



Audit and Standards Committee Report

Report of: Ryan Keyworth

Date: 28 July 2022

Subject: Role of the Audit Committee and Training Plan

Author of Report: Jane Wilby / Clair Sharratt

Summary: The purpose of this report is to provide members of the Audit and Standards Committee with a summary of the newly published position statement from CIPFA on the role of Audit Committees in Local Government and recommend suitable committee-specific training for members of the Audit Committee.

Recommendations: The Audit and Standards Committee is asked to note the and adopt the position statement and agree a forward training programme to support members of the Committee with their role.

Background Papers: None

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
NO
Legal Implications
NO
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human Rights Implications
NO
Environmental and Sustainability implications
NO
Economic Impact
NO
Community Safety Implications
NO
Human Resources Implications
NO
Property Implications
NO
Area(s) Affected
None
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
NO

AUDIT AND STANDARDS COMMITTEE – 28 JULY 2022

Role of the Audit Committee and Training Plan

Purpose of the Report

1. The purpose of this report is to bring to the attention of members of the Audit and Standards Committee a newly published position statement from the Chartered Institute of Public Finance and Accountancy (CIPFA) on the role of Audit Committees in Local Government.
2. This paper covers the function of, and training relating to, the Audit Committee. The additional role of the Committee for Standards is not addressed.
3. This report also discusses Audit Committee training to support new and existing members of the Committee with their role.

CIPFA Statement on Audit Committees

4. The Chartered Institute of Public Finance and Accountancy (CIPFA) is the public finance accountancy body. It is an accounting standards setting body, which produces the public sector-wide financial Codes of Practice, together with sector-specific policy and guidance in many areas, including governance.
5. CIPFA has published a new position statement for the attention of Audit Committees in Local Government, a full copy of the statement is included in **Appendix 1**.
6. CIPFA asserts that the new statement will help guide Local Authorities to “strengthen their audit committees, enabling them to have a greater impact on governance, risk management and internal control”. For authorities in England, the Department of Levelling Up and Communities (DLUC) has endorsed the statement.
7. The statement will also be supported by a detailed publication to replace the 2018 edition of *Audit Committees, Practical Guidance for Local Authorities and Police*. The release date is expected to be in the autumn and copies will be made available to members of the Committee when it is published.

Summary of Key Principles

8. The *Position Statement* provides guidance on a number of key principles for Audit Committees:

- Purpose of Audit Committees – there a greater emphasis on the Audit Committee being independent of other governance committees, including executive and scrutiny committees, to allow it focus objectively on the Council’s governance, risk, and control arrangements.
- Committee model – provides detail on the regulatory and recommended membership of the committee, including co-opted expert independent members, and its place in reporting directly to the overall governance function provided by full Council.
- Committee Membership – recommends the skills and knowledge required by the members of the committee and how expertise is balanced across the membership. To support this, members are expected to be willing to undertake appropriate training. It details expectations around the characteristics and contributions of members and how the committee conducts its business.
- Core functions – with a greater emphasis on assurance, internal control, financial reporting and external audit, the statement sets out the specific responsibilities of the Audit Committee in the key areas of Governance, Risk and Control, Financial Reporting and robust Audit Arrangements.
- Engagement, Outputs and Impact – recommends that regular attendees of Audit Committees should include the Chief Executive, Director of Finance, Monitoring Officer, Head of Internal Audit and External Audit and that the Committee should be able to meet with representatives from both audit functions, privately and separately.

It is also recommended that the Audit Committee should, at least annually, review and report on its own performance, including how it has complied with the principles of the position statement and how effectively it has engaged with the leadership team and those charged with governance.

Audit Committee Training

9. Following on from the requirement in the position statement that there is appropriate training available for members of the Audit Committee, it is proposed that an annual programme of essential and recommended training be developed, with an initial introductory course to cover the role of Audit Committees and then more specific training in the autumn to prepare members to give assurance in signing the Council’s financial statements.
10. Proposed training for 2022:

- Introduction to the Knowledge and Skills of the Audit Committee (CIPFA)
Essential

Two half-day webinars: 13 September 2022 10am-12.30pm, 14 September 10am-12.30pm (recording available after)

Link: [Introduction to audit committee skills | CIPFA](#)

The workshops include:

- *briefings on the latest guidance to keep audit committee members up-to-date*
- *guidance on the knowledge and skills audit committees should have, featuring practical examples*
- *in-depth discussion on the audit committee role in relation to internal audit, risk management and assurance*
- *discussion and guidance on overcoming the barriers to audit committee excellence*

- Councillor's Guide to Understanding Your Council's Financial Reporting Requirements (CIPFA) **Recommended**

Half day webinar: Wednesday 31 August 2022 10am-1:15pm

Link: [Understanding your council's financial reporting requirements | CIPFA](#)

The workshop will benefit all local authority elected members charged with governance responsibilities for approving their authority's accounting statements for 2021/22, regardless of the level of knowledge and previous experience in this role.

- Reviewing the Financial Statements Effectively (bespoke for Sheffield City Council – independent, external trainer) **Essential**

Half day webinar: to be confirmed, November 2022

The webinar includes:

- *A brief overview of the law, rules and regulations surrounding the financial statements*
- *How to read the statements for your authority and what to look for*
- *How to effectively question and challenge officers and auditors to gain assurance*
- *Topical issues*

11. Please book courses by emailing clair.sharratt@sheffield.gov.uk.
12. Further training for 2023, as identified by the Audit Committee, either current courses or bespoke training designed for Sheffield, can also be arranged.

Financial Implications

13. There is an annual budget to support Members with the costs of the recommended training programme.

Equal Opportunities Implications

14. There are no specific equal opportunities implications arising from the recommendations in this report.

Property Implications

15. There are no property implications arising from the recommendations in this report.

Recommendations

16. The Audit and Standards Committee is asked to note the position statement from CIPFA on the role and function of Audit Committees in Local Government, and adopt the principles as set out in the statement, where appropriate.
17. The Audit and Standards Committee is asked to approve the essential and recommended training for Members of the Committee and consider the Committee's future training requirements.