

WEST NORTHAMPTONSHIRE COUNCIL AUDIT & GOVERNANCE COMMITTEE

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Report Title CIPFA Position Statement on Audit Committees

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List of Appendices

Appendix A - CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Appendix B – Audit Committee Self-Assessment Checklist

Appendix C – Updated Terms of Reference

1. Purpose of Report

- 1.1. To allow the Committee to consider its compliance with CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022 (the 'Position Statement').

Executive Summary

- 1.1 This report considers the Audit & Governance Committee's current compliance with the Position Statement, and sets out some improvement actions for consideration.

2. Recommendations

- 2.1 It is recommended that the Audit & Governance Committee:
- a) Consider the self-assessment checklist (Appendix B) and endorse the improvement actions set out in this report,
 - b) Consider the updated terms of reference for the Committee (Appendix C) and whether they should be recommended to the Democracy & Standards Committee for updating the Constitution.

3. Reason for Recommendations

- 4.1 To ensure compliance with the practice and principles set out in the CIPFA Position Statement for Audit Committees 2022.

4. Report Background

- 4.1 In 2022 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued an updated Position Statement (Appendix A) setting out their view on the audit committee practice and principles that local government bodies in the UK should adopt.
- 4.2 CIPFA expects that local government bodies should make their best efforts to adopt the principles of the Position Statement, which will enable them to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

5. Issues and Choices

- 5.1 The Audit and Governance Committee's current arrangements have been considered against the self-assessment checklist produced by CIPFA to measure compliance against the Position Statement, in consultation with the Chair and Vice-chair, and the initial results are set out in Appendix B.
- 5.2 CIPFA recommend that the self-assessment should be undertaken collaboratively with the audit committee members, and so the Committee is invited to consider the document at this meeting.
- 5.3 Potential areas for improved compliance with the Position Statement noted in the self-assessment are summarised in the table below:

Issue	Comments / Improvement Actions
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	Suggested updated terms of reference to fully comply with the Position Statement have been developed (Appendix C).
Does the governing body (ie. full council) hold the audit committee to account for its performance at least annually?	An annual report is produced, and this should be presented to full Council each year.

The annual report needs to refer to compliance with the Position Statement.	To be included for 2023/24 onwards.
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	Suggested updated terms of reference produced to address the core areas (Appendix C).
Has the committee been established in accordance with the 2022 guidance as follows? <ul style="list-style-type: none"> • A size that is not unwieldy and avoids use of substitutes. • Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation. 	<ul style="list-style-type: none"> • Review the size of the Committee following the 2025 elections. • Recruitment of up to 2 independent members in progress (awaiting full Council approval).
Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	Provide guidance to political groups to assist with selecting members to serve on the Committee.
Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	Skills and knowledge assessment completed by committee members, and training programme being developed accordingly.
Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	To be considered for the production of the next annual report.

5.4 For information, the main changes between the current terms of reference and the proposed version (Appendix C), which is based on CIPFA's model terms of reference for an audit committee, are:

- To remove the reference to the Committee having responsibility for the 'scrutiny of the Council's financial and non-financial performance', as this is a scrutiny function; and
- To add in the 'Other Responsibilities' section at the end to retain the specific additional functions that relate to this Council; namely the Chair being the Member Risk Champion, and the Committee also receiving reports on complaints and Ombudsman matters.

6. Implications (including financial implications)

6.3 Resources and Financial

6.3.1 There are no resources of financial implications arising from the proposals.

Legal

6.3.2 There are no legal implications arising from the proposals.

6.4 **Risk**

6.4.1 There are no significant risks arising from the proposed recommendations in this report.

6.5 **Consultation**

6.5.1 Not applicable.

6.6 **Climate Impact**

6.6.1 Not applicable.

6.7 **Community Impact**

6.7.1 Not applicable.

6.8 **Communications**

6.8.1 Not applicable.

7. Background Papers

7.1 None.