



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Head of Audit and Inspection

Contact: Duncan Black Extension: 74053

Item 2

19th June 2024

CIPFA Audit Committee Guidance – Update on Actions

Purpose of Report

To advise members of progress made in relation to the self-assessment actions arising from the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance in relation to Audit Committees.

Recommendations

The Committee is asked to:

- 1) Note the content of the report, and
- 2) Request a further update from officers through the audit Follow Up report process.

Ward No(s):

Citywide:

Local member(s) advised: Yes No

consulted: Yes No

1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published guidance in late 2022 for local authority Audit Committees. A self-assessment of the Council's compliance with the main elements of the guidance was considered by FASC in March 2023.
- 1.2 This paper provides a brief progress update against the main areas for development.

2. Progress update

- 2.1 The main actions arising and the current status is provided below.

Original ref	CIPFA Guidance Requirement	Agreed action	Current status
4.	In local authorities, the Audit Committee should be independent of both the executive and the scrutiny function (in this context scrutiny is referring to the scrutiny of performance information).	Consideration should be given to removing reference to scrutiny from the Committee's title and terms of reference. In practice, scrutiny of performance is being undertaken by OPDSC. To be raised with the Council's Business Bureau with a view to updating FASC title and terms of reference via Full Council.	This has been considered in light of further comparisons with other organisations. It has been concluded that the Terms of Reference and the Workplan of FASC comply sufficiently with the Guidance. The reference to Scrutiny in the Committee's title is just to reflect local terminology and to demonstrate the linkage to the Council's other scrutiny Committee, OPDSC. No further action planned. Closed
7.	The Audit Committee should be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided	A report on the size and make up of FASC to be taken to the Business Bureau for discussion in the first instance. Any changes will need to be approved by full Council.	A report was presented to the Business Bureau in 2023/24. It was agreed that the Committee is of an appropriate size to reflect the workplan, but that the appointment of co-opted members should be pursued in order to support the Committee in more technical matter of auditing and accounting. See 8, below. Ongoing – target implementation November 2024
8.	The audit committees of local authorities should include co-opted independent members in accordance with the	As above, a report on the size and make up of FASC to be taken to the Business Bureau for discussion in the first instance, and will include an option to co-opt	Officers have consulted with other local authorities, including peers in UK Core Cities and other Scottish Local Authorities. There is a clear trend towards appointing co-opted members of local

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	<p>appropriate legislation.</p> <p>Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.</p>	<p>independent non-voting members.</p>	<p>government audit committees. The Business Bureau has agreed that this should be pursued.</p> <p>Officers have further consulted on the methodologies for recruiting coopted members. Approaches have varied. It was noted that Glasgow Life successfully appoint Trustees using specific agencies and this is the proposed way forward. Officers have identified a Scottish Government framework to procure an agency with a view to appointing up to two coopted members by November 2024. Successful candidates will need to be approved by Council.</p> <p>Ongoing – target implementation November 2024</p>
9.	<p>The core functions of the Audit Committee are included within the terms of reference:</p> <ul style="list-style-type: none"> • Governance arrangements • Risk management arrangements • Internal control arrangements • Annual Governance Statement • Financial reporting • Assurance framework • Internal Audit • External Audit 	<p>FASC terms of reference to be updated to include consideration of the Annual Governance Statement.</p> <p>Proposal to be taken in report to Business Bureau referred to above and then any changes agreed at full Council</p>	<p>The addition of the Annual Governance Statement to be explicitly included in the terms of reference was discussed with the Business Bureau. Officers will include this minor amendment alongside the approval for the planned appointment of the co-opted members.</p> <p>Ongoing – target implementation November 2024</p>
10.	<p>The Audit Committee should support a comprehensive understanding of governance across the organisation and</p>	<p>Committee training programme to be developed by senior officers to ensure all key areas are covered on a regular basis</p>	<p>A training programme is currently being developed, with the first session planned for September 2024. This will then inform the development of the Committee’s workplan.</p>

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	among all those charged with governance, fulfilling the principles of good governance		Ongoing – target implementation September 2024
11.	The Audit Committee should consider the effectiveness of the authority’s risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements	Additional information should be provided by officers as part of the 6 monthly risk updates on the organisational risk profile.	The Corporate Risk Register is scheduled to be included in papers for the June 2024 FASC meeting. Members will have the opportunity to scrutinise corporate risk management arrangements as part of that paper. The CRR will be presented to FASC every 6 months as part of the Committee workplan. Risk will also form a key component of the Committee training programme referenced at #10. Complete
19.	The Audit Committee should support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review, and accountability.	Consideration should be given to a private session with the Head of Internal Audit and the External Auditor and the Committee on a semi-regular basis (eg 6-monthly). This will be agreed between relevant officers and the FASC chair and vice chair.	This has been agreed and the first meeting between Internal Audit, External Audit and the Chair and Vice Chair of FASC has been set up for 11 June. It is intended that this will take place every 6 months. Complete
20.	To provide the level of expertise and understanding required of the Committee, and to have an appropriate level of influence within the authority, the members of the Audit Committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered	Review the arrangements for selecting the Elected Members to serve on the FASC. In addition, as outlined above, an annual training plan to be developed for all members of the FASC to ensure that training is provided on all aspects of responsibilities. To consider when selecting co-opted members to serve on the FASC, aptitude, skills and experience to be used as part of the selection process.	This was discussed with the Business Bureau in terms of nominations for FASC. The actions around Committee training and appointment of co-opted members are included at #8 and #10 above. Closed

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	alongside relevant knowledge, skills and experience.	To be included in Business Bureau report referred to above	
21.	The Audit Committee should have a membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.	As part of an annual training plan to be developed for all members of the FASC to ensure that training is provided on all aspects of responsibilities.	See #10 above. This will be tracked under #10, so this action will be closed to prevent duplication. Closed
27.	The members of the Audit Committee should have knowledge, expertise and interest in the work of the committee.	Self-assessment to include review of members knowledge, expertise and interest. This will inform the annual training plan to be developed by officers.	The annual self assessment was completed in November 2023. The training plan will be developed with this action in mind – see #10. Closed
29.	The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.	To be considered as part of the recruitment of co-opted members in future and a proposal included in the Business Bureau report referenced above.	This will be a main focus in developing the role profile as part of the recruitment exercise outlined at #8. To avoid duplication, this action will be closed. Closed
31.	The Audit Committee should be able to meet privately and separately with the external auditor and with the Head of internal audit.	Consideration should be given to a private session with the Head of Internal Audit and the External Auditor and the Committee on a semi-regular basis (eg 6-monthly). This will be agreed between relevant officers and the FASC chair and vice chair.	As noted at #19, these meetings have now been established. Complete
34.	The Audit Committee supports transparency, reporting regularly on its work to those charged with governance.	FASC to prepare and publish an annual report on its activities and discharge of responsibilities, including impact. Any weaknesses or issues identified should be noted and an action plan prepared to monitor improvements. Report to	Further consideration has been given to the areas outlined at #34-36. It has been noted that the Committee completes an annual self assessment, and that this is publicly reported, alongside all of the Committees agendas and papers, and is therefore available to all Council Members, and other stakeholders. The same

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		be in Chair's name, supported by lead officers.	<p>applies to the mid-term external assessment. These reports are deemed the best vehicles with which to demonstrate compliance with these elements of the CIPFA guidance. Specific consideration will be given to incorporating the specific points noted in the guidance as part of the November 2024 assessment.</p> <p>Ongoing - target implementation November 2024</p>
35.	The Audit Committee supports transparency, reporting regularly on its work to those charged with governance.	This was incorporated under the proposed action at #34.	See #34.
36.	The Committee should evaluate its impact and identify areas for improvement.	This was incorporated under the proposed action at #34.	See #34.

4. Recommendations

The Committee is asked to:

- 1) Note the content of the report, and
- 2) Request a further update from officers through the audit Follow Up report process.

