

REPORT OF: CHIEF FINANCIAL OFFICER

TO: ACCOUNTS AND AUDIT COMMITTEE

DATE: 26th JULY 2018

Contact Details: Craig Finn
Tel. No: 01282 661014
E-mail: craig.finn@pendle.gov.uk

AUDIT COMMITTEES: PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES

PURPOSE OF REPORT

1. The purpose of this report is to inform members of an update to the Chartered Institute of Public Finance and Accountancy (CIPFA)'s practical guidance for Local Authority (and Police) Audit Committees.

RECOMMENDATIONS

2. The Committee is recommended to acknowledge the updated guidance.

ISSUE

Introduction

3. CIPFA's practical guidance relating to Audit Committee design and membership was last updated in 2013.
4. The publication sets out CIPFA's guidance on the function and operation of audit committees in local authorities (and Police) and represents best practice for audit committees in local authorities.
5. CIPFA's updated Position Statement covers the seven key points summarised below, each of which is described in more detail in the complete document:
 - 1) The Audit Committee function is to provide independent support to good governance arrangements and to support strong public financial management;
 - 2) The purpose of the committee is to provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes;
 - 3) The committee should adopt a model that is independent and effective;

- 4) The core functions should include review of organisational assurance statements eg Annual Governance Statement (AGS) and risk management arrangements to secure value for money. The committee should support the arrangements between internal and external audit.
 - 5) The committee should undertake a wider role to support the organisation to review eg Treasury Management arrangements. (NB updated Treasury Management Practice Notes (TMPs) are included elsewhere on the agenda.
 - 6) Committee membership should be supportive of good governance principles and the practical application of these to the achievement of organisational objectives;
 - 7) To discharge its responsibilities effectively, the committee should meet regularly (recommended at least four times per year).
6. As the Council pays an annual subscription to access this and other relevant, sector specific documentation, copies of the guidance will not be published to the Council's website in support of the agenda and/or minutes.
 7. Audit Committee members should have received a hard copy in advance of the meeting.
 8. Further copies are available to Councillors upon request.
 9. The content of this document will be included within the Members' training session to be conducted prior to the July and September meetings.

IMPLICATIONS

Policy

10. There are no policy implications arising directly from the contents of this report.

Financial

11. There are no financial implications as direct result of the recommendation(s) within this report. An effective Accounts and Audit Committee is considered best practice to help safeguard public money.

Legal

12. The Accounts and Audit (England) Regulations 2015 states that a local authority is responsible 'for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objective; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk'.
13. In addition, in England, section 151 of the Local Government Act 1972 requires every local authority to 'make arrangements for the proper administration of its financial affairs'.

Risk Management

14. An effective Accounts and Audit Committee is considered best practice to help mitigate (organisational) risk.

Health and Safety:

15. There are no health and safety implications arising directly from the contents of this report.

Sustainability:

16. There are no sustainability implications arising directly from this report.

Community Safety:

17. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity:

18. There are no equality and diversity issues arising from the contents of this report.

APPENDICES

None – Copies of the CIPFA publication ‘Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)’ are available upon request from the Accountancy Manager.

LIST OF BACKGROUND PAPERS:

None.