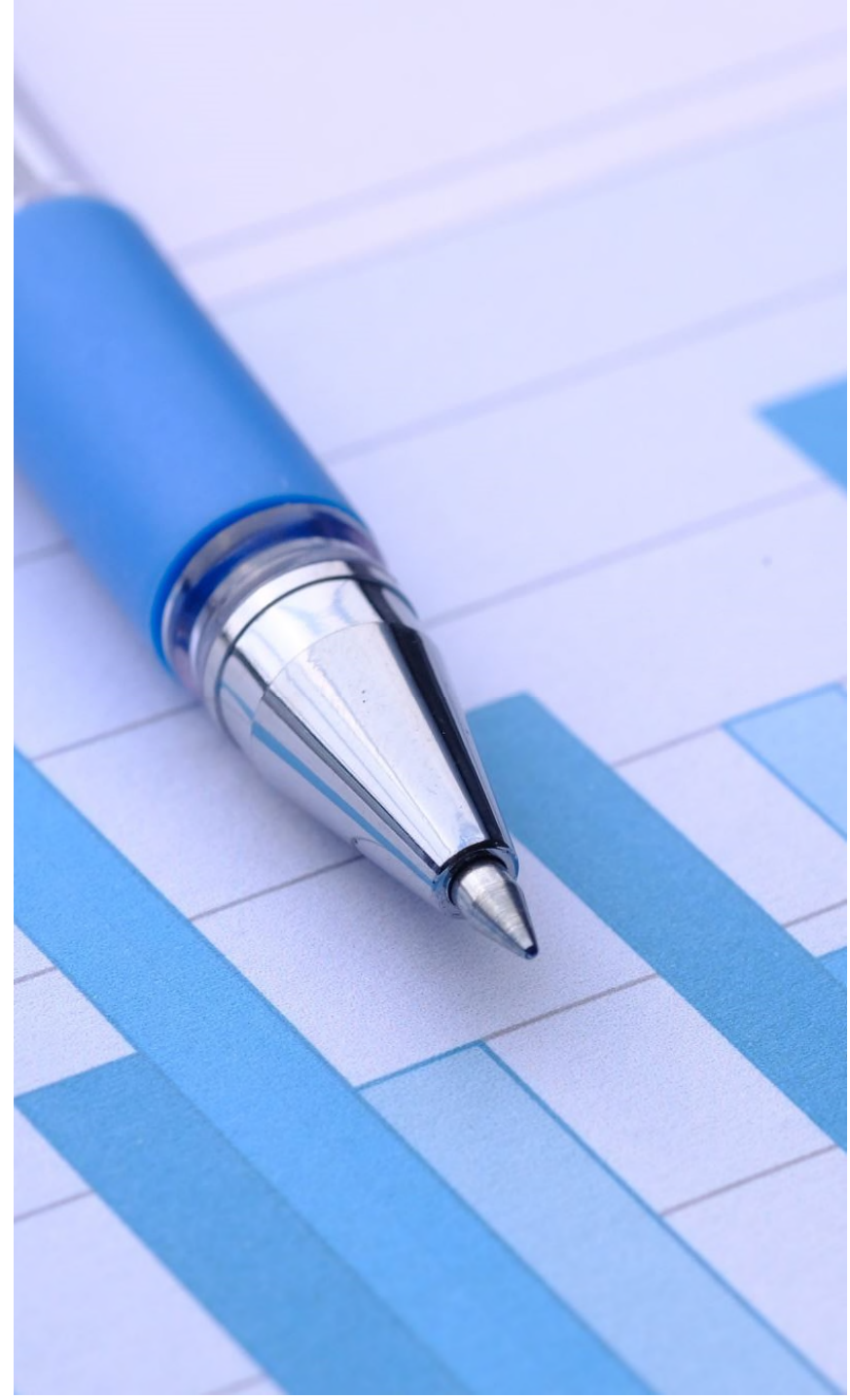
- Requirement under Local Government Act (NI) 2014
- Performance Improvement Plan by 30 June each year
- Publish an improvement report by 30 September each year
- NIAO will audit both documents and performance improvement arrangements in general across Council.
- NIAO will publish audit and assessment report on Council performance annually.





# Audit Committee Role

- Review arrangements for and report on continuous improvement in services
  - More than quantifiable gains
  - Enhance sustainable quality of life and environment
- Challenge to maintain statutory duties and deliver step change improvements
- What are the objectives for the council and how are we measuring achievement against objectives?
- What assurances are we getting on the data?



# Risk Management



Provide a framework that enables the Council to achieve its strategic objectives in a consistent and controlled environment



Improve decision making, planning and prioritisation of activities



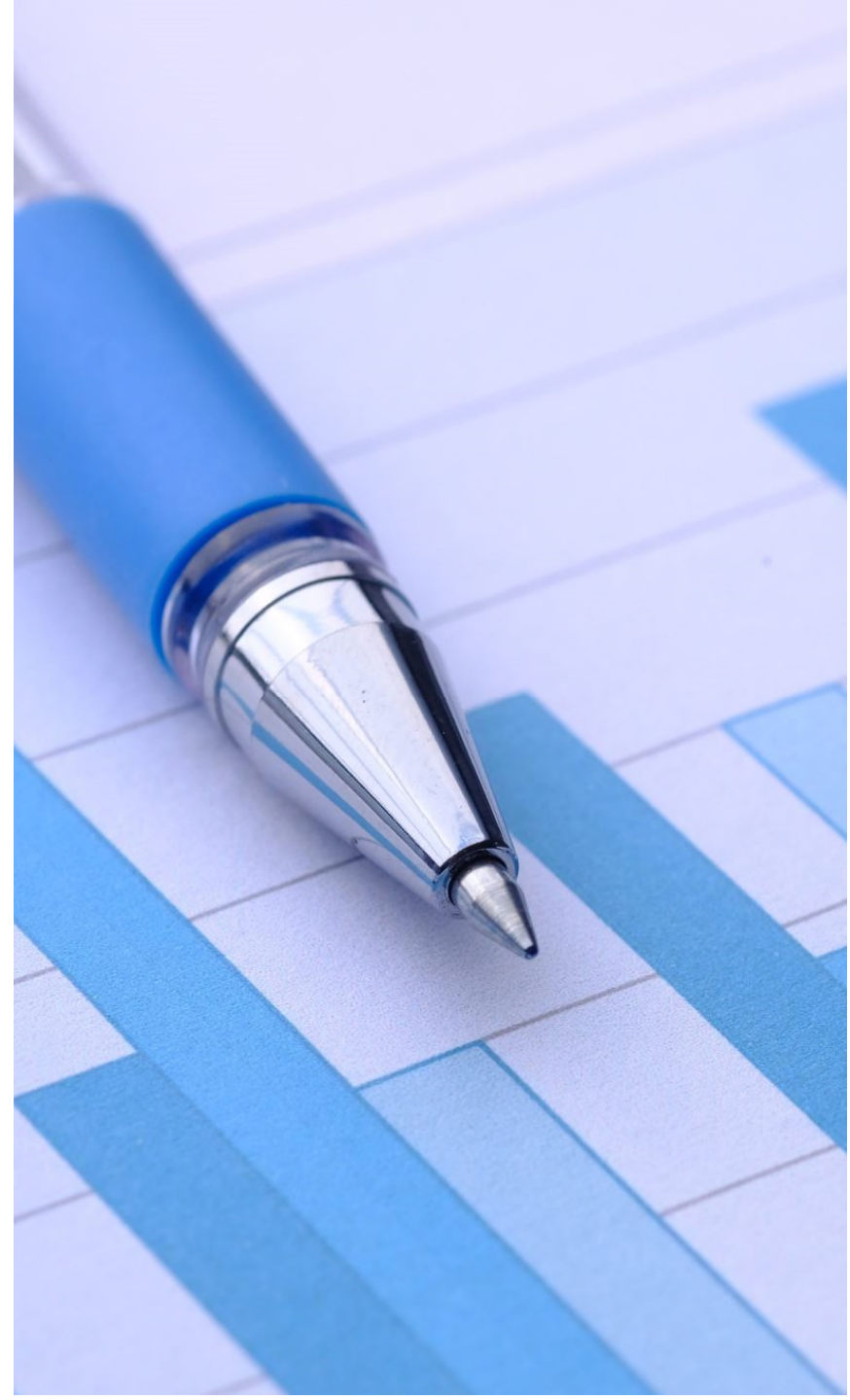
Safeguard the Councils assets



Create an environment where all staff assume responsibility for risk management

# Audit Committee Role

- Is the risk policy fit for purpose?
- Is risk management integrated into governance and decision making?
- Does the Annual Governance Statement reflect the risk environment?
- Are you assured that risks are adequately assessed and managed?
- Do we know the Councils risk profile and risk appetite look like?



# The complex risks facing Audit Committees

In the last 12 months, audit committees have been faced with more complex risks and the ripple effects:

- Post-lockdown uncertainty, which is driving cashflow forecasts (and risks)
- Geopolitical conflicts, such as Russian invasion of Ukraine
- Rapid and unexpected inflation across energy, wheat and other commodities
- Increased interest rates rises in response to inflation, which changed base case forecasts for investment decisions and funding
- Fallout from COVID and Brexit
- Cyber Risks – advances in technology has brought about a growing number of cyber threats, data leaks and thefts as cybercriminals.

# Key Skills

- How are you going to demonstrate challenge of the statement of accounts?
- What are external audit telling you about the financial position of your Council?
- What assurances are you getting on performance improvement plans and activities?
- What are external audit telling you about the performance improvement of your Council?
- Consider what can you do to make a difference?



# Other Guidance

Audit Committee – Practical guidance for Local Authorities & Police (2022)

HM Treasury Audit & Risk Assurance Committee Handbook (2016)

## Good Practice

- Local Government Association Guidance/Booklets
- Chartered Institute of Public Finance and Accountancy (CIPFA)
- Department for Finance Dear Accounting Officer letters (DAO's)
- Public Sector Internal Audit Standards (PSIAS)
- NIAO publications and other bodies

Thank you and  
Any questions

