

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 15 JUNE 2023

CIPFA GUIDANCE FOR AUDIT COMMITTEES

REPORT BY VIVIEN SMITH, DIRECTOR OF STRATEGIC POLICY, TRANSFORMATION AND PUBLIC SECTOR REFORM

ABSTRACT

This report advises members that CIPFA has updated the publication Audit Committees – Practical Guidance for Local Authorities and Police. The guidance represents best practice for audit committees in local authorities throughout the UK.

1. RECOMMENDATIONS

- 1.1 It is recommended that the Scrutiny & Audit Committee:
- (i) note the revised guidance issued by CIPFA ‘Audit Committees – Practical Guidance for Local Authorities and Police (2022 Edition)’;
 - (ii) note the updated checklists from the revised guidance formed the basis of the 2022/23 Scrutiny & Audit Committee self-assessment which took place on 28 March 2023;
 - (iii) identify any specific areas for improvement that the Committee would wish to see addressed considering the content of the revised guidance; and
 - (iv) note that the Order of Reference of Committees in the Council Standing Orders will be updated to reflect any changes required to the Scrutiny & Audit Committee remit as a result of the revised guidance, and this will be included in the work of the related Member-Officer-Group.

2. ALIGNMENT TO THE ANGUS COMMUNITY AND COUNCIL PLANS

- 2.1 This report supports the council’s commitment to the principles of good corporate governance, which in turn supports services in the delivery of local outcomes set out in the Community Plan and the Council Plan.

3. BACKGROUND

- 3.1 CIPFA’s ‘Audit Committees – Practical Guidance for Local Authorities and Police (2022 Edition)’ sets out CIPFA’s revised guidance on the function and operation of audit committees in local authorities and police bodies. It also represents best practice for audit committees in local authorities throughout the UK (and for police and fire & rescue audit committees in England and Wales).
- 3.2 A copy of the revised guidance has been posted in the Elected Members section of the Council’s intranet. The revised guidance, first published in 2013, updated in 2018 ([Report 242/18](#) refers) has recently been reviewed and updated.
- 3.3 The revised guidance underpins CIPFA’s Position Statement: Audit Committees in Local Authorities and Police (2022) which sets out CIPFA’s view of the role and functions of an audit committee and replaces the previous 2018 Position Statement. The 2022 Position Statement is attached in Appendix 1. The 2022 Position Statement was previously highlighted to this Committee in October 2022 in ([Report 351/22](#) refers) and this report fulfils the intention noted then to bring further information to the Committee once detailed guidance was published and had been considered.

- 3.4 The revised guidance takes account of a number of developments in governance and audit practice. A review has identified that the Council already has a high degree of compliance with the revised guidance. The main areas to consider for further improvement include:
- approach to discharging the discrete scrutiny and audit functions.
 - increased emphasis on potential for adding independent members.
 - the committee's role in its effectiveness of supporting ethical values.
 - opportunity for committee members to meet in private with external auditors.
 - the committee's role in risk management, including risk appetite.
 - content of Annual Governance Statement, including value for money and Best Value.
 - the committee's role in specifying areas where additional assurance may be needed.
 - opportunity for the committee to develop partnerships to share ideas or briefings.
 - support the implementation of agreed actions emerging from corporate improvement programmes, external reviews, along with internal audit's quality assurance.
 - the committee's role in supporting the Council with key issues emerging from the external audit annual report.
 - consideration of external audit quality, effectiveness and independence.

4. PROPOSALS

- 4.1 The Scrutiny & Audit Committee's 2022/23 self-assessment, completed on 28 March 2023, was based on checklists from the revised guidance. A number of actions have been identified to address changes in the revised guidance (Report 181/23 refers).
- 4.2 In addition, the remit of the Scrutiny & Audit Committee will require to be reviewed and updated. The remit is part of the Order of Reference of Committees in the Council Standing Orders, and this will be included in the work of the related Member-Officer-Group.
- 4.3 Other changes in the revised guidance will be addressed by officers as part of ongoing corporate governance and internal audit operational activities.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising directly from this report but members of the Committee will need to be mindful of the finite staff resources available to support the work of the Committee when considering any changes arising from the new guidance.

6. EQUALITY IMPACT ASSESSMENT

- 6.1 An Equality Impact Assessment is not required, as this report is presenting an overview of updated best practice guidance. The implementation of any specific changes resulting from this would be subject to their own Equalities Impact Assessments (as applicable).

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

1. CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2022)