

## Audit Committee Remit Review

Date: 19 July 2016

**Objective:** To discuss the remit of the Audit Committee and agree on any changes required to meet the Committee's responsibilities

**Attendees:**  
 Audit Committee Members: Cllr. C Higgins (Chair) Cllr. H Evans, Cllr. E Thomas, Cllr. E Williams, Cllr. B Thomas, Cllr. J James, Cllr. D Jenkins  
 External: Jason Garcia Wales Audit Office  
 Officers: Chris Moore, Phil Sexton, Helen Pugh

**Apologies** Cllr. G Morgan & Cllr. G Thomas

### 1. Introduction / Background

The Corporate Assessment carried out by Wales Audit Office stated that:

*'There are opportunities to strengthen the operation of the Council's Audit Committee and ensure that it delivers its remit for example, by ensuring that the Committee receives copies of all regulatory reports, its consideration of financial reports, risk and fraud and improving the level of information shared with the committee in relation to the Council's risk register and restricted items.'*

WAO Proposal for Improvement in relation to this matter was as follows:

*'Review the remit of Audit Committee to make sure it is delivering what is expected of it.'*

**Discussion:**

To address WAO's proposal for improvement it was considered appropriate to have a Review Meeting for Audit Committee Members to critically review the arrangements we have in place.

## 2. Local Government (Wales) Bill

Proposed Local Government (Wales) Bill and the key changes within the Bill that could affect the Audit Committee were noted.

Key changes:

- Corporate Governance & Audit Committee – Corporate Governance is proposed as an additional specific area of responsibility for the Audit Committee
- Lay Members – a third of the Audit Committee would be made up of Lay Members
- Chair of Audit Committee - would be a lay Member

### Discussion

- Corporate Governance is an area that is already considered by the Audit Committee, therefore a relationship exists between the Corporate Governance Group and the Audit Committee.
- Audit Committee Chair is invited to every Corporate Governance Group in an observer capacity.
- Code of Governance and Terms of Reference for the Corporate Governance Group were approved by the Audit Committee in March 2016
- Corporate Governance Group minutes are reported to the Audit Committee.
- Annual Governance Statement is approved by the Audit Committee as part of the Statement of Accounts
- It was suggested that the Minutes of the Corporate Governance Group could provide more information to the Audit Committee with regard to progress in delivering the Actions.

Action Items	Responsible Officer	Target Date
Annual Governance Statement Appendices (previous year outstanding actions and current year's actions) to be attached to the Corporate Governance Group Minutes ensuring that progress in implementing the Actions are reported to Audit Committee.	Audit & Risk Manager	Dec 2016

### 3. External Audit

Wales Audit Office were invited to provide the External Audit perspective on the operation of the Authority's Audit Committee. Questions posed:

- i. What information does the Audit Committee get from:
  - Corporate Governance Group?
  - Risk Steering Group?
- ii. How did Members feel about the level of detail received in July's Audit Committee with regard to Internal Audit's review of Coastal Facilities? What information and level of detail do Audit Committee Members need to receive to fulfill their role?
- iii. Internal Audit outcomes – how are the recommendations tracked?

#### Discussion

- i. Currently the arrangements are that Minutes of both Corporate Governance Group and Risk Management Group are presented to the Audit Committee, and there are links from these groups directly to the Audit Committee.
- ii. Audit Committee can get drawn into too much detail. There is a need for a balance in relation to the level of detail but level needs to be set to enable challenge. It was noted that there are a large number of reports and to receive all reports would not be practical or allow Members to focus on the key issues. Chair and Vice Chair of the Audit Committee receive all reports, along with the relevant Executive Board Member and the Executive Board Member for Resources. The Audit Committee Members supported the continuation of this arrangement. It was agreed that Summary Reports continue to be presented to Audit Committee when there are issues that need to be brought to their attention.  
It was suggested that it may be useful to see how other Audit Committees function. As they are public meetings access to Agendas or attendance could be pursued.
- iii. The new arrangements that have been put in place for tracking Internal Audit recommendations were explained to the Committee. The in-house system (PIMS) will be used this year to record all internal audit recommendations, which can provide a central place for managers to check what actions they have agreed to deliver, as well as providing Internal Audit with a central database of all recommendations to monitor progress on implementing the agreed actions. How Wales Audit Office track and monitor their reports and recommendations is also worthy of review.

Action Items	Responsible Officer	Target Date
Review other Audit Committees to see what others do and to determine if there are good practice approaches that could be adopted for Carmarthenshire CC.	Audit & Risk Manager	May 2017

Wales Audit Office recommendations to be tracked	Wales Audit Office	To be agreed with Wales Audit Office
<b>4. Constitution</b>		
The Constitution in relation to the role of the Audit Committee has been drawn up in accordance with CIPFA guidance.		
<b>Discussion</b>		
There were no areas of concern raised from the Constitution		
Action Items		
None to note		
<b>5. CIPFA Publication</b>		
The Suggested Terms of Reference within the CIPFA publication was referred to.		
<b>Discussion</b>		
Generally it felt that the Constitution detailing the Audit Committee’s responsibilities covered the majority of the suggested areas. However, it was recognized that there is a need for more reporting on risk to the Audit Committee. This had already been identified as an area that need improvement and the Forward Work Programme presented to the Audit Committee in July 2016 shows that the Corporate Risk Register will be an agenda item twice yearly. This was welcomed. It was also suggested that the Audit Committee Members should have the opportunity to discuss key risks with the risk owners, meaning that they will be inviting Risk owners along to Audit Committee meetings.		
Action Items	Responsible Officer	Target date
Corporate Risk Register to be include on Audit Committee Agenda twice yearly	Head of Audit, Risk & Procurement	Dec 2016
Audit Committee Members intend to call in Risk Owners to discuss risks further	Audit Committee Members	Relevant Audit Committees

6. Audit or Scrutiny?		
<p>Presentation given on the different responsibilities and requirements of a Scrutiny Committees and Audit Committee. In summary the roles were as follows:</p> <ul style="list-style-type: none"> <li>i) Council / Executive - Setting policies</li> <li>ii) Scrutiny Committee - Challenge policy and deliver</li> <li>iii) Audit Committee - Take assurance from auditor work and challenge on management arrangements for delivering policies.</li> </ul>		
Action Items		
None to note		
7. Pre-meetings		
<p>Current arrangement :</p> <ul style="list-style-type: none"> <li>- Pre Audit Committee meeting with Audit Chair and Vice Chair</li> <li>- Annual session for Audit Committee to go through the Statement of Accounts in detail prior to the formal receiving of the Accounts at the July Committee Meeting</li> </ul>		
<b>Discussion</b>		
<p>Openness and transparency needs to be retained as Audit Committee’s a public meeting. This was agreed, but it was also agreed that pre-meetings can be useful, but should only be held when needed, on an exception basis. It was agreed that these meetings will be called by the Chair should the Chair feel they would be beneficial. It was noted that other bodies hold informal Audit Committee meetings with external and internal auditors. The potential of having up to two informal meetings was discussed. It was suggested that combined with these meetings a self-assessment of the Audit Committee functions could be carried out (proposal for this to be an annual exercise).</p> <p>The WLGA Audit Chairs Group, which comprises the Chair of Audit from each of the 22 Authorities, was discussed. To date only one meeting has been held and it was considered useful.</p>		
Action Items	Responsible Officer	Target Date
Audit Committee Chair and Vice Chair meeting with Director of Corporate Services and Internal Audit to continue		Continue with current arrangement

<p>Audit Committee Development Sessions to be held (twice yearly) with the following areas to be covered annually:</p> <ul style="list-style-type: none"> <li>- Statement of Accounts</li> <li>- Audit Committee Self-Assessment Exercise</li> <li>- Meet with External Auditors</li> <li>- Meet with Internal Auditors</li> </ul>	<p>Audit Committee Members &amp; officers</p>	<p>Twice yearly</p>
<p>Audit Committee pre-meetings to be called when the Chair feels these could be useful. Chair to take advice from the Head of Democratic Services</p>	<p>To be called as and when the Chair feels it's necessary</p>	
<p>Enquire as to Wales Audit Chairs Group Forward Work Programme.</p>	<p>Head of Audit, Risk &amp; Procurement</p>	<p>Dec 2016</p>
<p>Good practice examples of informal meetings to be provided by Wales Audit Office</p>	<p>Wales Audit Office</p>	

**8. Conclusions**

It was agreed that:

- i) The Constitution's Terms for the Audit Committee is being met
- ii) Audit Committee Development Sessions to be introduced (twice yearly)
- iii) Audit Committee Members will carry out an annual assessment of the Audit Committee functions
- iv) Audit Chair & Vice Chair pre-meetings with officers to continue
- v) Audit Committee pre meetings to be called by Chair if considered necessary
- vi) Corporate Risk Register to be include on Audit Committee Agenda twice yearly,
- vii) Audit Committee Members able to call in Risk Owners to discuss key risks and satisfy themselves that risks are being properly managed
- viii) More detailed reporting to be included in the minutes of the Corporate Governance Group relating to the progress made on the actions identified in the Annual Governance Statement