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To: Governance and Audit Committee – 25 January 2022

Subject: Governance and Audit Committee Effectiveness: Training and Development Programme

Classification: Unrestricted

1. Introduction

- a. One of the key learnings taken from internal audits in recent years is the importance of ensuring Members and Officers receive effective training on governance. This has been picked up as a priority area in the new style Annual Governance Statements,
- b. The Governance and Audit Committee has responded positively to this and agreed to recommend to County Council that members and substitutes of the Committee must have received training in the relevant procedures.
- c. Training sessions for committee members have already begun and will continue. The terms of reference for the committee were also amended with an enhanced set of responsibilities. With a new Council came new committee members, and this is an opportune time to set out a more systematic approach to the training and development of the Committee and its members to ensure the Committee achieves its objectives and purpose as set out in the terms of reference.
- d. At the Governance and Audit Committee meeting held on 27th May 2021, members of the committee agreed that a full and varied programme of training is needed to enable the committee to undertake its role effectively, and that this training must be mandatory for all committee members and their substitutes. An indicative list of areas to cover was agreed (see appendix 1 to July's report - <https://democracy.kent.gov.uk/documents/s104856/Item%2008%20Training%20Programme%20for%20GA%20Committee%20Members.pdf>).

2. Wider Context

- a. Recent years have seen an increase in the number of formal reports being carried out into the financial governance of local authorities across the country. While these are all complex cases, it is notable that audit committee training is a prominent feature of many recommendations following identification of this as a weak area. For example, "... the oversight role provided by the Audit Committee is complex and essential for an organisation facing the challenges that Slough faces. It is important that members of the

Audit Committee understand their role clearly and that this is part of the induction process for new Audit Committee members.”¹

- b. This message has been reinforced in guidance issued by the Department for Levelling Up, Housing and Communities on 16 December 2021². This guidance focuses on reducing local audit delays but looks at the wider context and discusses the important role of local audit committees.
- c. Notably, the guidance contains the following: “CIPFA to publish strengthened guidance on audit committees by April 2022. The guidance will emphasise the role that audit committees should have in ensuring accounts are prepared to a high standard, alongside broader changes including appointment of independent members.”³

3. Proposed Way Forward

- a. KCC has already taken up the appointment of an independent member. The publication of the strengthened guidance by this April will see more activity around training and development across the country in response. There is a real opportunity here to place our Governance and Audit Committee ahead of the curve and establish it as one which can be a template of best practice for others.
- b. The approach being recommended to the committee here is to take a strategic approach so that the training and development programme is bespoke to the needs of the council and committee and soundly evidence based. Therefore, we are recommending that CIPFA be commissioned to carry out a review of the Governance and Audit Committee and develop a comprehensive 12-18 month programme. This work will form a baseline for further training and development, allow a bank of resources to be created for new members of the committee to access, and properly align the schedule of training to the annual cycle of committee work.
- c. CIPFA are acknowledged leaders in the field of training and development of audit committees. The organisation has already carried out numerous reviews on audit committees across the country, and as indicated above, has carried out finance reviews on behalf of the Department for Levelling Up, Housing and Communities. With the CIPFA guidance for audit committees due out during the course of the proposed review, KCC will be able to make sure the outcomes are sustainable.
- d. This proposal has been informally discussed with the Chair of the Committee, and members will have received an email provisionally seeking time for 1-to-1 meetings between CIPFA representatives and members, subject to this proposal being agreed. The proposed review will also cover the way the

¹ Local Government Finance Review – Slough Borough Council, p.7, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1028056/Slough_Cipfa_Final_-_web_version.pdf

² Full guidance available here: <https://www.gov.uk/guidance/asures-to-improve-local-audit-delays>

³ Section 2, *ibid.*

Committee and officers work and will also provide the opportunity for contributions from across governance, finance, and audit.

- e. CIPFA will be accountable to both the Chief Finance Officer and Monitoring Officer for the review and report.
- f. The draft brief of the proposed review is set out as an appendix to this report. The suggested indicative timeline for the work is as follows:
 - i. February-March 2022, CIPFA meetings with members.
 - ii. 27 April 2022 Governance and Audit Committee meeting, presentation from CIPFA on emerging themes from the review.
 - iii. June/July meeting of the Committee. Review report presented.
- g. This review by CIPFA will also fit into the ongoing work considering the effectiveness of the Committee and what might be needed to demonstrate this and ensure the Committee is being provided with the assurance it requires.
- h. The outcome of the review will be brought back to the Committee for consideration and will inform the Committee's annual review of its effectiveness. This review of effectiveness will include consideration of what amendments may be required of the Committee's terms of reference.

4. Recommendation:

The Committee is asked to:

- 1) COMMENT on the proposal and draft brief contained in the appendix;
- 2) ENDORSE the proposed decision to commission CIPFA to conduct a review of the Governance and Audit Committee;
- 3) AGREE to delegate to Officers, in consultation with the Chair, arrangements for delivery and reporting of the review; and
- 4) AGREE to consider the outcomes as part of the Committee's annual review of its effectiveness.

5. Appendices

Draft brief of proposed CIPFA review.

6. Background Documents

None.

7. Report Author and Relevant Director

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