



AUDIT COMMITTEE – 24TH JULY 2018

**SUBJECT: AUDIT COMMITTEE ASSURANCE OVER MANAGEMENT PROCESSES
AND ARRANGEMENTS**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. **PURPOSE OF REPORT**

1.1 To present the Audit Committee with the Chair's response to the External Auditor, Grant Thornton, on how the Committee gains assurance over management processes and arrangements.

2. **SUMMARY**

2.1 As part of their audit planning and to comply with International Accounting Standards the External Auditor needs to gain an understanding of how the Audit Committee gains assurance over management processes and arrangements.

2.2 A list of questions was sent to the Chair of the Audit Committee and the response is appended to this report.

3. **RECOMMENDATIONS**

3.1 Members of the Audit Committee are asked to note the response appended to this report.

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Consultees: Richard Edmunds, Corporate Director for Education and Corporate Services
Nicole Scammell, Section 151 Officer
Deborah Gronow, Acting Internal Audit Services Manager

Appendices:
Appendix 1 Response from the Chair of the Audit Committee

External Audit Queries for Audit Committee Chair

1. How does the Audit Committee oversee management's processes in relation to: -

- carrying out an assessment of the risk the financial statements may be materially misstated due to fraud or error;
- identifying and responding to the risk of breaches of internal control;
- identifying and responding to risks of fraud in the organisation (including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist); and
- communicating to employees its views on appropriate business practice and ethical behaviour (for example by updating, communicating and monitoring against the codes of conduct)?

The Audit Committee gives the Council assurance against risk and fraud via receiving regular reports where effective scrutiny takes place. External Auditors also review and report on the periodic reports by Internal Audit on fraud and the anti-fraud measures in place.

The Audit Committee plays an active part in the audit planning process by suggesting audits for the Internal Audit Team to undertake and by approving the Annual Audit Plan. The Audit Committee also receives a mid-year progress report and outturn report which would highlight any issues arising.

Internal Audit reports the results of the National Fraud Initiative (NFI) and presents to the Committee the draft Annual Governance Statement for scrutiny, comment and agreement. These reports would also highlight any serious breaches.

Risk management training is provided to Audit Committee members as part of the ongoing training and development process and members are extremely effective in questioning staff from Internal and External Audit on reports they receive regarding monitoring of the corporate risk register.

The Committee receives reports and updates on the progress made in addressing agreed improvement actions in respect of the annual governance review and external regulator reports. I am aware that staff receive training on the code of conduct and fully understand the importance of the policy. Declarations in respect of gifts and hospitality are also reported to the Committee on a regular basis.

2. Do you have knowledge of any actual, suspected or alleged frauds? If so, please provide details.

None reported.

3. How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with?

The Committee gains assurance that laws and regulations are met via the Annual Governance Statement, reports from the Monitoring Officer e.g. RIPA, and reports from Internal Audit and the Director of Corporate Services. Assurance is also gained through WAO/External Auditor reports.

4. Do you have knowledge of any whistleblower tips or complaints in relation to the financial statements? If so, please provide details.

None known.

5. Do any Audit Committee members have a financial/financial reporting background/qualification?

A number of the Members of the Audit Committee have a financial background or specific knowledge or interest. Examples include experience in finance relating to book keeping, sales ledger, company accounts, financial administration and audit experience in past employment. This is in addition to finance and treasurer roles in the voluntary sector, charities and sports clubs. The Internal Audit Manager is preparing some refresher training later this year and we are considering developing a skills audit and self-evaluation for the Audit Committee as part of that process, which will inform future training needs.



Cllr M Sargeant

Audit Committee Chair

28th June 2018