

Leicestershire County Council's Head of Internal Audit Service responses to CIPFA questionnaire on the Redmond Review

Leicester City Council

What is the membership of the audit committee, i.e. the number of members, and how many are independent?

Please insert numbers in the grid below, if none please enter 0 (zero)

Number of members of the audit committee = 7
Those members who are co-opted independent members: = 0

Do you think audit committees in local government bodies should be made a statutory requirement?

Please select one option

- **Yes – (generic answer) the reference to ‘a committee’ in the Accounts and Audit Regulations 2015 could be amended to ‘an audit committee or a committee fulfilling the roles and responsibilities of an audit committee’. I think vesting a Committee’s role in statute would promote and provide transparency and accountability**
- No
- Don’t know

Do you think all local government audit committees should have a mix of councillors and co-opted independent members?

Please select one option

- Yes
- No
- **Don’t know – (generic answer) Focus should primarily be invested in continuing to ensure that LA members are adequately trained, briefed, remain engaged, independent and objective and are accountable. If there is movement to independent members, I would not want it to be statutory without a full investigation (perhaps jointly by CIPFA and the IIA) into both the benefits and pitfalls of doing so. I think CIPFA’s guide spells some of these out, but they would need to be widened and definitely backed up by evidence.**

If a committee were to include co-opted independent members, what do you think would be the right mix?

Please select one option

- One co-opted independent member – **(generic answer) As an experienced knowledgeable person that the LA members could turn to for support, guidance and opinion – but not leave them to do all the work**
- Two or more, but fewer than the number of councillors
- Even split between councillors and co-opted independent members
- A majority of co-opted independent members
- All co-opted independent members
- Don't know / Not applicable

Do you think the chair of the committee should be a co-opted independent member?

Please select one option

- Yes
- No – **(generic answer) The Chair should remain an elected member with accountability to their peers, full council and the public**
- An option but should not be specified
- Don't know

The review highlights that there might not be the same incentives for audit committees in local government to take action if issues are raised by the external auditors. The NAO have previously raised this as a concern too.

Does the audit committee report on its activities to full council?

Please select one option

- Yes - **(specific answer) – Annual report on work conducted**
- No
- Don't know

Does the audit committee report to full council cover its work in relation to external audit?

Please select one option

- Yes, minutes of meetings go to full council
- Yes, committee takes further steps to report to full council on its activities, eg annual report **(specific answer) – Annual report on work conducted – may be strengthened if any additional requirements come out of the review**
- No
- Don't know

How effective do you think your audit committee is in responding to issues raised by the **internal auditors?**

Please select one option

- Highly effective
- **Effective (specific answer) – This relies upon robust explanation of what the Committee’s roles and responsibilities are, good and frequent training and encouraging engagement. At this Authority, members receive summaries of key issues raised and are aware they will continue to receive information on implementing recommendations until I as Head of Internal Audit am satisfied they have been. It is also explained to members that they have a right to call officers to the committee to answer against original findings or any slippage in implementing improvements. Members are encouraged to ask for further information.**
- Neither effective nor ineffective
- Ineffective
- Highly ineffective

How effective do you think your audit committee is in responding to issues raised by the **external auditors?**

Please select one option

- Highly effective
- **Effective - (specific answer) – This relies upon robust explanation of what the Committee’s roles and responsibilities are, good and frequent training and encouraging engagement. At this Council the current EA is very proactive with keeping the Committee informed both in its specific work and wider issues across the sector. They also attend (and sit throughout) each Committee meeting which is beneficial. The previous EA was called by Committee to provide explanation to delays in completing the audit.**
- Neither effective nor ineffective
- Ineffective
- Highly ineffective

Are there any other matters around the structure, operation or effectiveness of the audit committee that you would like to comment on?

If yes, please comment below: (generic answer). The role of officers is vital i.e. to be transparent, informative, provide guidance and training and encourage engagement.

The review also asks questions about the ability of external auditors to place reliance on internal audit. The opportunities for this are limited in regard to their work on the financial statements but there are possibly opportunities for other aspects of engagement - in particular the value for money review.

Obviously internal audit should pursue an audit plan that is risk-based and determined in accordance with *PSIAS*, rather than developed to support the external audit engagement, but there are perhaps areas where there can be closer engagement,

Question 23 of the review asks:

- What is the current relationship between external and internal audit – (specific answer) **Good. The EA utilises relevant IA work in its risk assessment as part of planning their annual audit and they have exchanged some of their information with IA to avoid duplication of effort. There is often a good exchange of views at Committees**
- How should that relationship be developed to add most value to local authorities and local residents? (specific answer) **More frequent meetings than just at planning time**

CIPFA would be very interested to hear the views of internal auditors on these questions.

Please feel free to comment below: