

Action 94 – update for Audit and Governance Committee.

At a previous meeting of the Audit and Governance Committee, the Committee resolved to:

“To explore the possibility of a Member working group to identify best practice from Audit and Governance Committees at other local authorities.”

As a precursor to any working group, to inform the discussion, the Head of Democratic Services has reviewed current CIPFA guidance and how neighbouring Audit and Governance Committees operate.

- **Background:** CIPFA guidance dictates that Local Government bodies are expected to meet high standards of governance and accountability. An audit committee must provide a specialist forum to support and monitor the authority in the areas of governance, risk management, external audit, internal audit, financial reporting, and other related areas. There are a number of statutory duties, regulations, and standards relating to financial reporting, governance, and audit that the authority must comply with, and an audit committee is best placed to oversee these.

These arrangements are the enablers that allow the authority to deliver against its objectives and improve its performance. They are essential if the authority is to make best use of all its resources and minimise loss and waste. The audit committee helps the authority to fulfil its responsibilities for accountability to the local community, and meet the expectations of partners, regulators, and other stakeholders.

As the primary point of contact for the authority's auditors, it provides a forum to review audit conclusions and recommendations. The committee can escalate key recommendations for action, ensuring that areas of concern are given proper attention

- **Questions CIPFA recommends any local Authority audit committee should consider:**

How can we know if our audit committee is effective?	An Audit Committee should review and assess themselves annually or seek an external review.
What are the consequences if our audit committee is not effective?	<p>The main consequences will be that the authority may not address weaknesses in its governance, risk, and control arrangements at an early stage.</p> <p>The audit committee should be able to provide an overall view on the adequacy of assurance arrangements and the outcome of assurances received. If the committee is not effective Councillors, leaders and senior Officers cannot place reliance on its work.</p>
How can we make sure that the audit committee is more effective?	<p>Ensuring that the authority's committee is constituted in accordance with recommended practice, the CIPFA Position Statement on Audit Committees in Local Authorities and Police 2022</p> <p>Enabling the audit committee to have the required members with knowledge and expertise.</p> <p>Planned programme of regular training as well as access to support and briefings for the audit committee members.</p> <p>Ensuring the committee's terms of reference are up to date, reflect recommended practice and that the committee is operating in accordance with them.</p>

	<p>Maintaining regular dialogue with the chair of the committee to review how well the committee is operating, provide feedback to the committee and understand any outstanding concerns the committee may have.</p>
<p>How and when should those in a leadership or governance role interact with the committee?</p>	<p>Putting forward people with knowledge, experience, or aptitude to be on the committee.</p> <p>Ensure that any vacancies for co-opted independent members are filled promptly.</p> <p>The Chief Executive should ensure that the audit committee is supported and attended by officers of appropriate seniority to be able to act on the audit committee's guidance</p> <p>The committee may make recommendations to senior officers, to other committees, or to the full member body.</p> <p>The committee should agree its own annual report with recommendations for action.</p> <p>The Chief Executive should ensure that a culture exists in which financial management, risk management and governance are given due weight and attention.</p>

- **Arrangements at Neighbouring Authorities:**

North Yorkshire Council:

At North Yorkshire Council, the Audit Committee oversees the Council's corporate governance, audit and risk management arrangements and approves the Statement of Accounts and Annual Governance Statement.

The Standards & Governance Committee oversees ethical standards, member conduct, dispensations, temporary parish council appointments, election arrangements, community governance reviews, and related recommendations to Council, ensuring compliance with statutory duties and promoting good governance. It advises the Council on changes to the Code of Conduct and monitors, reports and investigates, where necessary, complaints made about Councillors breaching their code of conduct, this includes Parish and Town Councillors. The Committee has 10 members appointed to reflect the political balance of the Council. It is advised by a group of Independent Persons who provide an independent perspective on the complaint.

Training provided

Audit Committee – Training is provided ahead of each meeting, with sessions organised by officers and Internal Audit. Below is a list of training that we have had or have planned.

December 2024 - Counter Fraud / March 2025 - Role of the Audit Committee / June 2025 – Teckal Companies

September 2025 – Statement of Accounts scrutiny / December 2025 - Data protection/information security

Treasury Management (external training to be arranged) – timing tbc.

Standards and Governance Committee – Training is provided for all Members upon appointment to the Committee. Refresher training is also provided by the Deputy Monitoring Officer and Senior Governance Lawyer ahead of any hearings.

Task and finish groups

Audit Committee – The Corporate Governance Working Group was set up by the Audit Committee to review the Statement of Final Accounts, Annual Governance Statement, and other complex documents. The Working Group has private, in-depth discussions and reports back to the Audit Committee with recommendations which are then discussed publicly. The Working Group's membership is decided by the Audit Committee and meetings on an ad hoc basis.

Standards and Governance Committee – The most recent Working Group was in relation to a Community Governance Review of parish electoral arrangements.

A Standards Bulletin is produced for each scheduled Committee meeting and included within the agenda. This is also shared with all Parish and Town Councils and Elected Members.

West Yorkshire Combined Authority Audit and Governance Committee:

The CA have 5 meetings over the municipal year which are chaired by an independent member; the committee is made up of 8 elected members from across the five West Yorkshire constituent councils, appointed to reflect political balance across the county, together with 3 independent members (including the chair).

There are a number of standing items on each agenda including:

- Internal Audit Update (update report covering the work of internal audit for the current audit plan year to date)

- Compliance Dashboard Reporting (update on compliance with Regulatory requirements and internal controls)
- Risk Management (update on risk management activities)
- Data Officer Protection Report (update on information governance performance data)
- External Audit Report (update from our external auditors)
- Each year the Annual Audit Report and Opinion is taken through the Committee.

There have been several training sessions for members this year with each addressing a specific topic such as risk management, statement of accounts, role of internal audit etc. Attendance and engagement at meetings is generally quite good.

Leeds City Council:

The Committee has 6 ordinary meetings per municipal year, all of which are webcast. Each year in-line with CPFA 2022 Audit Committee guidance, Committee Members are provided with the following:

- The annual CIPFA self-assessment surveys both on good practice and the skills and knowledge available on the Committee
- The Member Development Plan is proposed at the March Committee meeting for the following municipal years' training and development. This considers the requirements of an audit committee as per CIPFA guidance and also the areas where Members feel that additional oversight or awareness would benefit them when receiving assurance reports throughout the year.
- The Member Development Plan is presented at each of the six Committee meeting during the year to both ensure that the training plan is at the forefront of Committee Members minds but also to monitor achievement against the plan and upcoming events. Members are encouraged at each meeting to raise

any areas that may not be included in the plan but Members would benefit from further advice and guidance.

Committee cycle

There are six Corporate Governance and Audit Committee's throughout the year, with dates spread to incorporate key dates such as the presentation and approval of the Council's Accounts and Annual Governance Statement in line with the statutory deadlines.

For each of these Committee meetings, there are at least two briefing meetings prior to the Committee date, one with only officers who are attending Committee (Officer's Co-ord) and presenting reports and one directly with those presenting reports and the Chair of the Committee (Chair's Brief). This provides an opportunity for assurance reports to be peer reviewed, to brief the Chair of the Committee, answer any queries ahead of the Committee meeting and provides an opportunity for the Chair to brief officers of questions that may be asked during the Committee meeting.

Member Engagement A training attendance record is kept throughout the year and this is shared with the Chair of the Committee and where necessary, escalated with relevant party Whips to encourage participation. Attendance at Committee is also monitored and reported in the Committee's annual report that is presented to Full Council annually.

Task and Finish groups There are no Task and Finish groups as a direct consequence of the work completed by the Committee.

- **Next steps**

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

Below is the CIPFAs position statement in relation to Audit Committees, as well as a link to training offered by CIPFA <https://www.cipfa.org/training>



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Members may wish to consider whether the CYC Audit and Governance Committee is operating effectively, and if not, whether any of the examples above highlight areas for further development. When considering next steps, EMs must be mindful of CYC's financial circumstances and the resources available, whether in terms of officer capacity or financial support, to deliver this work.

Issues to consider:

- Further training and development for EMs that mirrors the work programme
- Briefing from Officers/External Auditors prior to meetings.
- Evaluate any skills and knowledge gaps
- Effective questioning techniques
- Annual review of the Audit Committees effectiveness
- Establishment of Task and Finish Groups to undertake deep dives on areas of concern

- Review the report template
 - Look at mechanisms to keep all Councillors informed of the work of the Audit and Governance Committee
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