

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		
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 and training sessions as appropriate <u>Reports:</u> <ul style="list-style-type: none"> • AGS (July committee cycle) • Annual Audit Opinion (July committee cycle) • External Audit Opinion (Annually)
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) • AGS (June 2019) • Others as appropriate throughout year <u>Reports:</u> <ul style="list-style-type: none"> • Statement of Accounts: (Annually – July committee) • AGS (Annually - July committee)

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AUDIT COMMITTEE ROLE AND FUNCTIONS		
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	Regular pre-meeting briefings to run through agenda / reports to understand decisions required, background and reasons etc. Audit Committee Handbook 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, July 2020 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: (usually March)
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 2020
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 (referenced in AGS)

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INTERNAL AUDIT		
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	July 2020 Committee reports include: <ul style="list-style-type: none"> • Internal Audit Charter • Internal Audit Strategy • Internal Audit Plans (Usual arrangements as part of March cycle – cancelled this year)
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		
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: Annually to July committee
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: September 2019
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: July 2020

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EXTERNAL AUDIT		
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		
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: September 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	September 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	Annual review of Risk Strategy

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COUNTER FRAUD		
<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 2020 • Annual Investigations report July 2019 • Fraud Strategy March 2018 • Anti-Fraud policies July 2020
<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 2020</p>

VALUES OF GOOD GOVERNANCE		
<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		
<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 2019; February 2020</p>

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