

Appendix D. Audit committee members – knowledge and skills framework

CORE AREAS OF KNOWLEDGE

General comments

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge	Comments
Organisational knowledge	<p>An overview of the governance structures of the authority and decision-making processes</p> <p>Knowledge of the organisational objectives and major functions of the authority</p>	<p>This knowledge will be core to most activities of the audit committee including review of the AGS, internal and external audit reports and risk registers</p>	<p>Constitution Committees/Portfolios Management structure</p> <p>Vision 2025 Projects/plans/partners</p>
Audit committee role and functions (Chapters 3 and 6)	<p>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</p>	<p>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</p>	<p>AC terms of reference AC effectiveness AC self-assessment CIPFA guidance</p> <p>AC Training in June 21</p>

	Knowledge of the purpose and role of the audit committee		
Governance (Chapter 4)	<p>Knowledge of the seven principles of the CIPFA/Solace Framework and the requirements of the AGS</p> <p>Knowledge of the local code of governance</p>	<p>The committee will review the local code of governance and consider how governance arrangements align to the principles in the framework</p> <p>The committee will plan the assurances it is to receive in order to adequately support the AGS</p> <p>The committee will review the AGS and consider how the authority is meeting the principles of good governance</p>	<p>Local Code of Governance</p> <p>AGS</p> <p>Audit Committee Work programme</p> <p>AGS significant issues monitoring</p>

<p>Internal audit (Chapter 4)</p>	<p>An awareness of the key principles of the PSIAS and the LGAN</p> <p>Knowledge of the arrangements for delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled</p>	<p>The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards</p> <p>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</p> <p>In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed</p>	<p>PSIAS and core areas</p> <p>Internal audit plan</p> <p>Annual IA report</p> <p>External assessment</p>
<p>Financial management and accounting (Chapter 4)</p>	<p>Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them</p> <p>Understanding of good financial management principles</p> <p>Knowledge of how the organisation meets the requirements of the role of the CFO, as required by The Role of the Chief Financial</p>	<p>Reviewing the financial statements prior to publication, asking questions</p> <p>Receiving the external audit report and opinion on the financial audit</p> <p>Reviewing both external and internal audit recommendations relating to financial management and controls</p> <p>The audit committee should consider the role of the CFO</p>	<p>Financial statements</p> <p>Associated training</p> <p>Financial procedure rules</p> <p>Role of CFO – CIPFA</p> <p>Financial Management Code</p> <p>Financial management</p> <p>Financial resilience</p>

	Officer in Local Government (CIPFA, 2016) and the CIPFA Statement on the Role of Chief Financial Officers in Policing (2018)	and how this is met when reviewing the AGS	MTFS
External audit (Chapter 4)	<p>Knowledge of the role and functions of the external auditor and who currently undertakes this role</p> <p>Knowledge of the key reports and assurances that external audit will provide</p> <p>Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken</p>	<p>The audit committee should meet with the external auditor regularly and receive their reports and opinions</p> <p>Monitoring external audit recommendations and maximising benefit from audit process</p> <p>The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service</p>	<p>External auditor – Mazars</p> <p>External audit plan</p> <p>Progress reports</p> <p>AC Work programme</p> <p>PSAA</p> <p>Quality monitoring</p> <p>Monitoring external audit recommendations through the audit recommendations report</p>

<p>Risk management (Chapter 4)</p>	<p>Understanding of the principles of risk management, including linkage to 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</p>	<p>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 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 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</p>	<p>Annual RM report / Risk strategy Strategic risk register Fraud risk register IA assurance Combined Assurance Role of members (TOR) / work programme Other Committee roles and reports (Executive review the strategic risk register; AC role is mainly one of the framework)</p>
<p>Counter fraud (Chapter 4)</p>	<p>An understanding of the main areas of fraud and corruption risk to which the organisation is exposed Knowledge of the principles of good fraud risk management practice in accordance with the Code of</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>Counter fraud strategy Fraud policies Fraud risk register Fraud reporting (6 monthly)</p>

	<p>Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) Knowledge of the organisation's 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 audit committee member in reviewing that assessment</p>	<p>Fraud training Fraud partnerships</p>
<p>Values of good governance (Chapter 5)</p>	<p>Knowledge of the Seven Principles of Public Life Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff Knowledge of the whistleblowing arrangements in the authority</p>	<p>The audit committee member will draw on this knowledge when reviewing governance issues and the AGS</p> <p>Oversight of the effectiveness of whistleblowing will be considered as part of the AGS.</p> <p>The audit committee member should know to whom concerns should be reported</p>	<p>Code of corporate governance AGS Member training Code of Conduct Whistleblowing arrangements (part of the counter fraud reports to Audit Committee) Ethics and engagement Committee Ethical governance</p>

<p>Treasury management (only if it is within the terms of reference of the committee to provide scrutiny) (Chapter 5)</p>	<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: regulatory requirements treasury risks the organisation's treasury management strategy the organisation's policies and procedures in relation to treasury management</p> <p>See also Treasure Your Assets (CfPS, 2017)</p>	<p>Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny</p>	<p>Treasury management strategy</p> <p>Treasury management training</p> <p>Role of Scrutiny</p>
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