

Non-Executive Report of the: Audit Committee Monday, 22 nd January 2024	 TOWER HAMLETS
Report of: Julie Lorraine - Corporate Director, Resources	Classification: Open (Unrestricted)
Audit Committee Training and Development Plan	

Originating Officer(s)	David Dobbs – Head of Internal Audit, Anti-Fraud & Risk
Wards affected	(All Wards)

Executive Summary

This report provides an outline Training and Development Plan for members of the Audit Committee

Recommendations:

The Audit Committee is recommended to:

1. Consider and agree the contents of the Audit Committee Training and Development plan.
2. Nominate the priority area(s) of training to be arranged for members during the next quarter.

1. REASONS FOR THE DECISIONS

- 1.1. The Audit Committee has a long-established training programme that has been mostly delivered by officers on a quarterly cycle of face-to-face seminars. More recently and following the pandemic, training has been made available through hybrid sessions delivered by officers.
- 1.2. The guidance issued by CIPFA during 2022 on Audit Committees (*Audit Committees: Practical Guidance for Local Authorities and Police*) describes the importance of members of the Audit Committee understanding of the role of Audit Committees and the issues that are presented to it. Further, CIPFA’s guidance refers to the need for regular and specific audit committee training.
- 1.3. Owing to various factors, there is now an opportunity to look afresh at the provision of training to Audit Committee members. These include:

- Recommendations made in the recent LGA Corporate Peer Challenge report concerning member development; specifically, that external training for key committees such as Full Council, Overview and Scrutiny and Audit Committee should be arranged.
- Changes in the Committee membership (e.g., owing to the electoral cycle) which necessitate training and development to help newer or inexperienced members integrate into the committee and familiarise them with the Council's structure and processes
- Ensuring that members have knowledge of and are confident in discussing recent and ongoing changes in the external regulatory, audit and governance landscape
- The increasingly complex and often contentious nature of Local Authority Financial Reporting and the underlying concepts in the Statement of Accounts, including Pension Accounting, Group Accounts and Asset Valuations. This view was reinforced in the Redmond Review¹ of Local Audit, published in September 2020.

1.4. By having a Training and Development programme in place, the committee demonstrates a commitment to improving its effectiveness and understanding its role in the Council's governance framework. This can be reflected in the committee's self-assessment and included in the Annual Report of the Audit Committee which reflects best practice and was last produced for 2020-21.

2. ALTERNATIVE OPTIONS

2.1 None.

3. DETAILS OF THE REPORT

3.1 This report sets out a broad competency-based framework of training and development for all members of the Audit Committee. It is based on the following principles:

- Provision of training to the Audit Committee, delivered by officers and also externally sourced professional experts
- Ensuring that support is available from subject matter experts in the Council (e.g., internal audit, risk management, capital accounting treasury management, financial administration) to provide local context as to how the Council operates and complies with key governance requirements

¹ The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting (September 2020)

- Making available and circulating publications and reference material to the committee that is specifically geared towards Audit Committees
- To encourage attendance and for the purposes of convenience, delivery of training will usually be via on-line webinar (e.g., MS Teams, Zoom or Webex) or by hybrid meeting to allow for in-person attendance
- Dates for the delivery of training will be arranged in advance through the Council's Democratic Services team to ensure that clashes with other meetings can be avoided
- Training sessions will be made available to members of the Audit Committee and the Overview & Scrutiny Committee. This is good practice as highlighted by the Centre for Governance and Scrutiny and reflects the synergy between the two committees.

3.2 Appendix A details the proposed Training and Development plan, based on eight key competencies for a local authority Audit Committee. For each competency area, suggested training providers are shown, coupled with the relevant officer lead for that area.

3.3 The cost of any training will depend on the preferred provider that is chosen to deliver the training. Some of the suggested external providers have an existing relationship with the Council and have already agreed to provide training at no additional cost. Where costs are incurred, there is a budget for member training that can be utilised.

4. EQUALITIES IMPLICATIONS

4.1 There are no equalities implications.

5. OTHER STATUTORY IMPLICATIONS

5.1 There are no other statutory implications.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 These are included in the main body of the report. As noted, any training costs will be met from the existing training budget.

7. COMMENTS OF LEGAL SERVICES

7.1 There are no legal implications.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- Appendix A: Audit Committee: Training and Development Plan

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

- Audit Committees and Scrutiny Committees: Working Together: published by the Centre for Governance and Scrutiny (June 2021)
- Audit Committees: Practical Guidance For Local Authorities And Police – published by CIPFA (October 2022)

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APPENDIX A

	COMPETENCY AREA	PROVIDER(S)	OFFICER LEAD(S)	PROPOSED DATE
1.	Induction and Role of the Audit Committee: <ul style="list-style-type: none"> • Define the role and core functions of the Audit Committee • Possible wider functions • Good practice and effectiveness 	Internal Provision	Head of Internal Audit, Anti-Fraud and Risk	Completed: 11 th July 2023
2.	Financial Administration and Regulations: <ul style="list-style-type: none"> • Purpose of the Financial Regulations • Procurement and Payments • Scheme of Delegation • Annual budgets and budget management 	Internal Provision	Director of Finance, Procurement and Audit	To be confirmed.
3.	Risk Management: <ul style="list-style-type: none"> • Principles of good risk management • Tracking, measuring, and reviewing risks • Impact on Insurance • Linking risk management to performance. 	Zurich Municipal Insurance CIPFA Institute of Risk Management	Head of Internal Audit, Anti-Fraud and Risk	To be confirmed.
4.	Treasury Management: <ul style="list-style-type: none"> • Purpose of the function • Types of investment and borrowing • What is the Prudential Code? • Undertaking review and monitoring 	Arling Close Treasury Advisor CIPFA	Director of Finance, Procurement and Audit	To be confirmed.

5.	<p>Statement of Accounts:</p> <ul style="list-style-type: none"> • Importance of Financial Reporting • Key balances/judgements to consider • Group Accounts / Pension Fund / Asset Valuations • Annual Governance Statement 	<p>External Auditor</p> <p>CIPFA</p>	<p>Director of Finance, Procurement and Audit</p>	<p>To be confirmed.</p>
6.	<p>Internal Audit:</p> <ul style="list-style-type: none"> • Define the role of Internal Audit • Risk-based auditing • Working with other assurance providers • Professional standards and best practice 	<p>CIPFA</p> <p>Institute of Internal Auditors</p>	<p>Head of Internal Audit, Anti-Fraud and Risk</p>	<p>To be confirmed.</p>
7.	<p>Fraud and Investigations:</p> <ul style="list-style-type: none"> • Defining Fraud • Acknowledge, Prevent and Pursue • Whistleblowing • Learning from Case Studies 	<p>CIPFA</p> <p>Protect (formerly Public Concern at Work)</p> <p>Internal Provision</p>	<p>Head of Internal Audit, Anti-Fraud and Risk</p>	<p>To be confirmed.</p>
8.	<p>Capital Accounting:</p> <ul style="list-style-type: none"> • Basis of capital accounting • Accounting for assets • Financing capital expenditure • Minimum Revenue provision 	<p>CIPFA</p> <p>Internal Provision</p>	<p>Director of Finance, Procurement and Audit</p>	<p>To be confirmed.</p>