



Gloucestershire

COUNTY COUNCIL

**AUDIT AND GOVERNANCE
COMMITTEE**

10.00 am

FRIDAY

17 MAY 2019

**Members' Room - Shire Hall,
Gloucester**

MEETING PAPERS



AUDIT AND GOVERNANCE COMMITTEE

TIME: 10.00 am
DATE: Friday 17 May 2019
VENUE: Members' Room - Shire Hall, Gloucester

A G E N D A

ITEM	TOPIC	CONTACT
1.	Evaluating the Effectiveness of the Audit and Governance Committee (Pages 1 - 38)	Theresa Mortimer

NOTES

- (a) **MEMBERSHIP** – Councillors Cllr Colin Hay, Cllr Brian Oosthuysen, Cllr Shaun Parsons, Cllr John Payne, Cllr Alan Preest, Cllr Keith Rippington, Cllr Nigel Robbins OBE, Cllr Brian Tipper and Cllr Will Windsor-Clive
- (b) **DECLARATIONS OF INTEREST** – Members requiring advice or clarification about whether to make a declaration of interest are invited to contact the Monitoring Officer: Jane Burns ☎01452 328472 /fax: 425149/e-mail: jane.burns@gloucestershire.gov.uk prior to the commencement of the meeting.


GENERAL ARRANGEMENTS


- (1) *Will Members please sign the attendance list.*


EVACUATION PROCEDURE - in the event of the fire alarms sounding during the meeting please leave as directed in a calm and orderly manner and go to the assembly point which is outside the main entrance to Shire Hall in Westgate Street. Please remain there and await further instructions.


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Self-assessment of Good Practice

Good practice questions		Compliant Y / N / P ★ ▲ ●	Comments	Actions for improvement (incl. timescales)
Audit Committee purpose and governance				
1	Does the authority have a dedicated audit committee?	★	Details within the Constitution. Refer to section 3.10 of the Constitution (Audit and Governance Committee Terms of Reference) pages 48 – 51  Constitution.pdf	None

Good practice questions		Compliant Y / N / P ★ ▲ ●	Comments	Actions for improvement (incl. timescales)
2	<p>Does the audit committee report directly to full council?</p> <p>(Applicable to local government only).</p>	★	<p>The Audit and Governance Committee reports directly to full Council as per the Constitution by presenting an annual report providing assurance that the Council’s systems of governance are operating effectively.</p> <p> chairmans report 2018.pdf</p>	None

Good practice questions		Compliant Y / N / P ★ ▲ ●	Comments	Actions for improvement (incl. timescales)
3	Do the terms of reference clearly set out the purpose of the Committee in accordance with CIPFA's Position Statement?	●	<p>The Audit and Governance Committee's Terms of Reference is currently in accordance with the CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2013 edition.</p> <p>This Terms of Reference was approved by the Constitution Committee on 9th June 2014.</p> <div style="text-align: center;">  <p>Terms of Reference.pdf</p> </div>	<p>Action</p> <p>Update Terms of Reference in line with the CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018.</p>

Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
4	Is the role and purpose of the audit committee understood and accepted across the authority?	★	<p>The annual report of the Audit and Governance Committee is presented to full Council. The committee's terms of reference are included within the Constitution and is accessible to members, officers and the public.</p> <p>All members are informed of changes to the Constitution including any revisions to the committee's terms of reference. The work of the Audit and Governance Committee is referenced in the Annual Scrutiny Report which is presented to full Council.</p>	None

Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?		<p>The Committee review and approve the Council's Local Code of Corporate Governance and Annual Governance Statement.</p> <p>Also, its Terms of Reference enables the Committee to contribute to good governance.</p>	None






... presented its 2017/18 annual report to full Council.

The 2017/18 report is below.










Audit and Governance Committee

Audit Committees Practical Guidance for Local Authorities and Police 2018.







Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
Functions of the committee				
7	<p>Do the committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement?</p> <ul style="list-style-type: none"> ➤ good governance 		<p>The Terms of Reference currently reflect the requirements of good practice guidance and legislation i.e. CIPFA’s Position Statement 2013 and the Public Sector Internal Audit Standards 2013.</p> <p>The current Terms of Reference was approved by the Constitution Committee on 9th June 2014.</p>	<p>Action</p> <p>Update Terms of Reference in line with the CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018.</p>
	<ul style="list-style-type: none"> ➤ assurance framework, including partnerships and collaboration arrangements 		<p>Whilst this operates in practice. New formal requirement under the 2018 guidance.</p>	<p>Action</p> <p>Update Terms of Reference in line with the CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018.</p>



Good practice questions		Compliant	Comments	Actions for improvement (incl. timescales)
		Y / N / P   		
	➤ internal audit		Current Terms of Reference address the core functions of Internal Audit.	Action Minor wording amendments to reflect the 2018 guidance are required.
	➤ external audit		Current Terms of Reference address the core functions of External Audit.	Action Minor wording amendments to reflect the 2018 guidance are required.
	➤ financial reporting		Current Terms of Reference address the core requirements of Financial Reporting.	Action Minor wording amendments to reflect the 2018 guidance are required.
	➤ risk management		Current Terms of Reference address the core principles of Risk Management.	Action Minor wording amendments to reflect the 2018 guidance are required.


Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
	➤ value for money or best value		Value for money is currently not specifically referenced although the external auditor opinion on the matter is considered.	Action Update Terms of Reference in line with the CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018.
	➤ counter-fraud and corruption		Current Terms of Reference address the core principles of counter-fraud and corruption.	Action Minor wording amendments to reflect the 2018 guidance are required.
	➤ supporting the ethical framework		Current Terms of Reference address the core requirements of ethical governance.	None




Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
8	Is an annual evaluation undertaken to assess whether the Committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?		The last annual self assessment undertaken in November 2014.	Action An annual review to be undertaken with the outcomes reported in the Audit and Governance Committee’s annual report to Council and the Council’s Annual Governance Statement.
9	Has the audit committee considered the wider areas identified in CIPFA’s Position Statement and whether it would be appropriate for the Committee to undertake them?		The Committee’s current remit includes the ethical governance and treasury management arrangements.	Action Consideration to be given to reviewing a wider role as per CIPFA’s Position Statement.


Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
10	Where coverage of core areas has been found to be limited, are plans in place to address this?		Where coverage of core areas has been found to be limited, action plans have been put in place to address the issues identified e.g. Ofsted, GFRS. The action plans implementation is overseen by the Audit and Governance Committee and/or relevant scrutiny committee.	None
11	Has the Committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?		The Committee's decision making powers are all in line with their Terms of Reference e.g. approving the Annual Statement of Accounts, Annual Governance Statement, Internal Audit Charter, Risk Based Internal Audit plan etc.	None



Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
Membership and support				
12	<p>Has an effective audit committee structure and composition of the Committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> ➤ separation from the executive ➤ an appropriate mix of knowledge and skills among the membership ➤ a size of committee that is not unwieldy ➤ consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) 	<p></p> <p></p> <p></p> <p></p> <p></p>	<p>Audit and Governance Committee members are appointed by full Council being drawn down from all parties to reflect the political balance of the Council.</p> <p>No Audit and Governance Committee members are members of the Executive.</p> <p>Audit and Governance Committee members include members with extensive knowledge and skills from a wide range of financial, business and social backgrounds.</p> <p>There are nine members of the Committee, meetings are always quorate and are well attended.</p> <p>New requirement under the 2018 guidance.</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>Action</p> <p>Consideration to appoint an independent member who is not a councillor or an officer of the Council.</p>



Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full Council as appropriate for the organisation?		New requirement under the 2018 guidance.	Action Consideration to appoint an independent member who is not a councillor or an officer of the Council.

Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
14	Does the chair of the Committee have appropriate knowledge and skills?	★	<p>The Chair of the Audit and Governance Committee is a former teacher at Archway Secondary School. Former Chair of the Overview and Scrutiny Management Committee. Sits on Appeals Board, Appeals Committee, County Council and Pension Committee. Appointments to outside bodies include Gloucestershire Hospitals NHS Foundation Trust Council of Governors, Gloucestershire’s Children’s Partnership, Local Strategic Partnership (Stroud) and Standing Advisory Committee on Religious Education.</p> <p>The Chair seeks and receives appropriate support and advice as needed.</p>	None


Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
15	Are arrangements in place to support the Committee with briefings and training?		There is a corporate members training programme and specific training on financial statements, external / internal audit, annual governance statement, risk management, treasury management etc. have been and will continue to be provided as needed.	None
16	Has the membership of the Committee been assessed against the core knowledge and skills framework and found to be satisfactory?		The framework is part of the new CIPFA guidance issued in 2018; therefore this assessment is currently being carried out in 2018/19. (The original assessment was carried out in November 2014).	Action Assess membership of the Committee against the core knowledge and skills framework, identify gaps and address any improvement areas identified to help inform the Committee’s training programme – please see Appendix 3.



Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
17	Does the Committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	★	<p>External Audit attends all Committee meetings. The Director of Strategic Finance, Head of Financial Management, Monitoring Officer and Chief Internal Auditor meet with the Chair prior to every Committee meeting and also attends the Committee meeting.</p> <p>Members have the ability to meet with these officers at any time.</p>	None
18	Is adequate secretariat and administrative support to the Committee provided?	★	Democratic Services have nominated an officer who leads on the support provided to the Committee.	None





Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
Effectiveness of the committee				
19	Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?		<p>The Audit and Governance Committee has a designated Corporate Management Team member i.e. the Director of Strategic Finance (s151) as lead officer.</p> <p>The Monitoring Officer is also a member of the Committee.</p> <p>Whilst there is no formal mechanism for feedback on the Committee’s performance there are opportunities for views to be relayed.</p> <p>The annual report to Council also provides opportunities for feedback on performance.</p>	None

Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
20	Are meetings effective with a good level of discussion and engagement from all the members?		New requirement under the 2018 guidance. Constructive, robust, challenge and dialogue invoked by members of the Committee.	None

Good practice questions		Compliant Y / N / P ★ ▲ ●	Comments	Actions for improvement (incl. timescales)
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	★	<p>New requirement under the 2018 guidance.</p> <p>Where audit activity records that a limited assurance opinion on control has been provided, the Audit and Governance Committee may request Senior Management attendance to the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.</p>	<p>Action</p> <p>Consideration be given to amend the terms of reference to have clear rights of access to other committees/functions, for example, scrutiny and service committees, risk management group and other strategic groups.</p>

Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	★	<p>New requirement of 2018 guidance.</p> <p>The Audit and Governance Committee are key contributors to the Annual Risk Based Internal Audit Plan and the implementation of the plan is monitored accordingly.</p> <p>The Chief Internal Auditor meets with the Chair of the Audit and Governance Committee independently should any key governance issues arise.</p>	None.

Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
23	Has the committee evaluated whether and how it is adding value to the organisation?		<p>The work of the Committee is clearly very important and valuable and its function essential but there has been no formal evaluation of how it adds value. However, the annual report to full Council and this self assessment does evaluate whether the Committee is adding value.</p> <p>One current Audit and Governance Committee member is also a member of the Overview and Scrutiny Management Committee which enables two way dialogue between the committees and provides further assurance on effective governance.</p>	<p>Action</p> <p>Future annual reports to Council to include outcome of annual self assessment.</p>

Good practice questions		Compliant Y / N / P 	Comments	Actions for improvement (incl. timescales)
24	Does the committee have an action plan to improve any areas of weakness?		The Committee have a dynamic work plan which reflects need and current and emerging risks and issues.	Action Any improvements identified as part of this assessment will be documented in an action plan.
25	Does the committee publish an annual report to account for its performance and explain its work?		New requirement of the 2018 guidance. A report is currently published.  chairmans report 2018.pdf	Action To consider a review of the current annual report to ensure it reflects the requirements of the new guidance.

Evaluating the Effectiveness of the Audit and Governance Committee

Assessment key	
5	Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the Committee is actively and effectively supporting improvement across some aspects of this area.
3	The Committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the Committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

Areas where the Audit and Governance Committee can add value by supporting improvement	Examples of how the Audit and Governance Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5-1 See key above
<p>Promoting the principles of good governance and their application to decision making.</p>	<p>NEW: Supporting the development of a local code of corporate governance.</p> <p>Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it.</p> <p>Working with key members / governors to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews / audits of governance arrangements.</p> <p>Participating in self-assessments of governance arrangements.</p> <p>Working with partner audit committees to review governance arrangements in partnerships.</p>	<p>Annual and ongoing input into the Risk Based Internal Audit Plan.</p> <p>Annual review, challenge and approve of the Annual Governance Statement, Local Code of Corporate Governance and assurance framework.</p> <p>The Committee monitors actions taken to address issues identified in the Annual Governance Statement.</p> <p>Receipt of the Chief Internal Auditor’s annual report on Internal Audit and Risk Management activity.</p>	

Areas where the Audit and Governance Committee can add value by supporting improvement	Examples of how the Audit and Governance Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5-1 See key above
		<p>Monitoring of internal / external audit work throughout the year.</p> <p>Governance arrangements with respect to partnerships are considered as part of the Annual Governance Statement process.</p>	
<p>Contributing to the development of an effective control environment.</p>	<p>Actively monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>	<p>The Committee receives quarterly updates on all Internal Audit activity and management actions taken to address issues highlighted.</p> <p>Where a limited assurance opinion is provided on the control environment, management are requested to attend Committee to provide updates / assurance that Internal</p>	

Areas where the Audit and Governance Committee can add value by supporting improvement	Examples of how the Audit and Governance Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5-1 See key above
		<p>Audit recommendations have been implemented.</p> <p>Committee's Terms of Reference enables the above.</p>	
<p>Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.</p>	<p>Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major / strategic risks.</p>	<p>The Committee's role is to be assured that there is an effective framework in place to manage risk. They are provided with an annual report on Risk Management activity which includes the status of the Strategic Risk Register.</p> <p>The Overview and Scrutiny Management Committee (OSMC) oversee ongoing actions taken to mitigate strategic risks associated with corporate objectives.</p>	

Areas where the Audit and Governance Committee can add value by supporting improvement	Examples of how the Audit and Governance Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5-1 See key above
		<p>One current Audit and Governance Committee members are also members of the Overview and Scrutiny Management Committee which enables two way dialogue between the committees and provides further assurance on effective management of risk.</p>	
<p>Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.</p>	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance.</p> <p>Seeking to streamline assurance gathering and reporting.</p> <p>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</p>	<p>The Committee is proactive in requesting assurance work and contribution towards the development of the Risk Based Internal Audit Plan.</p>	

Areas where the Audit and Governance Committee can add value by supporting improvement	Examples of how the Audit and Governance Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5-1 See key above
		<p>The Committee has received the assurance framework i.e. the three lines of defence risk assurance model, as part of the Annual Governance Statement.</p>	
<p>Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.</p>	<p>Reviewing the audit charter, code of ethics and functional reporting arrangements.</p> <p>Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements.</p> <p>Actively supporting the quality assurance and improvement programme of internal audit.</p>	<p>The Internal Audit Charter (which defines the role, purpose and authority of the internal audit function) was approved by the Committee in April 2017, which requires the Chief Internal Auditor to provide an annual report on Internal Audit activity and performance against the Public Sector Internal Audit Standards which took effect from the 1st April 2013 (updated 2016).</p>	

Areas where the Audit and Governance Committee can add value by supporting improvement	Examples of how the Audit and Governance Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5-1 See key above
		Quarterly progress reports are also provided.	
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	<p>NEW Reviewing how the governance arrangements support the achievement of sustainable outcomes.</p> <p>Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.</p> <p>Reviewing the effectiveness of performance management arrangements.</p>	<p>The role of the Overview and Scrutiny Management Committee is to review the effectiveness of the performance management process including major progress and programmes. however the Committee are provided with an overview of these arrangements in the Annual Governance Statement.</p> <p>In addition Internal Audit undertake risk based internal auditing providing the relevant assurances (based on risk) on key projects / programmes.</p>	

Areas where the Audit and Governance Committee can add value by supporting improvement	Examples of how the Audit and Governance Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5-1 See key above
Supporting the development of robust arrangements for ensuring value for money.	<p>Ensuring that assurance on value for money arrangements is included in the assurances received by the Audit Committee.</p> <p>Considering how performance in value for money is evaluated as part of the AGS.</p>	<p>An annual report is received from the external auditor on their assessment of the Council's delivery of value for money.</p> <p>Value for money is fully considered and reported on in the Council's Annual Governance Statement.</p>	
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<p>Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).</p> <p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and members.</p>	<p>Anti Fraud and Corruption Policy Statement and Strategy 2017 – 2019 (based on the CIPFA standards) presented to Committee in January 2017.</p> <p>Annual Governance Statement provides an overview on how fraud risks are managed.</p>	

Areas where the Audit and Governance Committee can add value by supporting improvement	Examples of how the Audit and Governance Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5-1 See key above
		Internal Audit provide quarterly updates relating to fraud / irregularity to the Committee.	
Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability.	<p>Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.</p> <p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.</p> <p>Publishing an annual report from the Committee.</p>	<p>The Committee is open to members of the public to attend.</p> <p>All agendas and minutes of meetings are published.</p> <p>Audit and Governance Committee actively seek to ensure all public reports use plain english and appropriate language.</p> <p>The Committee publish an annual report to Council.</p>	

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Audit Committee members knowledge and skills framework

Scores: 1. Improvement Required 2. Acceptable 3. Good 4. Excellent

Core areas of knowledge	Details of core knowledge required	How the Audit and Governance Committee member is able to apply the knowledge	Score 1 - 4
Organisational knowledge	<p>An overview of the governance structures of the authority and decision-making processes.</p> <p>Knowledge of the organisational objectives and major functions of the authority.</p>	<p>This knowledge of the Council’s Constitution and the Committee’s Terms of Reference within, is core to the activities of the Audit and Governance Committee which includes the review and challenge of the Annual Statement of Accounts, Annual Governance Statement, internal and external audit reports, treasury management and risk management reports.</p>	
Audit and Governance Committee role and functions	<p>An understanding of the Audit and Governance Committee’s role and place within the governance structures. Familiarity with the committee’s terms of reference and accountability arrangements.</p> <p>Knowledge of the purpose and role of the Audit and Governance Committee.</p>	<p>This knowledge will enable the audit committee to prioritise its work in order to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others.</p>	
Governance	<p>Knowledge of the seven principles of the CIPFA / SOLACE Good Governance Framework and the requirements of the Annual Governance Statement (AGS).</p> <p>Knowledge of the local code of corporate governance (LCCG).</p>	<p>The Committee reviews, considers, challenges and approves the AGS and LCCG annually, which provides the assurance that the seven principles of the CIPFA guide are being met. The Committee also receives progress updates on actions taken to address the improvement areas identified as part of the annual review.</p>	

Core areas of knowledge	Details of core knowledge required	How the Audit and Governance Committee member is able to apply the knowledge	Score 1 - 4
Internal Audit	<p>An awareness of the key principles of the Public Sector Internal Audit Standards (PSIAS) and the <i>Local Government Application Note</i>.</p> <p>Knowledge of the arrangements for delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled.</p>	<p>The Audit and Governance Committee has approved the Internal Audit Charter and Code of Ethics which conforms to the PSIAS.</p> <p>The Committee receives awareness briefings and training regarding the role of internal audit as required.</p> <p>The Committee reviews the assurances from internal audit work and contributes and approves the annual risk-based audit plan. The Committee also receives the Chief Internal Auditor's annual report, including the opinion on the control environment and information on conformance with professional standards.</p> <p>The Committee was provided with the outcome of the external review of the effectiveness of the Internal Audit function (100% conformance) that was undertaken in May 2015. The next external assessment is due in 2020.</p>	
Financial Management and Accounting	<p>Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them.</p> <p>Understanding of good financial management principles.</p> <p>Knowledge of how the organisation meets the requirements of the role of the Chief Financial Officer (CFO), as required by the <i>CIPFA</i></p>	<p>The Committee:</p> <ul style="list-style-type: none"> ➤ reviews and challenges the financial statements prior to publication. ➤ receives and challenges the external audit report and opinion on the financial audit. ➤ reviews and challenges both external and internal audit reports relating to financial management and controls. 	

Core areas of knowledge	Details of core knowledge required	How the Audit and Governance Committee member is able to apply the knowledge	Score 1 - 4
	<p><i>Statement on the Role of the Chief Financial Officer in Local Government (CIPFA 2016)</i></p>	<ul style="list-style-type: none"> ➤ Receives relevant financial training as required. <p>The role of the CFO is included within the Annual Governance Statement which is approved by the Committee.</p>	
External Audit	<p>Knowledge of the role and functions of the external auditor and who currently undertakes this role.</p> <p>Knowledge of the key reports and assurances that external audit will provide.</p> <p>Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken.</p>	<p>The Committee:</p> <ul style="list-style-type: none"> ➤ receives and challenges the external audit reports and opinions. ➤ Monitors the relationship with internal audit to ensure co-ordination/avoid duplication. <p>Receives awareness briefings and training sessions from the external auditor as required.</p>	
Risk Management	<p>Understanding of the principles of risk management, including linkage to good governance and decision making.</p> <p>Knowledge of the risk management policy and strategy of the organisation.</p> <p>Understanding of risk governance arrangements, including the role of members and the Audit and Governance Committee.</p>	<p>In reviewing the Annual Governance Statement and the Annual report on Risk Management Activity, the Committee considers the robustness of the authority’s risk management arrangements and should also have awareness of the major risks the authority faces..</p> <p>The Committee input to and reviews the corporate Risk Management Policy Statement and Strategy.</p> <p>Keeping up to date with the risk profile is necessary to support the review of a number of committee agenda items, including the risk-based internal audit plan, external audit plans, and the explanatory foreword of the accounts.</p>	

Core areas of knowledge	Details of core knowledge required	How the Audit and Governance Committee member is able to apply the knowledge	Score 1 - 4
		<p>Risk registers are used to inform these plans.</p> <p>The Committee receives awareness briefings and training regarding the risk management arrangements as required.</p>	
Counter-fraud	<p>An understanding of the main areas of fraud and corruption risk to which the organisation is exposed.</p> <p>Knowledge of the principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).</p> <p>Knowledge of the organisation’s arrangements for tackling fraud.</p>	<p>The Committee reviews the authority’s Anti Fraud and Corruption Policy Statement and Strategy and receives quarterly progress reports on fraud and irregularity work undertaken by internal audit.</p> <p>An assessment of arrangements for managing the risk of fraud is documented within the Annual Governance Statement which is approved by the Committee.</p>	
Values of Good Governance	<p>Knowledge of the Seven Principles of Public Life.</p> <p>Knowledge of the authority’s key arrangements to uphold ethical standards for both members and staff.</p> <p>Knowledge of the whistleblowing arrangements in the authority.</p>	<p>The Committee members draw on this knowledge when reviewing governance issues and the Annual Governance Statement.</p> <p>Oversight of the effectiveness of whistleblowing is part of the committee’s terms of reference.</p> <p>The Committee members are aware to whom concerns should be reported i.e the Monitoring Officer and/or the Chief Internal Auditor.</p>	

Core areas of knowledge	Details of core knowledge required	How the Audit and Governance Committee member is able to apply the knowledge	Score 1 - 4
Treasury Management (only if it is within the terms of reference of the committee to provide scrutiny)	<p><i>Effective Scrutiny of Treasury Management</i> is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are:</p> <ul style="list-style-type: none"> regulatory requirements treasury risks the organisation’s treasury management strategy the organisation’s policies and procedures in relation to treasury management. 	<p>Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny.</p> <p>The Committee receives awareness briefings and training regarding the treasury management arrangements as required.</p>	

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