



Oldham
Council

Report to Audit Committee

The Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committee Guidance Documents

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member Finance and Low Carbon

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Reason for Decision

This report sets out the updated guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in respect of Audit Committees.

Executive Summary

During 2022, CIPFA has issued a suite of updated guidance documents intended to inform and support the work of Audit Committees in organisations across the public sector, including Local Authorities. The guidance is aimed both at Members of the Audit Committee and those Officers who support the work of the Committee.

The documents relevant to the work of Oldham Council's Audit Committee are:

- CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022.
- The Audit Committee Member in a Local Authority 2022 edition.
- Guiding the Audit Committee - Supplement to the Audit Committee Member guidance 2022 edition.
- Interactive Appendix E - Self-assessment of good practice.
- Interactive Appendix F - Evaluating the impact and effectiveness of the Audit Committee.

The last two documents are intended for use by the Audit Committee in assessing how the work of the Committee compares with best practice guidance, and the overall effectiveness of the Committee in supporting the Council and its objectives.

Recommendations

That Members of the Audit Committee:

- 1) Note the release by CIPFA of a suite of documents relevant to the work of the Committee.
 - 2) Approve the use of the Interactive Appendices E and F to assess the performance and effectiveness of the Committee in supporting the Council in the delivery of the objectives of both the Committee and the Council.
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CIPFA Audit Committee Guidance Documents**1. Background**

- 1.1 This report sets out the updated guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in respect of Audit Committees.
- 1.2 During 2022 CIPFA has issued a suite of updated guidance documents intended to inform and support the work of Audit Committees in organisations across the public sector, including Local Authorities. The guidance is aimed both at Members of the Audit Committee and those Officers who support the work of the Committee.
- 1.3 The updated documents, their purpose and a summary of their contents is discussed briefly below. The documents themselves are protected by copyright and, therefore, cannot be included in the Council's published reports on the Council website. These documents have been shared separately with Members for this reason.

2. CIPFA Audit Committee Guidance Documents 2022 editions

- 2.1 The documents relevant to the work of Oldham Council's Audit Committee are:
 - CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022.
 - The Audit Committee Member in a Local Authority 2022 edition.
 - Guiding the Audit Committee - Supplement to the Audit Committee Member guidance 2022 edition.
 - Interactive Appendix E - Self-assessment of good practice.
 - Interactive Appendix F - Evaluating the impact and effectiveness of the Audit Committee.

These documents are discussed in brief below.

2.2 CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

- 2.2.1 The statement sets out the purpose, model, core functions and membership of the Audit Committee. The statement represents CIPFA's view on Audit Committee practice and the principles that Local Government bodies in the UK should adopt. It has been prepared in consultation with sector representatives and the Department for Levelling Up, Housing and Communities along with the Home Office support this guidance.
- 2.2.2 CIPFA expects that all Local Government bodies use their best efforts to adopt these principles, aiming for effective Audit Committee arrangements as an aid to meeting Councils' statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

2.3 The Audit Committee Member in a Local Authority 2022 edition

- 2.3.1 This section of CIPFA's guidance is for Members of an Audit Committee within a Local Authority. It is intended to support both elected Members and co-opted independent Members (also known as Lay Members) to understand the purpose of the Committee, its functions and their responsibilities as Members of the Committee. The guidance also addresses areas such as independence and accountability, and membership and effectiveness of the Committee.
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2.4 Guiding the Audit Committee - Supplement to the Audit Committee Member guidance 2022 edition

2.4.1 Guiding the Audit Committee is a supplement to the Member guide. It is aimed at those Officers who support the Committee, helping them to ensure that the Committee acts in accordance with relevant legislation and good practice. Audit Committee Members may also wish to access this supplement.

2.5 Interactive Appendix E - Self-assessment of good practice

2.5.1 This appendix provides a high-level review tool that incorporates the key principles set out in CIPFA's Position Statement.

2.5.2 Where an Audit Committee has a high degree of performance against the good practice principles contained in Appendix E, it is an indicator that the Committee is soundly based and has in place a knowledgeable membership. These are important factors in developing an effective Audit Committee.

2.5.3 CIPFA recommends a regular self-assessment should be used to support the planning of the Audit Committee work programme and training plans. This report echoes and supports this recommendation and proposes that the Committee includes and undertakes a regular good practice self-assessment exercise as part of its planned work for the year.

2.6 Interactive Appendix F - Evaluating the impact and effectiveness of the Audit Committee

2.6.1 CIPFA believes, and this report concurs, that an Audit Committee's effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on, the Authority's business.

2.6.2 Since the Audit Committee is primarily an advisory body, it can be difficult to identify how it has made a direct and/or measurable difference to the Council's aims and objectives. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'.

2.6.3 Appendix F is intended for use as an improvement tool to support a review of the Audit Committee's effectiveness. It identifies the broad areas where an effective Audit Committee will have impact.

2.6.4 This report recommends and proposes that the Committee includes and undertakes a regular evaluation of the impact and effectiveness of the Audit Committee as part of its planned work for the year.

3 Options

3.1 The Audit Committee has the following options. These are detailed below:

(a) note the contents of the suite of guidance documents issued by CIPFA during 2022 which support the work of Audit Committees in Local Authorities.

(b) undertake a regular good practice self-assessment exercise as part of its planned work for the year.

(c) undertake a regular evaluation of the impact and effectiveness of the Audit Committee as part of its planned work for the year.

(d) accept all options (a) to (c).

(e) reject the report recommendations, in whole or in part, and suggest an alternative approach.

- 4 **Preferred Option**
 - 4.1 The Audit Committee accepts the option set out at 3.1 (d) and thereby accepts all options set out at 3.1 (a) to (c).
 - 5 **Consultation**
 - 5.1 N/A.
 - 6 **Financial Implications**
 - 6.1 N/A.
 - 7 **Legal Services Comments**
 - 7.1 N/A.
 - 8 **Co-operative Agenda**
 - 8.1 N/A.
 - 9 **Human Resources Comments**
 - 9.1 N/A.
 - 10 **Risk Assessments**
 - 10.1 If the Committee does not adopt the recommendation of this report, Members may not be assured of complying with best practice guidance in the conduct of the Committee functions. (Mark Stenson)
 - 11 **IT Implications**
 - 11.1 N/A.
 - 12 **Property Implications**
 - 12.1 N/A.
 - 13 **Procurement Implications**
 - 13.1 N/A.
 - 14 **Environmental and Health & Safety Implications**
 - 14.1 N/A.
 - 15 **Equity, Community Cohesion and Crime Implication**
 - 15.1 N/A.
 - 16 **Equality Impact Assessment Completed**
 - 16.1 N/A.
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17 **Forward Plan Reference**

17.1 N/A.

18 **Key Decision**

18.1 N/A.

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

The following background papers have been communicated separately to avoid copyright infringement:

- CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022.
- The Audit Committee Member in a Local Authority 2022 edition.
- Guiding the Audit Committee - Supplement to the Audit Committee Member guidance 2022 edition.
- Interactive Appendix E - Self-assessment of good practice.
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20 **Appendices**

20.1 There are no appendices to this report.

