



Welcome to  
Lincolnshire Audit Committee Forum  
– 3<sup>rd</sup> October 2012



**Outcomes of today**

- **Share good practice & experiences as Audit Committee Members**
- **Help your Audit Committee to add value (make a difference to how your organisation is run)**
- **Help you be more effective in your role**





## Agenda for today

- Welcome to KPMG
- Introduction to Audit Committee Institute
- Getting the most out of your assurance arrangements
- Changing face of governance
- Shared practice
- Future meetings



## Getting the most out of your assurance arrangements & changing face of governance



'a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance'.

its not 'reassurance' – which tends to be words of advice or comfort to make us feel less worried.





## Current Environment -continued ambiguity and uncertainty

- Planning and delivery of services is undergoing radical change through diverse commissioning, outsourcing and partnership arrangements, different providers
- Localism – freedom to better respond to local needs – requires a fundamental shift in how you do business
- Reform requires a transformation in thinking, not just structures
- “Doing more for less” means defining local priorities and service standards more clearly (less really is less – we need to provide services in a different way and use our influence with other sectors)

Centre for Public Scrutiny



# THE INCREDIBLE SHRINKING

## STATE

cipfa





**Challenges we face:**

- **Improve community resilience**
- **Reduce demand & concentrate on core demand**
- **Co-production**
  - ❖ **Work with partners**
  - ❖ **Work with communities**
- **Payment by results (outcomes)**
- **Commissioning model (mixed delivery models)**
- **Change / transformation / more change again – again and again**
- **Less money**
- **Last but not least - People !**



**What does this mean for the Audit Committee?**

**What's changed in the last year or so?**

**What do we need to think about for the future?**



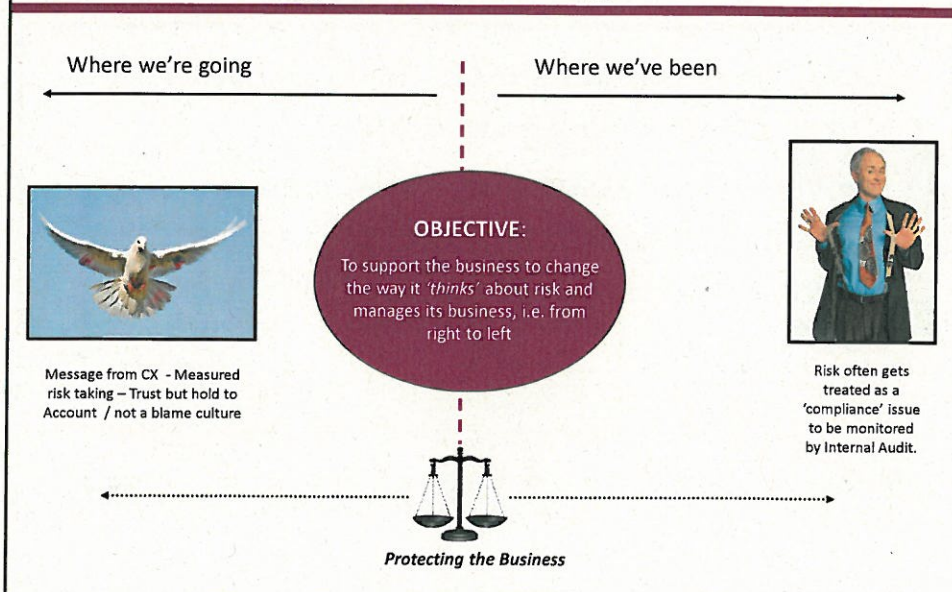
## Tone from the Top

***“be able to take calculated risks to seize opportunities (innovation) and achieve success”***

‘be creative and risk aware’

“less about the process - more about results - the way we make decisions to spend public money wisely to maximum impact”.

## Translating the message



Is the assurance / audit depth breadth this?

Risks	Key control A	Key control B	Key control C	Other control	Other control
Key risk 1					
Key risk 2					
KR3					
OR					
OR					

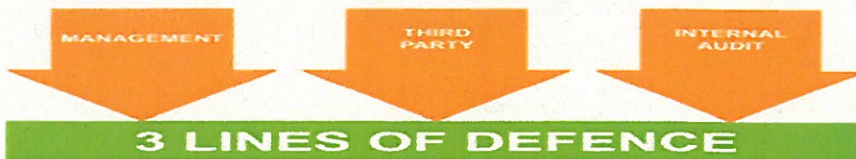
Or this?

Risks	Key control A	Key control B	Key control C	Other control	Other control
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Key risk 2					
KR3					
OR					
OR					

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Key risk 1					
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OR					
OR					

### Leverage Assurance

- Leverage other assurance functions through our business as usual systems
- Provide wider assurance - combined assurance model shows assurances across the entire Business, not just those from Internal Audit.





## Local Government Governance Review 2012 – High Pressure system

- **Our people**
  - ❖ Capacity and capability
  - ❖ Senior Management Team
- **On Risks**
  - ❖ Good at identifying and managing key risks
  - ❖ Good scrutiny key to good governance
  - ❖ Audit Committee plays a key role
  - ❖ Positive about working with partners
  - ❖ Aware of the increased risk of fraud and error
  - ❖ Change programmes
- **On Reporting**
  - ❖ Accounts complicated – explanatory notes should be clear and concise with key messages
  - ❖ Good annual report that engages with the public – open & honest (transparent - tell it as it is)
  - ❖ Annual Governance Statement – who really reads it – no one!



The Good....  
The Bad....  
& The Ugly....





## Sharing Good Practice

How do you?

- Be proactive in focussing on what's important?
- Make the most of your audit committee meetings?
- Have transparency on what you do – both internally and externally?
- Keep informed of what's happening in your organisation?



## Sharing Good Practice

How do you?

- Set clear expectations for:
  - Internal Audit
  - External Audit
  - Finance Director
- Promote a culture of 'compliance' (tight financial control / integrity / getting it right 1<sup>st</sup> time)
- Assess the 'tone from the top' & throughout the organisation – right things done in the right way



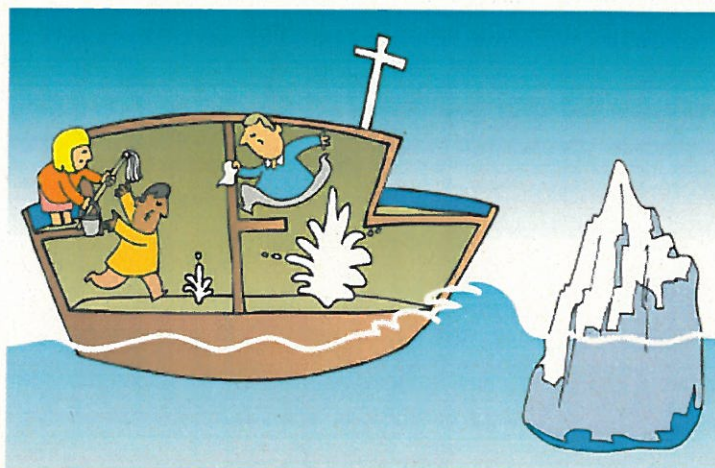


## Sharing Good Practice

How do you?

- Assess counter fraud arrangements
- Assess how well risks are being managed
- How often do you meet in a year?
- Take a hard look at how effective the Audit Committee has been – has it made a difference – discharged it's role

Focus on what matters !





## Future Topics?

- **Understanding Risk Appetite**
- **Counter Fraud**
- **Good Governance**
- **Assurance and the 'Big Society' (localism – partnerships – social enterprise)**
- **Audit Committee Institute**
- **???**

