

To: Audit, Risk and Scrutiny Board

On: 13 June 2022

Report by: Chief Auditor

Heading: Development Programme for Audit, Risk and Scrutiny Board Members

1. Summary

- 1.1 The national guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of Audit Committee Principles in Scottish Local Authorities recommends that training on audit and risk related matters is provided to members of the Audit, Risk and Scrutiny Board.
- 1.2 Attached at Appendix 1 is the proposed programme of development briefings, which would be delivered at Board Meetings throughout the year. Appendix 2 is the current briefing on the “Role of Audit Committee”.
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2. Recommendations

- 2.1 Members are asked to approve the programme of development briefings and note the content of the current briefing.
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Implications of the Report

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning –
Safer and Stronger** – an effective audit committee is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - training for elected members on audit and risk-related matters reflects audit committee principles
11. **Privacy Impact** – None
12. **COSLA Implications** – None
13. **Climate Risk** - None

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Date	Topic
June 2022	Role of Audit Committee
tbc	Role of Internal Audit
tbc	Risk Management Arrangements

Briefing for Audit, Risk and Scrutiny Board Members

Role of the Audit Committee

13 June 2022



Overarching Governance Arrangements

- Good Practice for a local authority to establish an audit committee
 - Local authority should determine the arrangements which best suit its circumstance
- Audit, Risk and Scrutiny Board

Audit Committee Principles

Principal 1

- **The Control Environment**
- Independent assurance of the adequacy of the risk management framework and the associated control environment within the authority

Principal 2

- **Risk Related Performance**
- Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment

Principal 3

- **Annual Accounts and the External Auditor**
- Assurance that any issues arising from the process of drawing up, auditing and certifying the authority's annual accounts are properly dealt with.

High Level Objectives

- Concerned with governance, risk and control across the Council
- Focus on controls that protect against the highest risks
- Gain assurance that the critical risks are being managed appropriately
- Should be satisfied that the work of InternalAudit is properly focussed

Risk Related Performance

- Effectiveness of the corporate risk assessment process
- Significant risk related performance issues raised by auditors/inspectors
- Implementation of improvement action plans

The Control Environment

- Approval of the annual internal audit plan
- Monitoring achievement of the internal audit plan
- Review of summary findings, main issues and implementation of recommendations
- Audit risk assessment has been carried out
- Annual Report and assurance statement
- Relationship between internal audit, external audit and inspection agencies
- Promote the value of the audit process



Annual Accounts and the External Auditor

- Audit certificate and consideration of matters arising
- Annual report to members
- Implementation of agreed action plans
- External audit reports, main issues and implementation of recommendations

Administration

- Formally constituted committee, reporting to council
- Terms of reference
- Political balance
- Training and development
- Timely agenda and papers
- Attended by internal and external audit

Members of the Audit Committee

- Good understanding of the council as a whole
- Good understanding of internal control
- Objective and independent of mind
- Mix of skills (including financial expertise)
- Participate in development sessions
- Challenging and seek assurance

Benefits of Effective Audit Committees

- Raising awareness of internal control
- Public confidence in financial and other reporting
- Reinforce the importance and independence of internal and external audit
- Provide additional assurance through objective and independent review
- Reduce the risk of illegal or improper acts

Questions?