
To: Renfrewshire Integration Joint Board

On: 24 November 2017

Report by: Chief Internal Auditor

Heading: Training for Audit Committee Members

1. Summary

- 1.1 In line with national guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of Audit Committee Principles in Scottish Local Authorities, it is good practice to provide training on audit and risk related matters to members of the Audit Committee.
 - 1.2 A proposed programme of training briefings is outlined at Appendix 1 which will be delivered at board meetings, and at Appendix 2 the outline for the briefing at the current meeting on “The Role of the Audit Committee”.
 - 1.3 A further programme of training briefings will be prepared following consultation with the members of the Audit Committee.
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2. Recommendations

- 2.1 That the IJB Audit Committee approve the current programme of training briefings.
 - 2.2 That the IJB Audit Committee are asked to note the content of the training briefing on the Role of the Audit Committee.
 - 2.3 That the members of the IJB Audit Committee consider what topics should be included on a future programme of training briefings.
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Implications of the Report

- 1. Financial** - none.
- 2. HR & Organisational Development** - none.
- 3. Community Planning** - none.
- 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 members on audit and risk related matters is good practice.
 11. **Privacy Impact** - none.
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List of Background Papers – none.

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Role of the Audit Committee

Integration Joint Board

24 November 2017

Andrea McMahon

Chief Internal Auditor

Overview

- Governance and Audit Committee Principles
- Members' Roles
- Chief Internal Auditor's Role
- External Auditor's Role

Governance Arrangements

- No statutory obligation for an IJB to establish an audit committee
- IJB should determine the arrangements which best suit its circumstance
- Proportionate arrangements which are compliant with good practice governance standards in the public sector

Governance Arrangements

- Key component of the Boards governance framework
- Purpose - To provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting and annual governance process

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.

Core Functions

- Assurance statements, including the Annual Governance Statement
- Oversee internal audit function
- Effectiveness of risk management framework
- Effectiveness of the control environment
- External Audit and Inspection agencies

Members' Roles

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

Assurance Statements

- Financial Statements
- Governance Statement
- Recommend to the Integration Joint Board

Internal Audit

- Statutory requirement
- Guidance on the appointment of the Chief Internal Auditor
- Internal Audit of Partner Bodies
- Co-operation and co-ordination of audit work
- Sharing of information
- Public Sector Internal Audit Standards

External Audit

- Accounts Commission
- Wider remit than private sector audit
- Audit certificate and consideration of matters arising
- Annual report to members
- External audit reports, main issues and implementation of recommendations

Benefits of an Effective Audit Committee

- 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