

Agenda Item	6
Report No	AS/14/23

THE HIGHLAND COUNCIL

Committee: Audit & Scrutiny Committee

Date: 18th September 2023

Report Title: CIPFA Audit Committee Guidance - update

Report By: Strategic Lead (Corporate Audit & Performance)

1. Purpose/Executive Summary

- 1.1 This report updates Members on the outcome of the Committee workshop held in August to consider the revised guidance, and the next steps that will be taken.

2. Recommendations

- 2.1 Members are asked to:
- i. Consider the knowledge and skills framework set out in Appendix 1 and note that additional training will be arranged for Committee Members to address the core areas of knowledge required.
 - ii. Review the self-assessment outlined at Appendix 2 and agree the further actions required.
 - iii. Agree the changes at Appendix 3 regarding the Committee's Terms of Reference and that these will be incorporated as part of the annual review of the Scheme of Delegation.

3. Implications

- 3.1 Resource – there are no additional resource implications identified as Officer time is available to support the Committee and provide the training required.
- 3.2 Risk – the CIPFA guidance sets out the role of the audit committee in ensuring the effectiveness of the Council's risk management arrangements.
- 3.3 There are no identified Legal, Community (Equality, Poverty, Rural and Island), Climate Change / Carbon Clever, Health and Safety (risks arising from changes to plant, equipment, process, or people) or Gaelic implications arising from this report.

4. Updated CIPFA guidance on Audit Committees

4.1 A report was considered at the Audit & Scrutiny Committee of 23rd March 2023 in respect of updated guidance issued by CIPFA on Audit Committees. This detailed potential changes for the Committee including:

- the recommendation that it includes at least two co-opted members to provide technical expertise where required;
- the need for an annual report by the Committee on how it has complied with the CIPFA position statement, discharges its responsibilities, and assessed its performance; and
- changes to the Committee's terms of reference.

4.2 A workshop was held for Committee members on 22nd August to further consider the guidance. This concentrated upon the following sections from the CIPFA guidance:

- 1) The knowledge and skills framework for Audit Committee Members. This has been replicated at Appendix 1. The framework is split into three areas: core areas of knowledge, specialist knowledge and core skills. It is proposed that the core skills requirement is used as the basis of further training for the Committee Members to ensure that all of these requirements are met. There is one exception, treasury management which does not fall within the Committee's remit, so this will be excluded.
- 2) A self-assessment of good practice. The self-assessment contains a total of 40 good practice questions which should be scored by the Committee from 0 to 5 which covers the range of options from does not comply, partially complies and the extent, through to fully complies. Any gaps in compliance indicate the need for improvement and are likely to be met through additional training or changes to current practice. The outcome of the assessment and any associated action plans should inform the Committee's annual report.

This is provided as Appendix 2 showing the current assessment together with details of further action required. The main areas of non-compliance can be attributed to the new requirements of the guidance:

- preparation and publication of an annual report by the Committee. As previously stated in the March report, the intent is to prepare the 2023/24 annual report by June 2024;
- training to cover the areas set out in the guidance. It is intended that this will be taken forward as part of the wider Members learning and development programme. This will also include identifying the skills and knowledge held by the Committee Members in order to identify any gaps. Consideration will then be given to addressing the gaps through additional training or whether there is the need for a co-opted Member to be recruited.

5. Committee Terms of Reference

5.1 The CIPFA guidance also includes a suggested Terms of Reference (ToR) for the Committee. Details are provided in Appendix 3 which outlines the CIPFA model ToR and comparison against the current Audit & Scrutiny remit. Where changes are required, these have been identified as further actions. These are not significant changes, and it is suggested that these can be incorporated into the annual review of the Scheme of Delegation which will be reported to the October Council meeting.

Designation: Strategic Lead (Corporate Audit & Performance)

Date: 16th September 2023

Author: Donna Sutherland, Strategic Lead (Corporate Audit & Performance)

Background Papers: [ASC report 23 March 2023](#)

Appendices:

Appendix 1 – Audit committee members – knowledge and skills framework

Appendix 2 – Self-assessment of good practice

Appendix 3 – Comparison between CIPFA suggested Terms of Reference and current Audit & Scrutiny remit

CORE AREAS OF KNOWLEDGE

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Organisational knowledge	<ul style="list-style-type: none"> An overview of the authority’s governance structures and decision-making processes. Knowledge of the organisational objectives and major functions of the authority. 	<ul style="list-style-type: none"> This knowledge will be core to most of the audit committee’s activities, including the AGS review, internal and external audit reports and risk registers.
Audit committee role and functions	<ul style="list-style-type: none"> An understanding of the audit committee’s role and place within the governance structures. Familiarity with the committee’s terms of reference and accountability arrangements. Knowledge of the purpose and role of the audit committee. 	<ul style="list-style-type: none"> This knowledge will enable the audit committee to prioritise its work to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others. It will help the committee undertake a self-assessment and prepare its annual report.
Governance	<ul style="list-style-type: none"> Knowledge of the seven principles as outlined in <u>Delivering Good Governance in Local Government: Framework</u> (CIPFA/Solace, 2016). The requirements of the AGS. How the principles of governance are implemented locally as set out in the local code of governance. 	<ul style="list-style-type: none"> The committee will review the local code of governance and consider how governance arrangements align to the principles in the Framework. The committee will plan the assurances it is to receive to adequately support the AGS. The committee will review the AGS and consider how the authority is meeting the principles of good governance. The committee will receive audit reports and information on risks relating to governance.
Internal audit	<ul style="list-style-type: none"> An awareness of the key principles of the PSIAS and the LGAN. Knowledge of the arrangements for delivery of 	<ul style="list-style-type: none"> The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards.

	<p>the internal audit service in the authority and the charter.</p> <ul style="list-style-type: none"> • How the role of the head of internal audit is fulfilled. • Details of the most recent external assessment and level of conformance with the standards. • Internal audit's strategy, plan and most recent annual opinion. 	<ul style="list-style-type: none"> • The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. • The committee will also receive the annual report, including an opinion and information on conformance with professional standards. • In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed. • The audit committee chair is likely to be interviewed as part of the external quality assessment, and the committee will receive the outcome of the assessment and action plan.
Financial management and financial reporting	<ul style="list-style-type: none"> • Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. • An understanding of good financial management practice as set out in the CIPFA Financial Management Code (FM Code) and the level of compliance with it. • Knowledge of how the organisation meets the requirements of the role of the CFO as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016) and The Role of CFOs in Policing (2021). • An overview of the principal financial risks the authority faces. 	<ul style="list-style-type: none"> • Reviewing the financial statements prior to publication, asking questions. • Receiving the external audit report and opinion on the financial audit. • Reviewing both external and internal audit recommendations relating to financial management and controls. • The audit committee should consider compliance with the FM Code and the role of the CFO and how this is met when reviewing the AGS.
External audit	<ul style="list-style-type: none"> • Knowledge of the role and functions of the external auditor and who currently undertakes this role. 	<ul style="list-style-type: none"> • The audit committee will meet with the external auditor regularly and receive their reports and opinions.

	<ul style="list-style-type: none"> • Knowledge of the key reports and assurances that external audit will provide. • Familiarity with the auditor's most recent plan and the opinion reports. • Knowledge about arrangements for the appointment of auditors and quality management undertaken. 	<ul style="list-style-type: none"> • Monitoring external audit recommendations and maximising the benefit from the audit process. • The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service.
Risk management	<ul style="list-style-type: none"> • Understanding of the principles of risk management, including how it supports good governance and decision making. • Knowledge of the risk management policy and strategy of the organisation. • Understanding of risk governance arrangements, including the role of members and of the audit committee. • Knowledge of the current risk maturity of the organisation and any key areas of improvement. 	<ul style="list-style-type: none"> • In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements. • Awareness of the major risks the authority faces is necessary to support the review of several audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee. • The committee should also review reports and action plans to develop the application of risk management practice.
Counter fraud	<ul style="list-style-type: none"> • An understanding of the main areas of fraud and corruption risk that the organisation is exposed to. • 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). • Knowledge of the organisation's arrangements for tackling fraud. 	<ul style="list-style-type: none"> • Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy. • An assessment of arrangements should support the AGS, and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment.

Values of good governance	<ul style="list-style-type: none"> • Knowledge of the Seven Principles of Public Life. • Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (eg code of conduct). • Knowledge of the whistleblowing arrangements in the authority. 	<ul style="list-style-type: none"> • The audit committee member will draw on this knowledge when reviewing governance issues and the AGS. • Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported.
Treasury management (only if it is within the terms of reference of the committee to provide scrutiny)	<ul style="list-style-type: none"> • <u>Effective Scrutiny of Treasury Management</u> is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: <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>See also <u>Treasure your assets</u> (Centre for Governance and Scrutiny, 2017).</p>	<ul style="list-style-type: none"> • Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny.

SPECIALIST KNOWLEDGE THAT ADDS VALUE TO THE AUDIT COMMITTEE

More specialist knowledge will add value to the committee, helping to ensure the committee is able to achieve a greater depth of understanding. Including members with specialist knowledge means there is an additional resource to support other members. Specialist knowledge may be demonstrated by professional qualification and prior work experience.

When reviewing the overall knowledge of audit committee members or when planning the appointment of co-opted independent members, it is helpful to look for opportunities to include the following specialisms:

- Accountancy, with experience of financial reporting
- Internal auditing
- Risk management
- Governance and legal
- Expert service knowledge relevant for the organisation
- IT systems and security.

CORE SKILLS

As well as technical knowledge, the following skills will enhance an audit committee member's aptitude to be on the committee.

Skills	Key elements	How the audit committee member is able to apply the skill
Strategic thinking and understanding of materiality	Able to focus on material issues and the overall position rather than being side tracked by detail.	When reviewing audit reports, findings will include areas of higher risk or materiality to the organisation but may also highlight more minor errors or control failures. The audit committee member will need to pitch their review at an appropriate level to avoid spending too much time on detail.
Questioning and constructive challenge	Able to frame questions that draw out relevant facts and explanations, challenging performance and seeking explanations while avoiding hostility or grandstanding.	The audit committee will review reports and recommendations to address weaknesses in internal control. The audit committee member will seek to understand the reasons for weaknesses and ensure a solution is found.
Focus on improvement	Ensuring there is a clear plan of action and allocation of responsibility.	The audit committee's outcome will be to secure improvements to the governance, risk management or control of the organisation, including clearly defined actions and responsibilities. Where errors or control failures have occurred, the audit committee should seek assurances that appropriate action has been taken.
Able to balance practicality against theory	Able to understand the practical implications of recommendations to understand how they might work in practice.	The audit committee should seek assurances that planned actions are practical and realistic.
Clear communication skills and	Support the use of plain English in communications,	The audit committee will seek to ensure that external documents such as the AGS and the narrative report in

focus on the needs of users	avoiding jargon, acronyms, etc.	the accounts are well written for a non-expert audience.
Objectivity	Evaluate information based on evidence presented, avoiding bias or subjectivity.	The audit committee will receive assurance reports and review risk registers. There may be differences of opinion about the significance of risk and the appropriate control responses, and the committee member will need to weigh up differing views.
Meeting management skills	Chair the meetings effectively: summarise issues raised, ensure all participants can contribute, and focus on the outcome and actions from the meeting.	These skills are essential for the audit committee chair to help ensure that meetings stay on track and address the items on the agenda. The skills are desirable for all other members.

Appendix 2 – Assessment against the CIPFA good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA’s Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Partially complies and extent of improvement needed*				Fully complies	Further action required
	Does not comply	Significant improvement	Moderate improvement	Minor improvement		
Weighting of answers	0	1	2	3	5	
Audit committee purpose and governance						
1. Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?				3		To remove “Scrutiny” from Committee name
2. Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?					5	

Good practice questions	Does not comply				Partially complies and extent of improvement needed*		Fully complies	Further action required
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement			
Weighting of answers	0	1	2	3	5			
3. Has the committee maintained its advisory role by not taking on any decision-making powers?					5			
4. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?			2				See Appendix 3 for further details	
5. Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?				3		5	Further Committee training to be provided.	
6. Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?						5		
7. Does the governing body hold the audit committee to account for its performance at least annually?	0						Will be done through annual report, see 8.	

Good practice questions	Partially complies and extent of improvement needed*				Fully complies	Further action required
	Does not comply	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
Weighting of answers	0	1	2	3	5	
8. Does the committee publish an annual report in accordance with the 2022 guidance, including:						
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 	0					Annual report to be provided in June 2024 which will cover all of these points.
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 	0					
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 	0					
Functions of the committee						
9. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?						
Governance arrangements					5	
Risk management arrangements					5	

Good practice questions	Does not comply				Partially complies and extent of improvement needed*		Fully complies	Further action required
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement			
Weighting of answers	0	1	2	3	5			
Internal control arrangements, including: <ul style="list-style-type: none"> • financial management • value for money • ethics and standards • counter fraud and corruption 					5			
Annual governance statement	0						This will be addressed in the revised Committee ToR.	
Financial reporting					5		Not applicable.	
Assurance framework					5			
Internal audit					5			
External audit					5			
10. Over the last year, has adequate consideration been given to all core areas?					5			

Good practice questions	Does not comply				Partially complies and extent of improvement needed*		Fully complies	Further action required
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement			
Weighting of answers	0	1	2	3	5			
11. Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?					5			
12. Has the committee met privately with the external auditors and head of internal audit in the last year?				3			Not previously with "head of internal audit". This will be addressed.	
Membership and support								
13. Has the committee been established in accordance with the 2022 guidance as follows?								
<ul style="list-style-type: none"> Separation from executive 					5		Substitutes are allowed under Scheme of Delegation, no change proposed.	

Good practice questions	Partially complies and extent of improvement needed*				Fully complies	Further action required
	Does not comply	Significant improvement	Moderate improvement	Minor improvement		
Weighting of answers	0	1	2	3	5	
<ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes 					5	ToR allows for temporary co-opted members. Further work required on this point.
<ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 						
Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	0					Appointed on basis of political balance per Scheme of Delegation, no change proposed.
Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	0					This will be addressed following this report.

Good practice questions	Partially complies and extent of improvement needed*				Fully complies	Further action required
	Does not comply	Significant improvement	Moderate improvement	Minor improvement		
Weighting of answers	0	1	2	3	5	
14. Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?			2			Training was provided by CIPFA trainer before guidance was issued but did consider this. Further Committee training to be provided.
15. Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?			2			This will be addressed through additional Committee training.
16. Is adequate secretariat and administrative support provided to the committee?					5	
17. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5	

Good practice questions	Partially complies and extent of improvement needed*				Fully complies	Further action required
	Does not comply	Significant improvement	Moderate improvement	Minor improvement		
Weighting of answers	0	1	2	3	5	
18. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5	
Effectiveness of the committee						
19. Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	0					Will be done as part of annual report.
20. Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5	
21. Are meetings effective with a good level of discussion and engagement from all the members?					5	
22. Has the committee maintained a non-political approach to discussions throughout?					5	

Good practice questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies	Further action required
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
Weighting of answers	0	1	2	3	5	
23. 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?					5	
24. Does the committee make recommendations for the improvement of governance, risk and control arrangements?	0					Will be covered in annual report
25. Do audit committee recommendations have traction with those in leadership roles?					5	
26. Has the committee evaluated whether and how it is adding value to the organisation?	0					These will be addressed within the annual report.
27. Does the committee have an action plan to improve any areas of weakness?	0					
28. Has this assessment been undertaken collaboratively with the audit committee members?	0					
Total score/ Maximum possible score					124/ 200	

Appendix 3 - Comparison between CIPFA suggested Terms of Reference and the current Audit & Scrutiny remit

The table below details CIPFA's suggested Terms of Reference and this has been compared to that currently in place for the Audit & Scrutiny Committee. Suggested actions are detailed in the final column.

CIPFA suggested Terms of Reference	Current position	Action required
<p>Governance</p> <p>The terms of reference should set out the committee's position in the governance structure of the authority.</p>	<p>This is not currently set out.</p>	<p>This should be addressed in the revised Committee Terms of Reference (ToR).</p>
<p>Statement of purpose</p> <p>The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.</p> <p>The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.</p>	<p>The present ToR does not specifically state this but this information is contained throughout.</p>	<p>This should be made more explicit in the revised ToR.</p>
<p>Governance, risk and control</p> <ul style="list-style-type: none"> • To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance. • To monitor the effective development and operation of risk management in the council. 	<p>All of these are contained within the current ToR except for:</p> <ul style="list-style-type: none"> • reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code. This responsibility rests with 	<p>No further action is required.</p>

<ul style="list-style-type: none"> • To monitor progress in addressing risk-related issues reported to the committee. • To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions. • To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code. • To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements. • To review the assessment of fraud risks and potential harm to the council from fraud and corruption. • To monitor the counter fraud strategy, actions and resources. • To review the governance and assurance arrangements for significant partnerships or collaborations. 	<p>the Corporate Resources Committee.</p> <ul style="list-style-type: none"> • Governance and assurance arrangements for significant partnerships or collaborations which rests with the relevant Strategic Committee. 	
<p>Financial and governance reporting</p> <p><u>Governance reporting</u></p> <ul style="list-style-type: none"> • To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion. • To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives. 	<p>The Committee does not currently review and approve the Annual Governance Statement (AGS).</p>	<p>This will need to be added to the ToR.</p>

<p><u>Financial reporting</u></p> <ul style="list-style-type: none"> • To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met. • To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council. <p>To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.</p>	<p>These are included within the ToR.</p>	<p>No changes required.</p>
<p>Arrangements for audit and assurance</p> <p>To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.</p>		
<p><u>External audit</u></p> <ul style="list-style-type: none"> • To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate. • To consider the external auditor's annual letter, relevant reports and the report to those charged with governance. • To consider specific reports as agreed with the external auditor. 	<p>These are included within the ToR.</p>	<p>No changes required.</p>

<ul style="list-style-type: none"> • To comment on the scope and depth of external audit work and to ensure it gives value for money. • To consider additional commissions of work from external audit. • To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies. • To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee. 		
<p><u>Internal audit</u></p> <ul style="list-style-type: none"> • To approve the internal audit charter. • To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations. • To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources. • To approve significant interim changes to the risk-based internal audit plan and resource requirements. • To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations. • To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments. 	<p>The majority of these are within the current ToR with the exception of:</p> <ul style="list-style-type: none"> • Review proposals in relation to the appointment of external providers of internal audit services. • Consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments. 	<ul style="list-style-type: none"> • This is not applicable as an in-house service is provided. • This will be included in the ToR and details of the safeguards in place will be notified to Committee as part of the process for approving the annual plan.

- To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP
 - reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the head of internal audit's annual report, including:
 - the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are

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<p>concerns about progress with the implementation of agreed actions.</p> <ul style="list-style-type: none"> • To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years. • To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations. • To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee 		
<p>Accountability arrangements</p> <ul style="list-style-type: none"> • To report to those charged with governance on the committee’s findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions. • To report to full council on a regular basis on the committee’s performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose. • To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement. 	<p>The Committee does not currently produce any reports.</p>	<p>This will need to be added to the ToR.</p>