

AGENDA ITEM

## Audit Committee

DATE: 6th JUNE 2007

Audit Committee Training Programme

Paul Slocombe - Director Of Resources

### PURPOSE OF THE REPORT

1. The purpose of this report is to set out the proposed training for the members of the audit committee

### BACKGROUND

2. The key to an effective audit committee is to ensure that the Members are fully briefed and trained on all the areas which come under the committee's terms of reference.
3. The proposed training will cover:
  - Role of the audit committee
  - Corporate governance – an overview
  - Statement of Internal control
  - the role of internal and external audit
  - the importance of risk management.
  - the regularity framework
  - understanding the Council's Financial Statements

### Role of the Audit Committee

The purpose of an audit committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

### Corporate Governance

The audit committee will become one of the keystones of the corporate governance the authority. Accordingly the members of the committee must be fully aware of the

authority's structure of corporate governance, their place within that structure and any changes to it, either internally or externally generated.

### **The Statement on Internal Control**

The committee will have a significant role to play in reviewing the annual Statement of Internal Control and will be briefed and updated on the authority's processes behind its preparation and how assurances, as to how effective the internal control regime is, are obtained.

### **Risk Management**

Part of the audit committee's remit will involve taking an overview of risk management arrangements across the Council. The members will therefore be given training in the basic concepts of risk management, including how the risks are identified, measured, mitigated and how the acceptable level of residual risk (exposure) is decided.

### **Audit Activity**

The committee will be briefed on the roles of the auditors both internal and external. This will include providing an understanding of the difference between the two functions, their responsibilities and duties, terms of reference and what the committee can expect from them.

### **Regulatory Framework**

The regulatory framework within which the authority works is an essential area of understanding for all members of the committee and it is essential that this is covered in the initial training. Additional briefings will but also be given to ensure that the members are kept up to date with any changes. This will also include sessions on the Comprehensive Performance Assessment and other inspection programmes that the authority faces.

### **Financial Statements**

Some of the technically most complex subjects the committee will have to review are those relating to reports on the Statement of Accounts. It is therefore essential that the committee members are all trained to understand the accounts to a level from which they will be able to effectively understand any reports by the External Auditors / Director of Resources.

## **RECOMMENDATIONS**

9. The Members of the Audit Committee:

a) Provide their views on the proposed areas for training

b) Approve the following actions:

1. The Director of Resources prepares detailed training packages
2. The Chair agrees with the Director of Resources the detailed training schedule

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