


Welland Internal Audit Consortium

ROLE OF THE AUDIT COMMITTEE

Richard Gaughran – Head of Consortium


14/06/2011

Welland Internal Audit Consortium 

CIPFA Guidance

- *Audit Committees – Practical Guidance for Local Authorities*
- *interprets legal requirements*


21/06/2011

Welland Internal Audit Consortium 

The role of Audit Committee is to provide **independent** assurance of the adequacy of:

- the risk management framework
- the control environment

21/06/2011


Welland Internal Audit Consortium 

An independent view on whether...

- risks are being identified
- risks are being managed

- Financial Risks
- Governance Risks
- Service Risks
- Fraud Risk
- IT Risks


21/06/2011

Welland Internal Audit Consortium 

This implies

- improving/building on assurance provided by internal audit and risk management reporting (and other assurance providers)
- **making a difference**


21/06/2011

Welland Internal Audit Consortium 

Assurance about Internal Audit

- effectively managed
- properly directed
 - selection of audit assignments
 - design of audits
 - design of recommendations
- **Impact**


21/06/2011

Welland Internal Audit Consortium 

Assurance about Auditees

- giving proper consideration to
 - audit reports
 - audit recommendations
- Action Plans are appropriate
- delivery of Action Plans
- **effect** of Action Plans


21/06/2011

Welland Internal Audit Consortium 

Assurance about Key "Strategies"

- Risk Management
- Counter Fraud
- Value for Money
- Governance


21/06/2011

Welland Internal Audit Consortium 

Issues


- Information
- Sources of Assurance
- Focus
- Challenge

21/06/2011

Welland Internal Audit Consortium 

Assurance on Internal Audit


21/06/2011

Welland Internal Audit Consortium 

Effective Management of Internal Audit

- Key Lines of Enquiry
 - efficiency ✓
 - quality ✓
 - to plan ✓


21/06/2011

Welland Internal Audit Consortium 

Strategic Audit Planning

- linkage between audit and risk
- linkage between audit and risks to corporate/strategic objectives


21/06/2011

Welland Internal Audit Consortium 

Designing Audit Assignments

- relevant risks?
- significant risks?


21/06/2011

Welland Internal Audit Consortium 

Designing Recommendations

- address risks?
- practical?
- proportionate?

21/06/2011


Welland Internal Audit Consortium 

If you don't consider that internal audit is

- effectively managed
- properly directed
- effective

What are you going to do?


21/06/2011

Welland Internal Audit Consortium 

Does the Committee...


Provide support and reinforcement?
Act as a "Critical Friend"

21/06/2011

Welland Internal Audit Consortium 

Assurance on Auditees


21/06/2011

Welland Internal Audit Consortium 

Compliance

- Key Lines of Enquiry
 - Implementing recommendations ✓


21/06/2011

Welland Internal Audit Consortium 

Appropriate Response

- Action Plan proportionate?
- Action Plan delivered?
- Action Plan effective?

21/06/2011


Welland Internal Audit Consortium 

If you don't consider that managers

- respond promptly to recommendations;
- deal effectively with risks identified

What can you do?


21/06/2011

Welland Internal Audit Consortium 

The Committee has authority to


- question responsible managers
- require additional information

21/06/2011

Welland Internal Audit Consortium 

Assurance on Strategies


21/06/2011

Welland Internal Audit Consortium 

Key Questions include...

- were "Strategies" properly formulated?
- do they remain effective?


21/06/2011

Welland Internal Audit Consortium 

Issues around...

- frequency of reporting?
- reports from?
- nature of the evidence needed?

21/06/2011


Welland Internal Audit Consortium 

Other Sources of Assurance

Committee might seek assurance from

- other internal review bodies
- external review agencies
- managers themselves


21/06/2011

Welland Internal Audit Consortium 

Assurance from Managers about...

- the controls over their service
- the management of their risks
- responses to audits, reviews, incidents


21/06/2011

Welland Internal Audit Consortium 

Implications for the Committee?

- Capacity to deliver independent assurance
 - Training?
 - Support?
 - Level of Commitment?


21/06/2011

Welland Internal Audit Consortium 

Initial arrangements for support

- timely, task specific presentations
 - roles of internal & external audit
 - risk management
 - counter- fraud strategy

21/06/2011

Welland Internal Audit Consortium 

Identification of further needs

21/06/2011

