

## Report on CIPFA Audit Training on 23 January 2020 Cllr Tom Munro, Chair Audit Committee

### Summary of Course

By and large Bolsover District Council Audit Committee, 151 Officer and the Internal Audit Consortium Manager are meeting the CIPFA requirements however there are areas where we can enhance the service that we currently provide.

### Course Content:

- Supporting effective governance
- Procurement and contract risks
- Supporting effective internal audit
- Developments in external audit

### Supporting effective governance:

Overview of governance framework

Role of the local code of governance

Covered the principles as set out by CIPFA and Solace which should underpin the BDC Annual Governance Statement.

*For our consideration:*

- *Do we receive an annual report on complaints from the monitoring officer?*
- *When defining outcomes of our work, do we benchmark and if so against whom do we benchmark?*
- *From the perspective of reporting to Council, should the Report of the recent Peer Review be an agenda item at a future Audit Committee meeting and potentially contribute to the Action Plan?*
- *Should the work of Scrutiny Committees form part of audit?*

### Annual Governance Statement

This covered “Local Code” and the Annual Governance Statement and flagged up as detailed below.

*For our consideration Local Code:*

*Does it:*

- *Link to the principles in the framework?*
- *Say what arrangements you actually have in place?*
- *Provide web links to further detail where helpful?*

*Is it:*

- *Short and readable?*
- *Current?*
- *Easily accessible?*

I have located a reference to the BDC Local Code on our website within the Annual Governance Statement which is itself at the end of the Annual Accounts Statement.

*Should both the Local Code and Annual Governance Statements have greater prominence on the website?*

*Could these two documents be presented in a much more user-friendly way? See for example:*

- *Leicestershire CC*
- *Manchester City Council*
- *Wrexham Town Council*

## **☐ Recent reports and recommendations on governance**

This covered the most recent reports from

- National Audit Office and Public Accounts Committee
- Committee on Standards in Public Life
- Statutory guidance on scrutiny

*For our consideration points which we may already address;  
Update / develop an effective local code*

- ☐ *Monitor governance issues raised in 2018/19*
- ☐ *Consider assurances available on governance*
- ☐ *Review approach to 2019/20 AGS*
- ☐ *Keep up to date with governance developments*

## **Procurement and contract risks**

This aspect of the BDC Audit Committee is managed by the Internal Audit Consortium and reported on as appropriate however there are questions that we should be asking to ensure that we are able to support their work such as:

- *Do we examine common areas of weakness such as: lack of clarity over needs, weak business cases, poor market engagement, failure to anticipate future demands or trends and poor planning?*
- *Do we have:*

*Up to date over-arching strategies eg commercial strategy,  
procurement strategy*

- ☐ *Clear allocation of responsibilities, including governance and oversight*
- ☐ *Guidance on planning eg business cases, option appraisals*
- ☐ *Evaluation and feedback*
  - *Does the internal audit consortium team have access to contractors?*
  - *Do we benchmark this aspect of our work?*
  - *How do we know that contracts are robustly drawn up, contract risks are understood and mitigating measures are in place in the event of contractor failure?*
  - *Are there appropriate performance measures in place?*

*Common areas of weakness were identified which I have brought to the attention of the 151 Officer and the Internal Audit Manager.*

## **Supporting effective internal audit**

As detailed above this aspect of BDC Audit is managed and reported to us by the Internal Audit Consortium which covers the work of BDC, NE Derbyshire and Chesterfield Borough.

The BDC Internal Audit Plan 2019/20 details of the areas covered by their service in respect of providing “assurance levels”.

### **Key points to note**

- ☐ Mission and core principles
- ☐ IASAB guidance
- ☐ Safeguarding independence
- ☐ Board and the audit committee
- ☐ Responsibility for other functions
- ☐ Links to other local government requirements
- ☐ Delivering Good Governance in Local Government, Framework 2016

## Learning points from external quality assessments (EQA)

- ❓ Internal Audit Charters
  - ❓ Make sure they are up to date
  - ❓ Include all mandatory elements eg mission of internal audit,
  - ❓ Arrangements to safeguard independence
  - ❓ Definitions of assurance and consultancy work
  - ❓ Good practice for internal audit to bring to the audit committee
- Annually

Do we:

- *Provide sufficient challenge on internal control matters?*
- *Follow up recommendations?*
- *Understand the impact of professional standards?*
- *Support the quality and improvement programme?*
- *Challenge internal audit to provide effective assurance?*
- *Provide feedback?*

## Developments in external audit

A new code of audit practice becomes effective from 2020/21 audits and here are the key changes:

New code of audit practice effective from 2020/21 audits

§ Consultation closed November 2019

§ Key changes to note:

§ Commentary on VfM arrangements rather than conclusion

§ Commentary will cover:

§ Financial sustainability

§ Governance

§ Improving economy, efficiency and effectiveness

§ Emphasis on timely reporting

§ Importance of knowledge and skills

- There will be no change for 2019/20 audit reports
- There is greater opportunity for more detailed discussions with our auditors on any concerns
- The new report will contain more detailed information and recommendations
- There is an opportunity to have an impact on VFM arrangements

## Overall summary

The course proved to be useful and thought provoking. Most of the questions that I have posed may well already be covered by our current practice and we look forward over the course of the next few meetings to receiving the relevant assurances however, a weakness I feel that was highlighted was our ability to communicate with the public and the Council in a clear transparent and accessible manner. There are some interesting examples of practice available which we might wish to consider as we move forward.

There are three pdf presentations which I am more than happy to share with members of the Audit Committee.

Tom Munro  
Chair BDC Audit Committee