

AUDIT COMMITTEE: CIPFA KNOWLEDGE AND SKILLS FRAMEWORK FOR AUDIT COMMITTEES

| Knowledge Area Details of Core Knowledge Required | How the Audit Committee is able to apply the knowledge | Training Activities / Committee Reports / Dates |
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APPENDIX C

| ORGANISATIONAL KNOWLEDGE | | |
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| An overview of the governance structures of the authority and decision-making processes | This knowledge will be core to most activities of the audit committee including review of the Annual Governance Statement (AGS), internal and external reports and risk registers. | Member development through committee briefings (ongoing) Audit Committee Handbook (ongoing) Training for all members at start of municipal year <u>Reports:</u> <ul style="list-style-type: none"> • AGS: July 2018; July 2019 |
| Knowledge of the organisational objectives and major functions of the authority | | <u>Training:</u> <ul style="list-style-type: none"> • Statement of Accounts training: June 2019 • Annual Governance Statement: June 2019 • Training for all members at start of municipal year <u>Reports:</u> <ul style="list-style-type: none"> • Statement of Accounts: July 2018, July 2019 • AGS: July 2018; July 2019 |

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| AUDIT COMMITTEE ROLE AND FUNCTIONS | | |
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| An understanding of the audit committee's role and place within the governance structures | 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 | Audit Committee Handbook (ongoing) Training for all members at start of municipal year |
| Familiarity with the committee's terms of reference and accountability arrangements | | Audit Committee Annual report: March 2019 New member training (including accounts): June 2019 |
| Knowledge of the purpose and role of the audit committee | The committee will plan the assurances it is to receive in order to adequately support the AGS | Annual reports to July meetings include <ul style="list-style-type: none"> • Statement of Accounts • Annual Governance Statement • Annual Audit Opinion • Annual Investigations Report Annual Audit Committee report: March 2019 |
| Governance Knowledge of the six principles of the CIPFA / SOLACE Good Governance Framework and the requirements of the AGS | The committee will review the AGS and consider how the authority is meeting the principles of good governance | AGS report July 2019 |
| Knowledge of the Local Code of Governance | The committee will review the AGS and consider how the authority is meeting the principles of good governance | Local Code of Corporate Governance: July 2018 |

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| INTERNAL AUDIT | | |
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| An awareness of the key principles of the Public Sector Internal Audit Standards | The committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards | March 2019 Committee reports include: <ul style="list-style-type: none"> • Internal Audit Charter • Internal Audit Strategy • Internal Audit Plans |
| Knowledge of the arrangements for delivering | The 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 | Audit updates to committee ½ year progress report Annual Audit Opinion report |
| | In relying on the work of Internal Audit, the committee will need to be confident that professional standards are being followed | Public Sector Internal Audit Standards (full compliant report): February 2019 |

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| FINANCIAL MONITORING AND ACCOUNTING | | |
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| Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them | Reviewing the financial statements prior to publication, asking questions | Statement of Accounts: June 2018; June 2019 |
| Understanding of good financial management principles | Reviewing the External Audit report and opinion on the financial audit Reviewing both Internal and External Audit recommendations relating to financial management and controls. | Audit outcome and management responses to the Annual Audit Letter: July 2018 |
| Knowledge of how the organisation meets the requirement of the role of the chief financial officer, as required by the CIPFA Statement on the Role of the Chief Financial Officer in Local Government | Committee should consider role of the Chief Financial Officer and how this is met when reviewing the AGS | Annual Governance Statement: June 2019 |

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| EXTERNAL AUDIT | | |
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| Knowledge of the role and functions of the external auditor and who currently undertakes this role | The committee should meet with the External Auditor regularly and receive their reports and opinions. | Based on committee timetables Ongoing |
| Knowledge of the key reports and assurances that external audit will provide | Monitoring External Audit recommendations and maximising benefits from audit process | Based on committee timetables Ongoing |
| Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken | The committee should monitor the relationship between the External Auditor and the authority and support the delivery of an effective service. | Based on committee timetables Ongoing |

| RISK MANAGEMENT | | |
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| Understanding of the principles of risk management, including linkage to good governance and decision making | In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements and should also have awareness of the major risks the authority faces | Strategic Risk Register analysis reports: November 2018; March 2019 |
| Knowledge of the risk management policy and strategy of the organisation | Keeping up to date with the risk profile is necessary to support the review of a number of audit committee agenda items, including the risk based audit plans and the explanatory foreword of the accounts | 6 monthly strategic risks update: November 2018; March 2019 |
| Understanding of risk governance arrangements, including the role of members and of the audit committee | 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 | 6 monthly strategic risks update Annual review of Risk Strategy |

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| COUNTER FRAUD | | |
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| <p>An understanding of the main areas of fraud risk the organisation is exposed to.</p> <p>Knowledge of the principles of good fraud risk management practice</p> | <p>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</p> | <p>Committee reports:</p> <ul style="list-style-type: none"> • Annual Audit Opinion July 2019 • Annual Investigations report July 2019 • Fraud Strategy March 2018 • Anti-Fraud policies March 2018 |
| <p>Knowledge of the organisations arrangements for tackling fraud</p> | <p>An assessment of arrangements should support the AGS and knowledge of good fraud risk management practice will support the Committee members in reviewing the assessment</p> | <p>Annual Audit Opinion: June 2018</p> |

| VALUES OF GOOD GOVERNANCE | | |
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| <p>Knowledge of the seven principles of public life</p> | <p>The committee members will draw on this knowledge when reviewing governance issues and the AGS</p> | <p>Audit Committee Handbook Member Code of Conduct</p> |
| <p>Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff</p> | <p>Oversight of the effectiveness of whistleblowing will be considered as part of the AGS</p> | <p>Annual Audit Opinion Annual Investigations report Anti-Fraud policies</p> |
| <p>Knowledge of the whistleblowing arrangements in the authority</p> | <p>Committee member should know to whom concerns should be reported</p> | <p>Whistleblowing policy: March 2018</p> |

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| TREASURY MANAGEMENT | | |
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| <p>“Effective scrutiny of treasury management” 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 organisations treasury management strategy • The organisations 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>Policy / Strategy: September 2018; February 2019</p> |

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