



**“AUDIT COMMITTEES – PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES AND POLICE” (2013)**  
**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**

**WARDS AFFECTED: ALL WARDS**

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1. **PURPOSE OF REPORT**

- 1.1 To provide members with an update on the CIPFA publication “Audit Committees- Practical Guidance for Local Authorities and Police” (2013)
- 1.2 To inform a discussion on the future work programme and training needs for this committee.

2. **RECOMMENDATION**

That the committee considers the document with particular attention to the following questions:

- 2.1 Does the committee feel that the current Forward Plan covers the “core functions” of an Audit Committee summarised at 3.3?
- 2.2 Does the committee feel that it should consider those “wider” roles suggested by the guidance as outlined at 3.4?
- 2.3 Does the committee consider it currently has the appropriate membership and skills as outlined at 3.5?

3. **BACKGROUND TO THE REPORT**

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) have recently published updated guidance for local authorities and the police regarding the role of Audit Committees. A copy of this publication is appended to this report.
- 3.2 By means of a position statement, the guidance states that **“The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.”**
- 3.3 Chapter 4 of the guidance summarises the “core functions” of an Audit Committee as follows:
- Annual Governance Statement
  - Internal Audit
  - Risk Management
  - Assurance Framework and Assurance Planning
  - Value for Money and Best Value
  - Countering Fraud and Corruption
  - External Audit
  - Financial Reporting
  - Partnership Governance
- 3.4 Chapter 5 of the guidance suggests the following “wider” roles that can be undertaken by an Audit Committee:

- Considering governance, risk or control matters at the request of other committees or statutory officers
- Working with local standards committees to support ethical values and reviewing the arrangements to achieve those values
- Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice
- Providing oversight of other public reports, such as the annual report

3.5 Chapter 7 of the guidance states that “good” Audit Committees are characterised by the following membership attributes:

- A membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role
- A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
- A strong independently minded chair – displaying a depth of knowledge, skills and interest.
- Unbiased attitudes – treating auditors, the executive and management fairly
- The ability to challenge the executive and senior managers when required

#### 4. FINANCIAL IMPLICATIONS [KP]

No direct financial implications

#### 5. LEGAL IMPLICATIONS [EH]

5.1 In relation to the wider powers of the Committee the role of the Committee as detailed in the constitution should be checked in order to ensure there is no need to amend it to allow the Committee to undertake the wider functions. Where the Constitution requires amendment to accommodate the wider powers, this will need to be approved by Council.

5.2 In relation to membership of the of the Committee, this must be decided in accordance with the constitution and legislation regarding committee membership and decisions on membership are taken by the political groups.

#### 6. CORPORATE PLAN IMPLICATIONS

The appropriate operation of the Audit Committee will ensure the achievement of all Corporate Plan objectives.

#### 7. CONSULTATION

None

#### 8. RISK IMPLICATIONS

8.1 It is the Council’s policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer’s opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 None

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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Background papers: CIPFA Guidance

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