



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

15 August 2023

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Town Hall, Market Street, Tamworth on Wednesday, 23rd August, 2023 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'AJS', followed by a long horizontal line.

CHIEF EXECUTIVE

A G E N D A

NON CONFIDENTIAL

- 1 Apologies for Absence**
- 2 Minutes of the Previous Meeting (Pages 5 - 8)**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.

When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.

4 Update from External Auditors

(Verbal Update from Grant Thornton)

5 Internal Audit Quarterly Progress Report - Quarter 1 2023/2024 (Pages 9 - 34)

(Report of the Audit Manager)

6 Update on Independent Member (Pages 35 - 54)

(Report of the Audit Manager)

7 Audit and Governance Committee Timetable (Pages 55 - 60)

(Discussion Item)

Access arrangements

If you have any particular access requirements when attending the meeting, please contact Democratic Services on 01827 709267 or e-mail democratic-services@tamworth.gov.uk. We can then endeavour to ensure that any particular requirements you may have are catered for.

Filming of Meetings

The public part of this meeting may be filmed and broadcast. Please refer to the Council's Protocol on Filming, Videoing, Photography and Audio Recording at Council meetings which can be found [here](#) for further information.

If a member of the public is particularly concerned about being filmed, please contact a member of Democratic Services before selecting a seat

FAQs

For further information about the Council's Committee arrangements please see the FAQ page [here](#)

To Councillors: D Maycock, B Clarke, S Daniels, S Doyle, B Price, R Pritchard and
P Thurgood

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MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 27th JUNE 2023

PRESENT: Councillors B Clarke, S Daniels, S Doyle, B Price and R Pritchard

Officers Joanne Goodfellow (Assistant Director Finance),
Andrew Wood (Audit Manager), Tracey Pointon (Legal
Admin & Democratic Services Manager) and Tracey
Smith (Democratic Services Assistant)

Visitors Wiliam Guest (Grant Thornton)
Laureline Griffiths (Grant Thornton)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors D Maycock and P Thurgood

2 APPOINTMENT OF THE VICE-CHAIR

RESOLVED that Councillor B Price was elected as Vice-Chair of the Committee.

(Moved by Councillor S Doyle and seconded by Councillor R Pritchard)

3 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 20th April 2023 were approved and signed as a correct record.

(Moved by Councillor S Doyle and seconded by Councillor B Clarke)

4 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

5 AUDITOR'S ANNUAL REPORT

External Auditor's, Grant Thornton, presented their Annual Report 2021/22.

RESOLVED: That Committee endorsed the report.

*(Moved by Councillor R Pritchard and seconded by
Councillor S Doyle)*

6 EXTERNAL AUDIT PLAN

External Auditor's, Grant Thornton, presented their Audit Report for the Year Ending 31 March 2023.

RESOLVED: That Committee adopt the report.

*(Moved by Councillor R Pritchard and seconded by
Councillor S Doyle)*

7 INTERNAL AUDIT ANNUAL REPORT AND QUARTERLY UPDATE

Report of the Audit Manager of Internal Audit's Annual Report (Appendix 1), which includes results for Quarter 4 to 31st March 2023.

RESOLVED: That the Committee endorsed the Internal Audit's Annual Report (Appendix 1), which includes the results for the Quarter 4 to 31 March 2023.

*(Moved by Councillor R Pritchard and seconded by
Councillor B Clarke)*

8 ANNUAL GOVERNANCE STATEMENT AND CODE OF CORPORATE GOVERNANCE

Report of the Chief Executive to submit the refreshed Annual Governance Statement and Code of Corporate Governance for Audit & Governance Committee's approval.

RESOLVED: That the proposed be approved by the Committee:

1. The Annual Governance Statement (for inclusion in the annual statement of accounts) at Appendix 1; and
2. Code of Corporate Governance at Appendix 2.

*(Moved by Councillor R Pritchard and seconded by Councillor B
Clarke)*

9 RISK MANAGEMENT QUARTERLY UPDATE QT4 2022/23

Report of the Assistant Director, Finance to report on the Risk Management process and progress for Quarter 4 of the 2022/23 financial year.

RESOLVED: That the Committee endorsed the Corporate Risk Register.

(Moved by Councillor B Clarke and seconded by Councillor S Doyle)

10 AUDIT AND GOVERNANCE COMMITTEE TIMETABLE

The Committee reviewed the timetable, there were no changes

11 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That members of the press and public be now excluded from the meeting during consideration of the following item on the grounds that the business involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

(Moved by Councillor S Doyle and seconded by Councillor B Clarke)

12 FHSF RISK

Report of the Assistant Director, Growth & Regeneration to update the Committee on FHSF Risks.

RESOLVED: That the Committee

1. Endorsed the report; and
2. Endorsed the risk register.

(Moved by Councillor R Pritchard and seconded by Councillor S Doyle)

Chair

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Wednesday, 23 August 2023

Report of the Audit Manager

Internal Audit Quarterly Progress Report - Quarter 1 2023/2024

Exempt Information

None.

Purpose

To provide Audit & Governance Committee with internal audit's progress report for period to 30th June 2023.

Recommendations

That the Committee notes Internal Audit's Quarterly Report (**Appendix 1**), which includes results up to 30th June 2023.

Executive Summary

The Accounts and Audit Regulations 2015 require councils to undertake an effective internal audit to evaluate effectiveness of their risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards and guidance.

Progress during Quarter 1 of 2023/24 is contained and detailed in **Appendix 1** to this report. The profiled performance for the year indicates that the service should have completed 25% of the Audit Plan by the end of the quarter. Due to exceptional circumstances we have not met this target and are currently in the process of completing the audits started in Quarter 1. During the period we have started all 4 audits scheduled however these were not concluded by 30th June 2023. During the period however we did conclude all of the 3 audits rolled into 2023/24 from the previous financial year.

Due to the exceptional circumstances which have affected the service during Quarter 1, I have undertaken contingency planning with our general auditor provider, BDO, to undertake and backfill 3 audits in addition to those already allocated. Due to resourcing of these audits these will be completed during Quarters 3 and 4 of 2023/24. Details of allocations of audits are contained within **Appendix 1** of this report.

Internal Audit is required to comply with the Public Sector Internal Audit Standards and part of this requirement is for an external quality assessment to be undertaken. This was last completed in January 2023 and the findings of the assessment were reported to this committee on 22nd March 2023. Following the review an Action Plan was drawn up and it was presented to this committee in April 2023. As part of the assurance processes it was agreed to bring this, on a quarterly basis, to highlight progress made against the planned recommendations. The updated External Quality Assessment Action Plan is contained as **Appendix 2** to this report.

Options Considered

Not applicable.

Resource Implications

Not applicable.

Legal/Risk Implications Background

Failure to report would lead to non-compliance with the requirements of the Annual Governance Statement and the Public Sector Internal Audit Standards.

Equalities Implications

None.

Environment and Sustainability Implications (including climate change)

None.

Background Information

None.

Report Author

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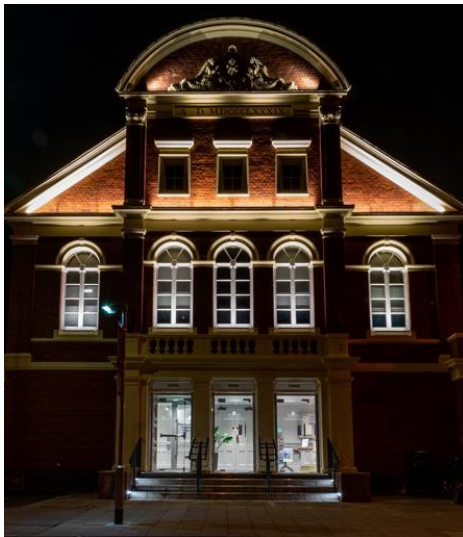
List of Background Papers

Appendices

Appendix 1 – Quarterly Internal Audit Progress Report including progress to 30 June 2023.

Appendix 2 – External Quality Assessment Action Plan

Internal Audit Progress Report (Quarter 1)
July 2023



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- 04 Follow Up**
- 05 Performance of Internal Audit**

Appendices

- 01 Summary of Internal Audit Work Undertaken**
- 02 Assurance and Recommendation Classifications**

In the event of any questions arising from this report please contact Andrew Wood, Audit Manager andrew-wood@tamworth.gov.uk

The matters raised in this report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report was produced solely for the use and benefit of Tamworth Borough Council. The Council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

01 INTRODUCTION

BACKGROUND

This report summarises internal audit activity and performance for the period to 30 June 2023.

SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This progress report and opinion forms part of the framework of assurances that is received by the Council and is used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Internal Audit's professional responsibilities as auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board produced by the Internal Audit Standards Advisory Board.

ACKNOWLEDGEMENTS

Internal audit is grateful to the directors, heads of service, service managers and other staff throughout the council for their help during the period.

02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2023/24 was approved by the Audit & Governance Committee at its meeting in March 2023. The plan was for a total of 16 audits. To the end of quarter 1 2023/2024 due to exceptional circumstances we have completed 0% of the audit plan. However we have fully completed all of the 3 audits rolled forward from 2022/23. Work has been ongoing on 4 audits during Q1 of 2023/24 as outlined in the attached **Appendix 1** and which were not completed by 30 June 2023. An analysis of audit plan completion and indicatively planned audits is shown in the table below;

	Q1	Q2	Q3	Q4
Number of audits allocated per quarter	4	4	6	2
% of plan	25	25	37	13
Cumulative 2023/24 audit plan % completed	0			
Completed and finalised 2022/23 audits	2			
Audits drafted and awaiting management agreement 2022/23	1			

Planned work initially envisaged that by 30 June 2023 we would have completed 25% of the Audit Plan, actual outturn figures show that we have due to exceptional circumstances that we have completed 0% of the expected plan. The work undertaken and the progress on each audit is shown in summary and progress made this year is included at **Appendix 01**.

03 OPINION

SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, the following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation's internal audit needs have been covered to date.

INTERNAL AUDIT OPINION

On the basis of audit work completed, the Audit Manager's opinion on the council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management, to whom recommendations have been made. All of these have been, or are in the process of being addressed.

04 Follow Up

As previously agreed by the Committee, all high priority actions and those arising from no and limited overall assurance reports are followed up by audit, managers confirmation applies to the rest.

The total outstanding actions at the end of Quarter 1 are 64 (13 high, 33 medium, 18 low). During 2023/24 the Audit Manager will continue to hold quarterly meetings with all Assistant Directors to review all outstanding recommendations. This has shown a specific improvement in the implementation and the number of recommendations, over time, has been shown within **Appendix 3**. This shows in tabular graph form the progress regarding the number of outstanding audit recommendations over time.

Priority of Recs	Number of O/S recs – 31 Mar 2023	Number of recs closed during the period Mar 23 – June 23	Number of additional recs made during Q1	Number of current O/S recs as at 30 June 2023	Overall movement of rec numbers during the quarter 1
High	12	0	1	13	+1
Medium	34	1	0	33	-1
Low	20	2	0	18	-2

As at 31 March 2023 there were 13 high priority recommendations outstanding however of these 12 were overdue and these are being followed up during July/August 2023 as part of the Quarter 1 review with Assistant Directors.

Specific Issues

No specific issues have been highlighted through the work undertaken by internal audit during the period.

Fraud & Irregularity

No matters of fraud or irregularity have been reported during the period. Also see the fraud update on this Committee's agenda.

Consultancy & Advice

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters from time to time. During the period to 30 June 2023 no additional work was requested.

Compliance with professional standards

We employ a risk-based approach in planning and conducting our audit assignments. Internal audit work has been performed in accordance with PSIAS.

Conflicts of interest

There have been no instances during the year which have impacted on internal audit's independence that have led to any declarations of interest.

Performance of Internal Audit

Internal audit quality assurance

To ensure the quality of the work internal audit performs, there is a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

Performance Measures


- Complete 90% of the audit plan - 0% relates to assurance work completed.
- 100% Draft reports issued within 6 weeks of start date – non recorded
- 100% Closure meetings conducted within 5 days of completion of audit work – N/A
- 100% draft reports to be issued within 10 working days of closure meeting – N/A
- 100% of all high priority actions are implemented at follow up – N/A
- All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up – Not applicable
- Achieve an average customer satisfaction score of 4 or more – not applicable



Appendix 01: Summary of Internal Audit Work Undertaken

Assurance	Audit/Corporate Risk	Scope	Indicative Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Creditors CR1,CR6	Risk based review covering the adequacy and effectiveness of controls around the maintenance of creditors systems.	Q2	Audit brief scoped and finalized.	
	Procurement CR1, CR6	Risk based review of Procurement systems to ensure controls in place for the adherence to procurement legislative requirements.	Q1	Audit briefed and scoped, fieldwork started.	
Strategic & Operational Risks	Business Continuity CR1, CR2, CR3, CR6	Risk based review of the council's arrangements for business continuity.	Q2	Audit briefed issued and management responses requested.	
	Corporate Policy Management CR1, CR3, CR4, CR5, CR6	Risk based review of the council's arrangements for policy development, update and change. Incorporating reporting and approval requirements.	Q3	Audit brief issued and agreed with management.	
	Taxi Licences CR3, CR4, CR6	Risk based review of the council's management arrangements for taxi licensing across the Borough, ensuring all checks both individual and vehicle are carried out and completed.	Q3	Allocated to BDO, scoping to be agreed.	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Community Safety CR3, CR4, CR6	Risk based review of Community Safety arrangements at the Council.	Q3	To be allocated.	
	Training & Development CR2, CR6	Risk based review looking at the Council's arrangements for training and development.	Q1	Audit briefed and scoped to be deferred to Q2/Q3.	
	Safeguarding CR3, CR4, CR5, CR6	Risk based review of the Council's controls around the safeguarding to ensure all legislative requirements are met and being consistently applied.	Q4	Audit scoped and agreed with management, fieldwork started.	
	Insurance CR1	Risk based review to ensure that all insurable risks are identified and appropriately managed.	Q3	To be allocated.	
	Time recording & absence management CR2	Risk based review to ensure that time recording system is appropriately managed and that a consistent approach is maintained in respect of absence management.	Q1	Fieldwork started and draft report compiled for management responses.	
	Shared Services CR1, CR3, CR5	Risk based review looking at key aspects of the council's shared services arrangements.	Q2	Allocated to BDO, scoping and briefing of audit to be undertaken.	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Housing Voids CR1	Risk based review looking at Housing Void arrangements to ensure properties are appropriately managed and void periods minimised.	Q1	Audit scoped and briefed all fieldwork completed, at draft report stage.	
	Events Management Defer to 23/24	Risk based review looking at key aspects of the council's operations in relation to the management of events, to include; bidding for external events, management of internal events.	Q3	Deferred through to 2023/24.	
ICT	Remote Working	ICT review of the development of remote working solutions.	Q1-Q4	Allocated to E-Tec Business Services, to brief and scope reviews.	
	Network Infrastructure	ICT review of the council's network infrastructure to ensure that it is maximised and 'downtime' minimised with the resolution of issues in a prompt manner by third party suppliers.	Q1-Q4	Allocated to E-Tec Business Services, to brief and scope reviews.	
Governance Fraud & Other Assurance	Disabled Facilities Grant	Assurance Statement	Q3	Assurance work required for certification sign off	
	Municipal Charities	Preparation of municipal charities accounts	Q3	2022 accounts being currently completed.	No assurance required.
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	Q1-Q4	On-going	
	Annual Governance Statement	Production of the AGS	Q1-Q2	AGS fully completed and reported to Audit & Governance Committee for 2022/23.	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Annual Audit Opinion	Production of the Annual Audit Opinion	Q1-Q2	Complete	
	Management and Planning	Management, planning and assurance reporting to CMT and Audit & Governance Committee	Q1-Q4	On-going	
	Ad-hoc / Consultancy / Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer	Q1-Q4	On-going	
	IA QAIP and PSIAS	Review of PSIAS standards and review	Q3	Ongoing	
22/23 Planned Audits finalised	Agency Staff	Risk based review of the arrangements for appointment and monitoring of Agency Staff.		<p>The system has some good controls in place to mitigate against key risks.</p> <p>A business case is completed and approved. These were seen for all the agency staff tested. The recruitment for temporary agency staff form was completed for all staff. Agency staff personal details are obtained, and staff had undertaken an induction which included reference to the Council's code of conduct and corporate training of policies/ procedures. Training was provided either in person or through Astute. Performance was monitored by the Manager who agrees workload and hours worked prior to approval for the payment of the invoices.</p> <p>Some weaknesses were identified which included the recruitment of temporary agency staff form not being fully completed, particularly the clearance checks required to be completed by the agency. A DBS check had not been evidenced by the agency for any of the sample tested. Declaration of interest/ secondary employment forms are referred to in the code of conduct which staff are made aware of at induction. Two induction forms did not provide evidence that the code of conduct had been discussed. In addition, two booking forms/ contract for agency staff could not be located. Implementation of the recommendations in the action plan will enhance arrangements and address these risks.</p>	 <p>H-1 M-3 L-0</p> <p>Substantial Assurance</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Recovery and Reset	Programme assurance based review of Recovery and Reset programme. Programme assurance includes programme planning, governance structure and controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.		<p>The Council have Substantial controls in place to support the management of the Recovery and Reset Programme. As this was a key corporate programme, we would expect robust governance to support oversight and monitoring of projects.</p> <p>Support for the Recovery and Reset Programme was provided by Trueman Change, who maintained effective oversight of risks, performance and the delivery of the programme. They also developed clear reports on the progress of the Programme and individual projects to the ELT and the Corporate Scrutiny Committee.</p> <p>Financial savings and project costs were monitored regularly and escalated through the governance structures where required. Furthermore, project initiation documentation identified the project objectives, providing tangible measures to assess the success of the Programme.</p> <p>Overall, this was a well-managed programme with robust oversight and documentation. Programme templates supported consistency for project proposals, reporting and post-implementation evaluations of projects.</p>	 <p>H-0 M-0 L-0</p> <p>Substantial Assurance</p>
	Income Management	Risk based review of the Council's controls around the management of income throughout the Council is ensure that this collected in a robust manner that accounts for monies received.		<p>We have reached the overall opinion that the Council's controls for income management, collection and reporting were Substantial.</p> <p>The Council's Financial Guidance establishes clear policies and procedures for cash handling and banking, and income collection from non-cash transactions. Our review of three departments where cash is regularly collected identified that there was compliance with these procedures, maintaining security of cash and prompt banking.</p> <p>The Finance Team perform monthly reconciliations between E-Fins (the general ledger system) and Academy (the revenues system) to ensure that council tax and NNDR payments, which are a high proportion of the Council's income, to ensure that transactions are coded correctly. Similarly, the suspense account was cleared regularly and our review of 15 suspense account transactions identified</p>	 <p>H-0 M-0 L-0</p> <p>Substantial Assurance</p>

			<p>that these were supported by sufficient backing documentation.</p> <p>The Revenues and Benefits Team produce monthly reporting on income collection and management, focused on council tax, NNDR and sundry debts. These were robust and provided comparisons to the target collection rates and the previous year.</p>	
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Appendix 02: Assurance and Recommendation Classifications

Overall Assurance Opinion	Definition
Substantial	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Recommendation Priority	Definition
High	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
Medium	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
Low (Housekeeping)	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency of further reduce the organisation's exposure to risk.

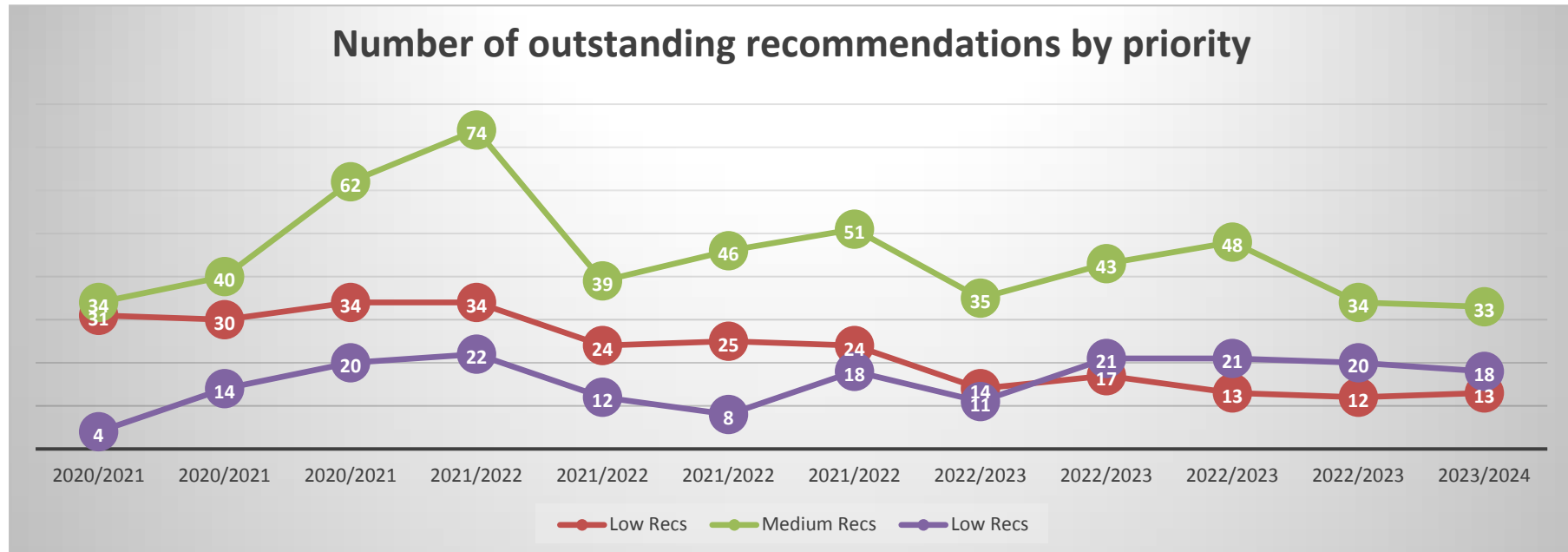
Appendix 03: Outstanding Audit Recommendations

The graph below shows the number of outstanding audit recommendations over time.



To inform the process I have included a table below outlining the number of outstanding actions whether High, Medium or Low Priority.

Below is a table showing the number of recommendations in each assurance level.



Financial Year	Quarter	No of Outstanding Recommendations	No of High Recs	No of Medium Recs	No of Low recs
2019/2020	Q2	375			
	Q3	199	101	98	NIL
	Q4				
2020/2021	Q1				
	Q2	69	31	34	4
	Q3	84	30	40	14
	Q4	116	34	62	20
2021/2022	Q1	130	34	74	22
	Q2	75	24	39	12
	Q3	79	25	46	8
	Q4	93	24	51	18
2022/2023	Q1	60	14	35	11
	Q2	81	17	43	21
	Q3	82	13	48	21
	Q4	66	12	34	20
2023/2024	Q1	64	13	33	18

External Quality Assessment Action Plan

	Priority	Issue Identified	Recommended Action	Management response	Officer responsible/ timescale	Status
1.	Review	<p>Internal Audit Charter (IAC) The IAC is comprehensive regarding engagement reports however does not contain details of the requirement for the Chief Audit Executive (CAE) to deliver an Annual Report including an opinion in relation to risk management, governance and control.</p>	<p>Include an appropriate statement in the Internal Charter with regard to the provision of an Annual Report and align this with regard to the benefit of aligning the internal audit planning process with a continuous assessment of the risk environment faced by each client, in order to support the provision of the annual opinion regarding risk management, governance and control.</p> <p>PSIAS 1000</p>	<p>Agreed.</p> <p>To be implemented via a review of Internal Audit Charters for 2023/24.</p> <p>This will improve wider outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.</p>	<p>Audit Manager</p> <p>May 2023</p>	Completed as part of the Internal Audit Charter update for 2023/24
2.	Review	<p>Performance appraisal The self-assessment identified that the CAE's appraisal which is undertaken by the Chief Executive at Tamworth Borough Council (TBC) has not taken place. A new appraisal process is to be introduced at Lichfield District Council (LDC).</p>	<p>Ensure that a robust performance appraisal process is in place within the Internal Audit Team With regard to the Audit Manager consider Inviting observations from both Chairs of Audit Committee in advance of the performance appraisal, as this would provide valuable client feedback and reflect best practice.</p> <p>PSIAS 1110</p>	<p>Agreed.</p> <p>Ongoing review of Audit Manager performance maintained by Chief Executive at Tamworth BC and both Section 151 Officers. Discussions to agree further approach.</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing inclusion of PDR being developed currently at Tamworth Borough Council.

3.	Consider	<p>Declarations of interest Each Council has adopted different practices regarding the protocol for declarations or conflicts of interest. Due to the independent nature of internal audit work it would be beneficial for internal audit staff and any contractors to confirm the position on an annual basis.</p>	<p>The CAE should obtain confirmation regarding potential conflicts of interest on 1 April each year and on appointment of any further staff or contractors undertaking internal audit engagements at the Councils.</p> <p>PSIAS 1100</p>	<p>Agreed</p> <p>Previous declarations of interest have been recorded but only updated if changes have occurred. However to comply with best practice will implemented annual reviews.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Completed</p> <p>Confirmation received from external contractors of compliance with standards.</p> <p>Staff members completed declarations of interest for 2023/24.</p>
4.	Review	<p>Audit Universe The current internal audit planning model reflects use of a “standard audit universe’ to which a cyclical approach to reviewing areas of activity is applied in consultation with management. This is provided for in circumstances where the client risk management system cannot be relied upon. Internal Audits of risk management have provided positive opinions in relation to their application and as a result it would be beneficial therefore to increasing align the focus of strategic and engagement planning with each clients risk environment as this would enhance internal audits’ ability to demonstrate a</p>	<p>The development of a comprehensive internal audit plan that reflects the significant risks that are recorded within each Councils risk management system represents an essential feature of both strategic and operational internal audit planning as it acts as a basis for both ensuring attention on significant risks on a priority basis as well as providing an indication of the resources required to provide continuous independent assurance. Internal Audit works with each client manager at the time of an engagement to identify significant risks; it would be opportune to increasingly recognise and promote the value of ‘Control Risk’ at an operational level and transparently integrate this within the planning</p>	<p>Agreed</p> <p>Review of current audit universes at both Tamworth and Lichfield.</p> <p>Change of current working practices to develop the auditing of control risks and linking into strategic and operational risk registers are both authorities. To be supported by the current reviews of Strategic Risk Registers which looks at mitigating controls. Additionally, this will improve wider</p>	<p>Audit Manager</p> <p>March 2024</p>	<p>Ongoing progress started with 2023/24 Audit Plan and will be developed moving forward during the financial year to be fully implemented and included in plan for 2024/25</p>

		<p>commitment to helping each Council achieve its objectives. It may be beneficial to consider the content of each clients risk management process as the Audit Universe in future.</p>	<p>process, identifying sources of assurance as a matter of routine. It would be beneficial therefore to increasingly align development of the internal audit planning system with each Councils risk management processes in order to ensure that resources are consistently focused on areas where assurance is required regarding the operation of policies, procedures and controls that mitigate the significant risks to which the Council is exposed at an inherent level.</p> <p>It may be that such an approach would also help embed effective risk management within each clients governance processes.</p> <p>PSIAS 2000/2010</p>	<p>outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.</p>		
5.	Consider	<p>Purpose of the system subject to review Audit Planning Memorandum currently contains a statement which reflects the 'Management Objective' of the area subject to review. Whilst the terminology is correct statements tend to focus on a generic statement regarding the internal control environment rather than focusing on what management are aiming to achieve, in accordance with Public Sector</p>	<p>The inclusion of a Management Objective is regarded as good practice however it may be beneficial to increasingly capture the specific aims of management in each review to which can be aligned the significant risks being faced within the area under review .</p> <p>This will assist with the discussions with client managers and specifically the identification of the significant risks which may impact upon achievement of the established objectives and upon which the assurance opinion should be based.</p>	<p>Agreed</p> <p>Audit Planning and pre-meetings will incorporate aims of management in the Audit Brief.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Complete - Audit Planning and pre-meetings to include aims of the service in the planning document.</p>

		Internal Audit Standards (PSIAS) requirements, which recognise the value of focusing on operational management objectives.	The significant risks may be all or some of those identified with the risk management process as well as others recognised at the time of audit. PSIAS 2201			
6.	Consider	Recognition of identified key controls The current risk management methodologies require identification of the primary controls which exist as well as the further mitigating controls which are to be developed. These are likely to represent the key controls upon which the audit should be based, as they represent 'Control Risk' and the implications should a failure of controls occur.	It would be beneficial to increasingly focus on what is regarded as a 'significant risk' within each Councils risk management processes and the associated primary controls as this would increase efficiency through allocating appropriate resources to those areas of most concern. There is limited feedback from the client survey which indicates that the Shared Service might provide increased focus on significant risk and introducing advice best practice within the audit approach and these may be areas where increased understanding of risk throughout the process may produce results which are regarded as adding value by clients. PSIAS 2010	Agreed. To be developed over 2023/24 towards full implementation. This will improve wider outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.	Audit Manager March 2024	Ongoing work in this area to link into the strategic and operational risks of the council.
7.	Review	Consideration of Fraud The Team maintain a Fraud Risk Register demonstrating compliance with the standards regarding the recognition of potential fraud, however this is	Ensure that the areas reviewed within an engagement include those where potentially significant fraud risks exist. PSIAS 2030	Agreed. As part of annual review of Fraud Risks and reported to respective	Audit Manager October 2023	Ongoing to be developed and included following review of fraud risks as part of

		not directly considered when scoping engagements.		Committees at Tamworth and Lichfield.		the council reporting arrangements.
8.	Review	<p>Quality Improvement Assurance Policy</p> <p>The service has introduced a Quality Improvement Assurance Policy (QIAP) in accordance with the requirements of the standards. The policy focuses on consistent internal review of engagements, an annual assessment against the standards and the External Quality Assessment (EQA) review on a five year cycle. The Head of Internal Audit's Annual report confirms that aspects of the policy have been completed in a diagrammatic presentation. Industry best practice now reflects an extension of the quality review process to include consideration of wider performance in the form of KPI's, resources, skills and training requirements.</p>	<p>It would be beneficial to update the policy in line with best practice and as required confirm annually that all measures have operated during the year as well as summarise any outcomes influencing future development of the service within the Head of Internal audit's Annual Report.</p> <p>PSIAS 1300</p>	<p>Agreed.</p> <p>QIAP to be reviewed at both Councils and implemented. Changes to be incorporated into the QIAP for 2023/2024.</p>	<p>Audit Manager</p> <p>July 2023</p>	Complete QAIP updated in accordance with standards and presented as part of updated QAIP for 2023/24.
9.	Review	<p>Governance</p> <p>The standards require the CAE to provide an annual opinion regarding the effectiveness of governance arrangements.</p>	<p>In Local Government, each Council establishes a Code of Governance in accordance with CIPFA SOLACE – it would be beneficial to map internal audit activity to the content of the Code in order to provide assurance at</p>	<p>Agreed.</p> <p>To be implemented as part of AGS for 2022/2023 and ongoing</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing progress in this area, assurance mapping to be completed.

		Current planning includes various aspects of the governance process including Ethics, Conflicts of Interests and Members expenses.	a level which contributes directly to the Annual Governance Statement through the Head of Internal Audit Annual Report. PSIAS 2110	development. To be linked with Monitoring Officer at LDC and internally within TBC.		
10.	Review	Risk Management Internal Audit last reviewed risk management as an assignment in TBC (March 2021) and LDC (March 2022) providing a 'Reasonable' assurance opinion.	The standards require an annual opinion to be made in the Head of Internal Audit's Annual Report regarding the adequacy and effectiveness of each Councils risk management processes. It would therefore be beneficial to support the opinion with evidence of how this has been reached through a combination of the assurances gained at both a strategic level and at an operational level within engagements. It would be beneficial to document in this approach how any potential conflict of interest with regard to the Audit Manager and Principal Auditor's roles relating to risk management is managed. PSIAS 2120	Agreed To be implemented as part of Annual Internal Audit Reports submitted to each Council Audit Committees.	Audit Manager April 2023	Ongoing, review of Risk Management to be completed at TBC in 2023/24.
11.	Consider	Head of Internal Audit Annual Opinion The current statement is largely based upon the work completed in the current financial year. Best practice reflects using a wider basis for the opinion	In practice, the opinion is actually based upon the continuous thread or trend of assurance work completed in recent years as a result of the focus of internal audit plans, the wider knowledge of significant risks and the various sources of assurance that	Agreed. Updating of audit opinion for new financial year 2023/24	Audit Manager. April 2023	Complete to be included in Annual Report to be presented to A&G Committee in June 2023.

		<p>reflecting the full knowledge of the CAE including significant risks which each client is facing and information from other assurance sources.</p>	<p>exist, including the risk management processes. Future opinions should state the full basis upon which the opinion has been reached.</p> <p>PSIAS 2450</p>			
12.	Consider	<p>Internal Audit Risk Based Strategy The teams approach to assessment of the perceived risk at inherent and residual levels within an engagement is reflected in the grading of recommendations and opinions which are then used in reporting. Audit Engagement Plans and Reports contain an explanation of how the Internal Audit Team relate the level of risk evaluation to the conduct of the audit. It would be beneficial to ensure that the wording used is consistent with risk management terminology used by each client. PSIAS guidance emphasises that the focus of internal audit should be on 'significant' risk.</p>	<p>Consider reviewing the wording of definitions that support the grading of recommendations and opinions to better reflect risk appetite of each client. Particular attention should be given to the use of wording such as Fundamental and Significant. Within engagement reports this would then link to alignment of assurance opinions where fundamental or a series of significant recommendations automatically generated a 'Limited Assurance' opinion. Consider whether maintained a fourth level of assurance (being no assurance) is necessary.</p> <p>PSIAS 2420</p>	<p>Agreed.</p> <p>In conjunction with further reviews of wording and audit opinion, to be carried out in conjunction with these reviews.</p>	<p>Audit Manager</p> <p>December 2023</p>	<p>Ongoing development and practice to be brought into place for 2023/24.</p>

Suggested Enhancements for consideration

	Issue Identified	Recommended Action	Management response	Officer responsible/ timescale	Status
1.	<p>Job descriptions</p> <p>Current job descriptions are in a consistent form but are not routinely reviewed as part of the PDR process..</p>	<p>Best practice reflects regular update of job descriptions, it may be beneficial to review all job descriptions at the same time to ensure that any inter-dependencies are fully reflected, particularly as the two currently vacant posts are advertised</p> <p>PSIAS 1210</p>	<p>Agreed</p> <p>Review of job Descriptions to be undertaken.</p>	<p>Audit Manager.</p> <p>April 2023</p>	Complete
2.	<p>Client surveys</p> <p>Progress has been made in obtaining feedback from auditees following each audit through discussions with client managers and within the annual planning process. Current completion reflects 66% TBC and 82% LDC. This provides informal confirmation from clients regarding the Teams ability to deliver upon its responsibilities and particularly add value.</p>	<p>Internal Audit may find it useful to utilise Survey Monkey or similar technology for collecting feedback and capture similar feedback in relation to each contractors performance, as this can prove to be an efficient means of gathering an early response. Feedback should be included as part of the QAIP process.</p> <p>PSIAS 2000</p>	<p>Agreed.</p> <p>Will review the possibility and functionality of Survey Monkey and determine a way forward.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Ongoing review to ascertain best systems going forward.</p> <p>Completed and determined that current paper based questionnaire was retained.</p>
3.	<p>Contract support</p>	<p>In order to evidence that the Shared Service is compliant in overall terms it would be helpful if</p>	<p>Agreed</p>	<p>Audit Manager</p>	Complete

	A contract is in place with each contractor which states that delivery of services should comply with the PSIAS.	each contractor were requested to provide evidence that their work had been independently assessed in accordance with the PSIAS. PSIAS 1312			
4.	Key Performance Indicators Completion of the Internal Audit Plan is regarded as the current focus of performance monitoring, although other indicators based on recommendations and opinions made in the year are recorded in the Head of Internal Audit's Annual Report. Good practice elsewhere utilises a range of quantitative and qualitative measures to demonstrate performance against the Internal Audit Charter.	Consideration could be given to devising a more comprehensive list of indicators and a summary of client feedback received. This may include: <ul style="list-style-type: none"> • Reports issued to agreed timescales • Recommendations accepted/not accepted by risk rating • Recommendations acted upon in a timely manner • Client satisfaction • Staffing levels and qualifications • Planned training completed PSIAS 1310	Agreed Will review current KPI's and in conjunction with client managers determine a suite of KPI's for Internal Audit.	Audit Manager March 2024	Ongoing, to be reviewed and considered for 2024/25
5.	Training The Internal Audit Team has developed a comprehensive training and skills matrix which includes reference to mandatory requirements although this has not been maintained. As the internal audit planning process devises a forward looking three year plan it would be beneficial to consider the future training needs of internal	Consider the benefits of using the priorities included in internal audit plans to identify potential courses or seminars which may provide increased understanding of the risk environment that will be reviewed. Ensure that training records are maintained and used to inform the QAIP. PSIAS 1210	Agreed Review training and implement as determined by the knowledge and experience of auditors.	Audit Manager March 2024	Ongoing CPD requirements and training opportunities in place. Maintenance of training records to be updated. Training records now

	audit staff and include these in future resource planning.				documented and retained. Complete.
6.	Internal Audit Manual The Team has compiled an Internal Audit Manual which was last reviewed in December 2022.	Following completion of the EQA, consider revising the Manual to fully reflect current practice rather than generic example as this will assist when training new staff. It may be useful to include the Internal Audit Protocol document within the Manual as this represents an excellent way of explaining the internal audit process to all stakeholder PSIAS 2030	Agreed. Implement changes as suggested.	Audit Manager March 2023	Ongoing review of manual to bring into line with best practice.

Wednesday, 23 August 2023

Report of the Audit Manager

Update on Independent Member and Audit Committee Skills Audit

Exempt Information

None.

Purpose

To provide an update to Committee in relation to the potential appointment of an Independent Member(s) to Committee and provide an update following the recent Skills Audit completed at the beginning of the municipal year.

Recommendations

It is recommended that:

1. Committee consider the proposed training plan following the Skills Audit and provide input into any further areas that they would deem necessary for inclusion in the plan.
2. Consider and ratify the approach to be taken in respect of appointing an Independent Member(s) to the Committee.

Executive Summary

Audit & Governance Committee Skills Audit for 2023/24

Each year the committee is assessed against the effectiveness criteria laid out by CIPFA/SOLACE and included in this is a skills audit to determine the areas of training for the committee during the municipal year. The Committee Effectiveness review was completed and reported to this committee at its meeting on 9th February 2023, this attached as **Appendix 1** of this report.

At the Committee's meeting on 9th February 2023 it was determined that the skills audit, which would normally be undertaken at the time of the effectiveness review, would be deferred until the new municipal year.

A Skills Audit questionnaire was circulated to all members of the committee and from the responses gained it is proposed that the following areas are incorporated into a training plan for 2023/24. The Committee has previously had opportunity to attend a training session on the Role of the Audit Committee which was delivered on 13th June 2023.

The areas for consideration by the committee are;

- Local Authority Finance;
- Treasury Management;
- Role of Internal Audit;
- Role of External Audit;
- Governance; and

- Risk Management

It would be proposed that this training is delivered via officers within the council and also external providers. The Committee's views are requested on the proposed planned training and members are asked to submit any further areas that they wish to be considered and included in the training plan for 2023/24.

It would be anticipated that training would be delivered via Teams and also prior to Audit & Governance Committee meetings. Once the planned work is agreed a timetable will be drawn up for the delivery of the training plan.

Independent Members on Audit & Governance Committee

As outlined in the Audit Committee Effectiveness review in February 2023 it was identified that following CIPFA guidance that the committee should consider the appointment of an independent member.

It was agreed at this committee on 10th August 2022 that a roadmap for the appointment of an Independent Member be approved and that this would be the approach undertaken. A role profile was drawn up and the unremunerated position advertised via WM Jobs with a closing date on 30th September 2022. The Council received one application, which was not deemed suitable for progressing further as the applicant did not meet the criteria for holding the position. The application pack issued and which shows the relevant criteria required is attached as **Appendix 2** of this report.

Following notification and verbal update to this committee it was agreed that further work would be undertaken in respect of appointing an independent member. Following this request the Audit Manager has referred to other Chief Auditors within Staffordshire and within the Midlands Audit Group. These discussions highlighted the difficulty in appointing to the role. At present, within Staffordshire, one authority Staffordshire Moorlands has an independent member for which a small remuneration (£400) is paid. Other authorities have had a similar experience in not being able to recruit to the position within the committee.

CIPFA's Position Statement (**Appendix 3**) outlines that as part of having an independent and effective model of governance, CIPFA makes the following observations;

- The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation; and
- Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least 2 co-opted independent members to provide appropriate technical expertise.

The Audit & Governance Committee's current terms of reference provides for at least seven members (aligned with the political balance of the Council) and the option to co-opt up to 2 independent members.

In terms of voting rights of independent members, there needs to be regard to Section 13 of the Local Government and Housing Act 1989 which relates to the voting rights of non-elected committee members. Where the audit committee is operating as an advisory committee under the Local Government Act 1972, making recommendations rather than policy, then all members of the committee should be able to vote on that recommendation. As full Council currently delegates decisions to the committee, for example the adoption of the financial statements, then the independent member will not be able to vote on these matters for decision.

Due to the issues highlighted in the report and the previous unsuccessful attempt to co-opt a member it is proposed to readvertise the role as outlined in the proposed timetable in the table below. Dependent upon the outcome reconsideration of remuneration maybe required.

Roadmap	Indicative Timetable
Role profile agreed	September 2023
Vacancy to be publicly advertised. Candidates to be able to demonstrate their political independence and their suitability checked e.g., candidates must not; <ul style="list-style-type: none"> • Be a councillor or officer of the Council or have been so in the preceding five years prior to appointment; • Be related to, or a close friend of, any Councillor or officer of the Council, that would include a question 'do you have any relationships that could give rise to a conflict of interest'; • Have been convicted of any offence taking into account the Rehabilitation of Offenders Act. The Council has the right to DBS check any independent members; • Be an undischarged bankrupt; • Have significant business dealings with the Council which includes that the independent member must not have any contractual relationship with the council during the previous 3 years, prior to application, or must not be seeking any type of commission with the authority for the term of the appointment; • Have a formal connection with any political group; • Have a proven history of vexatious and/or frivolous complaints against the Council; • Be the holder of a significant office in an organisation grant aided/supported by the Council. 	September 2023
Selection process to take place	October 2023
Independent member/s appointed. This should be for a fixed term (3 years) and be formally approved by the Council. Provision to be made for early termination and extension to avoid lack of clarity in the future.	December 2023
Independent member/s commence. While operating as a member of the audit committee, the independent member/s would be required to follow the same code of conduct as elected members and a register of interests maintained.	February 2024

Options Considered

Previously considered and agreed to implement on 23rd July 2020 and 22nd February 2022. Recruitment advertised with closing date of 30th September 2022 with no applicants that met the relevant criteria.

Resource Implications

It is envisaged that the Independent Member role is not remunerated. However this decision may need to be revisited dependent upon the interest shown and the results of any application process.

Legal/Risk Implications Background

None currently.

Equalities Implications

None.

Environment and Sustainability Implications (including climate change)

None.

Background Information

Audit & Governance Committee 23 July 2020, Pros and Cons of Independent Members.
Audit Committee Effectiveness 10th February 2022 and 9th February 2023.

Report Author

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Andrew-wood@tamworth.gov.uk

List of Background Papers

Appendices

Appendix 1 – Audit Committee Effectiveness (9th February 2023)

Appendix 2 – Independent Member Application Pack

Appendix 3 – CIPFA Position Statement

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply					Partially complies and extent of improvement needed*					Fully complies														
	Major improvement					Significant improvement					Moderate improvement					Minor improvement					No further improvement				
Weighting of answers	0					1					2					3					5				

Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?
- 5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply					Partially complies and extent of improvement needed					Fully complies														
	Major improvement					Significant improvement					Moderate improvement					Minor improvement					No further improvement				
Weighting of answers	0					1					2					3					5				
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:																									
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 results of the annual evaluation, development work undertaken and planned improvements how it has fulfilled its terms of reference and the key issues escalated in the year? 																									
Functions of the committee																									
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?																									
Governance arrangements																									
Risk management arrangements																									
Internal control arrangements, including:																									
<ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 																									
Annual governance statement																									
Financial reporting																									
Assurance framework																									
Internal audit																									
External audit																									
10 Over the last year, has adequate consideration been given to all core areas?																									
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?																									
12 Has the committee met privately with the external auditors and head of internal audit in the last year?																									

Good practice questions	Does not comply					Partially complies and extent of improvement needed					Fully complies														
	Major improvement					Significant improvement					Moderate improvement					Minor improvement					No further improvement				
Weighting of answers	0					1					2					3					5				

Membership and support

13 Has the committee been established in accordance with the 2022 guidance as follows?

- Separation from executive
- A size that is not unwieldy and avoids use of substitutes
- Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation

14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?

15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?

16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?

17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?

18 Is adequate secretariat and administrative support provided to the committee?

19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?

Effectiveness of the committee

20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?

21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?

22 Are meetings effective with a good level of discussion and engagement from all the members?

23 Has the committee maintained a non-political approach to discussions throughout?

Good practice questions	Does not comply					Fully complies
	Partially complies and extent of improvement needed					
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
Weighting of answers	0	1	2	3	5	
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?						
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?						
26 Do audit committee recommendations have traction with those in leadership roles?						
27 Has the committee evaluated whether and how it is adding value to the organisation?						
28 Does the committee have an action plan to improve any areas of weakness?						
29 Has this assessment been undertaken collaboratively with the audit committee members?						
Subtotal score						
Total score						
Maximum possible score						200**

** 40 questions/sub-questions multiplied by five.

Appendix 2

Tamworth Borough Council

Recruitment Pack for the Appointment of Independent Members (Up to 2 vacancies) to the Audit and Governance Committee

Background

Tamworth Borough Council is seeking to appoint up to two Independent Members to its Audit and Governance Committee. The Audit and Governance Committee role is two-fold:

Audit – The Committee oversees the Council's internal audit and risk functions; receives and approves external audit reports; scrutinises and approves the Annual Statement of Accounts; makes reports and recommendations to the Cabinet, Committees and the Council as a whole on the adequacy of its corporate governance and risk management arrangements and the associated control environment.

Standards - The Committee deals with a range of matters including issues concerning Councillors' conduct, providing advice and guidance to the Council, the Cabinet and individual Councillors and advising on the application and review of the Constitution.

The Committee's Terms of Reference can be found below within Appendix 2 of this document. Committee meetings are currently held at Tamworth Town Hall, in the evening. Approximately four to six meetings are held each year, typically lasting up to two hours. In addition, there will be a requirement to attend occasional training sessions as well as prepare for meetings.

Applications should be made in writing to the Audit Manager and candidates will be interviewed by a panel made up of Committee members including the Audit and Governance Committee Chair. A representative of the Executive Leadership Team and the Audit Manager will also be in attendance.

Duties and responsibilities

1. To attend meetings of the Audit and Governance Committee and any sub-committees or other forum as and when required.
2. To participate fully in the discharge of the Audit and Governance Committee functions, as set out in the Committee's terms of reference.
3. To actively promote good governance within Tamworth Borough Council
4. To participate in training and development events to promote awareness of the role and remit of the Audit and Governance Committee.

Role requirements

Appendix 1 sets out the person specification for the role.

Eligibility/Special conditions

To be eligible to apply for either role you:

- Must not be a member or officer at Tamworth Borough Council or have been so in the preceding five years prior to appointment.

Appendix 2

- Must not be closely associated with anyone who is now a member/employee of Tamworth Borough Council.
- Must have no unspent criminal convictions (Rehabilitation of Offenders Act applies). The Council has the right to DBS check any independent committee members.
- Must not be undischarged bankrupt.
- Should have no significant business dealings, including significant business dealings (contractual arrangements) with Tamworth Borough Council, which could be seen to be prejudicial to a person's independence or represent a conflict of interests during the previous 3 years, prior to application.
- Should have no connection with any political group or be engaged in any party-political activity.
- Must not have a proven history of vexatious and/or frivolous complaints against the Council.
- Must not be the holder of a significant office in an organisations being grant aided/supported by the Council.

Applicants must also be prepared to publicly declare and register any interest they have on the same basis as members of Tamworth Borough Council and observe the requirements of the Council's Constitution in performance of their duties in their capacity as an Independent Member.

Remuneration

These posts are unremunerated but reasonable expenses associated with the role will be reimbursed in line with Member's subsistence, travelling and carer's allowances as per part of the Council's constitution.

Term of office

The Term of Office for an independent member of the Audit and Governance Committee is three years. After their first term has expired, they can be appointed again through the agreement of the Council for a second term; however, if they wished to serve further terms after this then their further appointment has to be subject to a competitive selection process.

Application process

Applications should be made in writing, completing an A4 statement outlining how you meet the criteria outlined in the Person Specification (Appendix 1) and a copy of your CV to Andrew Wood, Audit Manager at Andrew-wood@tamworth.gov.uk

The closing date for applications is 5pm 30th September 2022.

For general enquires about the position, or specific information about the Audit and Governance Committee, please contact Andrew Wood, Audit Manager on 07480 704379 or andrew-wood@tamworth.gov.uk

Members from BAME communities and disabled people are currently under-represented on the Committee so applications from members of these groups are particularly welcome, although all applications will be considered on merit.

Appendix 2

Appendix 1 Person Specification

Criteria	Essential/Desirable
Have a local connection to Tamworth but be able to demonstrate independence from the Council	Essential
A broad range of experience, preferably in a medium/large organisation in any sector at a senior level or other experience which would provide similar benefits	Desirable
A good understanding of governance, risk management and control	Essential
Integrity, objectivity, discretion and the ability to make decisions in line with the Nolan principles	Essential
Ability to analyse complex information, question probe and seek clarification so to come to an independent and unbiased view	Essential
Understanding of the political environment that local authorities operate within	Desirable
Effective interpersonal skills, including good communication skills, the ability to cooperate with others in a committee and demonstrate tact and diplomacy in handling sensitive matters	Essential
For the Audit aspect of the role – knowledge/experience in finance, risk management, performance management or audit and/or general management of businesses or public sector organisations.	Desirable
For the Member Standards aspect of the role - an interest, experience or knowledge of public sector governance issues. Experience of handling misconduct or disciplinary issues (gained in the context of employment, a professional body or the voluntary sector), Understanding of the current policy agenda for local services.	Desirable

Appendix 2

Appendix 2 Audit & Governance Committee Terms of Reference

Audit & Governance Committee

The Council will establish an Audit & Governance Committee.

Composition

(a) Membership.

The Audit & Governance Committee will be composed of at least seven councillors who are not members of the Executive or the Chair of any Scrutiny Committee.

(b) Independent members.

The Committee may co-opt up to two independent (non-elected) non-voting persons as and when it deems appropriate, for a period or periods it may determine.

(c) Chairing the Committee.

The Chair and Vice-Chair will be appointed in accordance with Council Procedure Rules.

Role and Function

The Audit & Governance Committee will have the following roles and functions:

(a) Audit Activity

- (i) Receive, but not direct, internal audit's strategy and audit plan;
- (ii) Consider reports dealing with the management and performance of Internal Audit;
- (iii) Consider the Head of Audit and Governance's annual report and opinion, and the level of assurance Internal Audit can give over the Council's corporate governance arrangements;
- (iv) Consider periodic reports from Internal Audit on the main issues arising from their work and "high priority" recommendations not implemented within a reasonable timescale, and seek assurance that action has been taken where necessary;
- (v) Consider the final external audit Annual Audit and Inspection letter and any other relevant reports to "those charged with governance".
- (vi) Consider on an annual basis the Local Authority Trading Company's Code of Practice and Governance Statement.

(b) Regulatory Framework

- (i) Maintain an overview of the Council's Constitution, including Contract Procedure Rules, Financial Regulations and Codes of Conduct;
- (ii) Consider the internal control environment and the level of assurance that may be given as to its effectiveness, to include the review of the Statement on Internal Control and the recommendation to the Council of its adoption;
- (iii) Satisfy itself that the authority's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it;

Appendix 2

(iv) Monitor the effectiveness of the authority's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management;

(v) Monitor the effective development and operation of the corporate governance framework in the Council and to recommend to the Executive or the Council, as appropriate, the actions necessary to ensure compliance with best practice;

(vi) Monitor the effectiveness of the Council's policies and arrangements for anti-fraud and corruption and whistleblowing, complaints handling, RIPA and Ombudsman investigations.

(c) Accounts

Approve the annual statement of accounts, external auditor's opinion and reports to members and monitor management action in response to the issues raised by external audit.

(d) Reports to Council

The Chair of the Audit & Governance Committee will provide an annual report of the Committee's activities to Council.

(e) Delegated Powers

The Committee is empowered to deal with the functions detailed above.

(f) Standards of Conduct

This Committee, in the form of a sub Committee, shall exercise all the functions of the Council relating to the Members' Codes of Conduct as provided in the Localism Act 2011 except for those functions which under Chapter 7 of the Localism Act 2011 may only be exercised by the full Council.

Where a complaint is made alleging a breach of the Code, the matter will be considered by a Sub-committee of the Audit & Governance Committee. The Sub-committee will consider the complaint in accordance with the procedure set down in the Council's Arrangements for Making Complaints Against a Councillor for an Alleged Breach of the Code of Conduct.

The Sub-committee shall be made of three members of the Audit & Governance Committee and shall include representation from each political group (where practicable).

The Independent Person(s) appointed by full Council shall attend meetings of the Sub-committee and the Sub-committee shall have regards to the views of the Independent Person(s).

The Monitoring Officer will report to the Audit & Governance Committee regarding an investigation of a complaint if the investigation has not concluded within 6 months of the date of the complaint, and the Audit & Governance Committee may review the investigation of such a complaint, following consideration of the Monitoring Officer's report.

The Council's Arrangements for Making Complaints Against a Councillor for an Alleged Breach of the Code of Conduct is appended.

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CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

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.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

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.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- 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.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

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 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 alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

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ROLLING AUDIT & GOVERNANCE TIMETABLE OF PLANNED REPORTS TO AUDIT AND GOVERNANCE COMMITTEE

2023/24 Year

	Report	Committee Date	Report of	Comments
1	Audit & Governance Committee update	23 August 2023	Grant Thornton	
2	Internal Audit Quarterly Update and EQA Action Plan	23 August 2023	Audit Manager	
3	Independent Member update	23 August 2023	Audit Manager	
Page 55	Private meeting of Internal and External Auditors and Committee members	23 August 2023		
	Report	Committee Date	Report of	Comments
1	Audit Findings	27 September 2023	Grant Thornton	
2	Management Representation Letter	27 September 2023	Grant Thornton	
3	Annual Statement of Accounts	27 September 2023	Executive Director Finance	
4	Risk Management Quarterly Update	27 th September 2023	Assistant Director – Finance	<i>Moved from 23rd August 2023</i>

5	Regulation of Investigatory Powers Act (RIPA) Annual Report & Review of the RIPA Policy	27 September 2023	Assistant Director, Partnerships	<i>Agreed that this be moved to September 2023.</i>
6	Local Government Ombudsman's Annual Review and Report 2022/23	27 September 2023	Assistant Director – People	
	Report	Committee Date	Report of	Comments
1	Audit & Governance Committee update	25 October 2023	Grant Thornton	
2	Internal Audit Quarterly Update and EQA Action Plan	25 October 2023	Audit Manager	
3	Annual Treasury Outturn	25 October 2023	Executive Director Finance	<i>Moved from September 2023</i>
4	Risk Management Quarterly Update	25 October 2023	Assistant Director – Finance	
5	Future High Street Fund Risk Report	25 October 2023	Assistant Director, Growth & Regeneration	
6	Modern Slavery and Human Trafficking Statement	25 October 2023	Assistant Director – Partnerships	<i>Check whether September or October meeting is preferred for 2023</i>
	Report	Committee Date	Report of	Comments

1	Counter Fraud update	15 Nov 2023	Audit Manager	<i>Moved from October 2023</i>
2	Councillor Code of Conduct	15 Nov 2023	Monitoring Officer	<i>Annual refresh to normally be in April each year</i>
3	Review of the Constitution and Scheme of Delegation for Officers	15 Nov 2023	Monitoring Officer	<i>Annual refresh to normally be in March / April each year</i>
	Report	Committee Date	Report of	Comments
1	Internal Audit Quarterly Update and EQA Action Plan	8 February 2024	Audit Manager	
2	Risk Management Quarterly Update	8 February 2024	Assistant Director – Finance	
3	Audit Committee Effectiveness	8 February 2024	Audit Manager	
4	Future High Street Fund Risk Report	8 February 2024	Assistant Director, Growth & Regeneration	
	Report	Committee Date	Report of	Comments
1	Audit and Governance Committee update	20 March 2024	Grant Thornton	<i>Verbal Update</i>
2	Internal Audit Charter and Audit Plan	20 March 2024	Audit Manager	
3	Final Accounts – Accounting Policies and Action Plan	20 March 2024	Assistant Director of Finance	<i>March or April (ideally March)</i>

	Private meeting of Internal and External Auditors and Committee members	20 March 2024		
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	Report	Committee Date	Report Of	Comments
1.	Public Sector Internal Audit Standards/Quality Assurance and Improvement Programme	24 April 2024	Audit Manager	
2.	Annual Report of the Chair of Audit & Governance Committee	24 April 2024	Audit Manager / Chair	
3.	Review of Financial Guidance	24 April 2024	Assistant Director Finance	
4.	Review of the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report	24 April 2024	Executive Director Finance	<i>March or April</i>

Note: Audit Committee member training planned for 13 June 2023

The Portfolio Holder for Operations and Finance

Items Considered by the Committee

1.	Auditor's Annual Report	27 June 2023	Grant Thornton	
2.	External Audit Plan	27 June 2023	Grant Thornton	
3.	Internal Audit Annual Report and Quarterly Update for 2022/23	27 June 2023	Audit Manager	
4.	Annual Governance Statement and Code of Corporate Governance	27 June 2023	Chief Executive	
5.	Risk Management Quarterly Update	27 June 2023	Assistant Director, Finance	
6.	Future High Street Fund Risk Report	27 June 2023	Assistant Director, Growth & Regeneration	

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