

Report of the Head of Internal Audit, Anti-Fraud and Assurance

AUDIT AND GOVERNANCE COMMITTEE – 15th MARCH 2023

Revised CIPFA Guidance for Audit Committees in Local Government

1. Purpose of the Report

- 1.1 The CIPFA Guidance for Audit Committees in Local Government was considered at the last Audit and Governance Committee meeting.
- 1.2 This report provides an update on the proposals to meet the requirements of the CIPFA guidance taking account of feedback from committee members.

2. Recommendations

- 2.1 **That the Committee consider and agree the proposed actions in Appendix 1 to meet the requirements of the CIPFA guidance.**

3. Background

- 3.1 CIPFA published their updated authoritative guidance on local government audit committees in October 2022. A copy of the guidance was shared with all Committee members and was considered at the Audit and Governance Committee meeting on 18th January 2023.
- 3.2 A self-assessment was undertaken to identify potential areas for change and/or improvement. These were shared at the Audit and Governance Committee meeting on 18th January 2023.
- 3.3 Appendix 1 provides proposed actions relating to the areas for potential change and/or improvement.
- 3.4 Should any changes need to be included in a revision to the Committee's formal terms of reference, these will need to be referred to the Full Council for formal approval.
- 3.5 The Committee's scheduled development session in October would be used to further assess the arrangements against the guidance and undertake the recommended effectiveness review.

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CIPFA Recommendations	Current Compliance	Proposed Action to Comply
a. Independent members on Audit Committees – CIPFA recommends 2 co-opted independent members	Exceeds recommendations	No further action required.
b. CIPFA has prepared a suggested Terms of Reference	Meet the suggested Terms of Reference – in places exceeds recommendations	No further action required.
c. How the Committee receives information and assurances in relation to the Council's ethical framework.	No specific coverage of ethical framework other than through work of Internal Audit, Corporate Anti-Fraud Team and any reports from Law and Governance or the Monitoring Officer.	To be included in the Work Programme.
d. Arrangements for partnerships, collaborations and subsidiaries	Partnership governance forms part of the AGS Action Plan but no specific assurance report is currently provided to the Committee.	To be included in the Work Programme.
e. How the Committee's receives oversight and assurances regarding risk management in terms of major projects and key operational risks.	Strategic Risks are routinely considered by the Committee, but not the key project or operational risks.	Assurance will be provided through the periodic risk reports and included in the Work Programme.
f. How the Committee receives the relevant reports and assurances from inspection and regulatory body activity.	This is covered to a degree in the AGS process where the results of external reviews are summarised, and the key issues highlighted.	Where external reports relate to the Council's governance arrangements, these will be made available through the Extranet Site, and by exception through a specific report to the Committee.

CIPFA Recommendations	Current Compliance	Proposed Action to Comply
g. The relationship with the Council's Overview and Scrutiny Committee (OSC) to provide broader assurances.	Details of the OSC's Work Programme is included on the Extranet Site.	All OSC reports will be made available through the Extranet Site. Where any of these relate specifically to the Council's governance arrangements, a summary of the key issues will be shared with the Committee for consideration. By exception a specific report would be provided to the Committee on the governance issues arising from an OSC report.
h. There should be a facility for a private meeting once a year with External Auditors and the Head of Internal Audit	Not formally scheduled in the Committee's work plan.	Specific provision for this will be made in the Work Programme.
i. Include as regular attendees – the Chief Finance Officer, the Chief Executive, the Head of Internal Audit and appointed External Auditors	Generally compliant.	The Chief Executive Review will attend the Committee at least annually (at the meeting where the Annual Accounts and AGS are presented).
j. CIPFA have developed a tool to use to evaluate the strengths and weaknesses of the committee. The outcome of this review can be used to inform the Annual Report	Committee has undertaken previous self-assessment reviews but need to review these and ensure the process is scheduled into the Work Programme.	Proposal that the Committee receives a report at its July meeting to agree the assessment process. The results of the review process would be considered at the Committee's October meeting with then any proposals for formal terms of reference change for example being considered at a subsequent meeting.