



Havering
LONDON BOROUGH

AUDIT COMMITTEE

25 April 2012

Subject Heading:

Training requirements for Audit Committee

Report Author and contact details:

Vanessa Bateman
Internal Audit & Corporate Risk Manager
Tel: 01708 - 433733.

Policy context:

E-mail : Vanessa.bateman@havering.gov.uk
To advise the Committee regarding the changes to the constitution with regards training for Members.

Financial summary:

N/A

The subject matter of this report deals with the following Council Objectives

| | |
|----------------------------------------------------------------------|---|
| Clean, safe and green borough | X |
| Excellence in education and learning | X |
| Opportunities for all through economic, social and cultural activity | X |
| Value and enhance the life of every individual | X |
| High customer satisfaction and a stable council tax | X |

SUMMARY

The Pensions and Audit Committee have both given consideration to the importance of having adequately trained Members and substitute members. As a result a proposed amendment to the constitution has been suggested and approved.

This report advises the Committee on the changes and the planned approach to implementing them.

A formal training plan will be presented at the June meeting.

RECOMMENDATIONS

1. To note the contents of the report.
2. To comment on the planned actions within the report.

REPORT DETAIL

An extract from the constitution regarding training and membership is included below:

Part 4, section 3 - **Committee Procedure Rules** paragraph 17 **Training and continuity of membership of certain committees**

(a) In the interests of business continuity, each Group and Group Leader shall ensure that any Member appointed to a place allocated to that Group on the each of the Committees referred to in the following table shall have received, or shall within six months of appointment receive, training appropriate to its membership.

(b) Each Group and Group Leaders shall strive to avoid making changes to their representation on the Committees referred to in the table for as long as possible and shall accordingly seek to ensure that their members remain on the particular committee for the period indicated:

| Committee | Period |
|-------------------------|---------------------|
| Adjudication and Review | At least two years |
| Audit | Full four year term |
| Licensing | At least two years |
| Pensions | Full four year term |
| Regulatory Services | At least two years |
| Standards | At least two years |

(c) For the Audit, Pensions, Regulatory Services and Standards Committees, Groups shall nominate members other than those appointed to the respective Committees to be “designated substitutes”, to attend a meeting in the event that an appointed member is unable to do so. “Designated substitutes” shall participate in the same training opportunities as appointed members.

In March the Governance Committee agreed the changes to the constitution relating to member training for both Pensions and Audit Committee members. The changes were ratified at Council on 28 March.

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The agreed change is that sub paragraphs (a) and (c) should be strengthened by the addition of the following sentence at the end of both paragraphs “If a member does not undertake the required training within six months of appointment then that member shall not partake in the decision making of the Committee until their training has been completed” and at the end of paragraph (c): “ Non-nominated members may not act as substitutes.”

These changes have been proposed following consideration of the outcome of the Annual review of the Statement of Investment Principles and a review of its Governance Compliance Statement which were discussed at the Pension Committee on 9th November 2011. The Audit Committee had also given consideration to the need to ensure all members and named substitutes should be adequately trained.

As a result of these changes the following actions will be taken:

- 1) All members/political parties will be asked to nominate substitute members;
- 2) Skills assessment work completed as part of the annual review of effectiveness will be extended to cover substitutes;
- 3) A training plan will be produced;
- 4) Approval of training plan at June Committee;
- 5) Implementation and monitoring of plan;
- 6) Annual review as part of the planned review of Audit Committee Effectiveness.

Below is an outline of the areas relevant to the Audit Committee’s Terms of Reference:

- Annual Accounts including International Financial Reporting Standards;
- Treasury Management;
- The role of the Audit Committee in Local Government;
- The role of Internal and External Auditors
- Risk Management and Internal Control;
- Corporate Governance including the Annual Governance Statement;
- Internal Fraud and Corruption risks;
- External Fraud risks;
- Money Laundering;
- Confidential Reporting (Whistle Blowing);
- Bribery Act.

A full training plan will be presented to the June Committee of approval.

The most appropriate method of delivery will be selected based on the development or learning need. This is likely to be officer briefings (verbal or written), e learning or training with external specialists.

Regular reports on training will be presented and details will be included in the Annual Report of the Committee.

IMPLICATIONS AND RISKS

Financial implications and risks:

None directly arising from this report, as most training is provided by officers and therefore does not incur a cost other than resources. Where external training is required this will be funded from current budgets. The existence of an effective Audit Committee is fundamental in ensuring the Council maintains a robust system of internal control. Failure of the Audit Committee to undertake its duties in an effective manner may result in issues that arise not being addressed.

Legal implications and risks:

None arising directly from this report

Human Resources implications and risks:

None arising directly from this report

Equalities implications and risks:

None arising directly from this report

BACKGROUND PAPERS

None