

**CIPFA Position Statement: Audit Committees in Local
Authorities & Police**

Final Decision-Maker	Audit, Governance & Standards Committee
Lead Head of Service or Lead Director	Mark Green: Director of Finance & Business Improvement
Lead Officer and Report Author	Rich Clarke: Head of Audit Partnership
Classification	Public
Wards affected	All

Executive Summary

Presenting for Members' information CIPFA's Position Statement on the role of Audit Committees in local authorities and how they can best undertake the role.

This report makes the following recommendations to this Committee:

1. **Note** the CIPFA Position Statement on Audit Committees in Local Authorities
2. **Seek** a further report to a future meeting of this Committee reflecting on the Committee's work considering CIPFA's Position Statement

Timetable

Meeting	Date
Audit, Governance & Standards Committee	17 September 2018

CIPFA Position Statement: Audit Committees in Local Authorities & Police

1. INTRODUCTION AND BACKGROUND

- 1.1 In May 2018 the Chartered Institute of Public Finance & Accountancy (CIPFA) published its Position Statement on Audit Committees (the **Statement**). The **Statement** supersedes a version from 2013 and draws on a broad range of national and international research, including a large-scale survey of local authorities completed in late 2016.
 - 1.2 The **Statement** is not binding. Local authorities do not need to consider its content or reflect on their approach to governance as a result. However, CIPFA are recognised standards-setters for local government on various governance issues. These include the Financial Statements and (with SOLACE) the *Delivering Good Governance in Local Government Framework* that guides the Annual Governance Statement. Therefore the **Statement** represents a good quality guide on what forms leading practice, as compiled by a reputable and influential source.
 - 1.3 We include the **Statement** in full at Appendix 1. At three pages, it provides a good, brief review of good practice in an effective local authority audit committee. The **Statement** accompanies a more detailed practical guidance document but, as a paid-for publication, we cannot circulate that full guide as part of public committee papers. However, we have bought the full document and will use it in preparing supporting materials (such as the Member briefing that precedes this Committee meeting) and share with individual Members as sought.
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2. AVAILABLE OPTIONS

- 2.1 As noted, the **Statement** is not compulsory and local authorities are free to set up and run their audit committees as they see fit without referring to its guidance. Therefore, the Committee could take no action.
 - 2.2 Alternatively, the Committee could take the opportunity presented by publication of an authoritative statement on best practice to consider its effectiveness. That would be a slightly longer project leading up to a report later in the year. That Report may provide some reflection on how the Committee works and include recommendations seeking to improve or preserve its effectiveness.
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3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The Council's Local Code of Corporate Governance – approved by this Committee in June 2017 – sets out the Council's aim to: "secure continuous

improvement in the way in which [our] functions are exercised.” In that spirit, the Committee should feel able to reflect periodically on its effectiveness. The **Statement** offers a robust, externally valid, outline to help support that reflection.

4. RISK

- 4.1 This report is principally for information and has no direct risk management implications. Any implications that arise from reflecting on the Committee’s effectiveness will be in future reporting.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Not applicable; the **Statement** is a new publication.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 If the Committee agree to commission future reports on this topic we will strive to ensure their completion on timing the Committee advises.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations potentially offers a way to ensure continuous improvement to the Council’s governance. Good governance will help with effective delivery of Council priorities.	[Head of Service or Manager]
Risk Management	Section 4 of this report refers.	[Head of Service or Manager]
Financial	The proposals set out here, if adopted, would be funded through existing resources. Specifically, through part use of the ‘consultancy’ audit budget allowance set out in the Audit & Assurance plan agreed by Members in March 2018.	[Section 151 Officer & Finance Team]

Issue	Implications	Sign-off
Staffing	We will deliver the recommendations with our current staffing.	[Head of Service]
Legal	Conformance to the practice set out in the Statement is not a legal duty. However, the Council is obliged by the Local Government Act 1999 to seek continuous improvement in its arrangements. By reflecting on its work, the Committee will contribute to showing conformance with that duty.	[Legal Team]
Privacy and Data Protection	No impact.	[Legal Team]
Equalities	No impact.	[Policy & Information Manager]
Crime and Disorder	No impact.	[Head of Service or Manager]
Procurement	No impact.	[Head of Service & Section 151 Officer]

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: CIPFA Position Statement: Audit Committees in Local Authorities & Police.

9. BACKGROUND PAPERS

Not applicable.