

Audit and Standards Committee – 17th July 2023

Report of the Director of Finance and Legal Services

Audit and Risk Management Services' Annual Performance Report 2022-23

Purpose of the Report

1. To give Members an overview of the performance of Audit and Risk Management Services for the financial year ending 31st March 2023.

Recommendations

2. The Committee accept this report on the performance of Audit and Risk Management Services during 2022-23.
3. The Committee requests Members to complete the questionnaire included at **Appendix D** and forward to the Head of Audit and Risk Management Services.

Background

Independence

4. The Public Sector Internal Audit Standards require that Audit Services (Internal Audit) is independent, and this is achieved by the Head of Audit and Risk Management Services reporting to the Audit and Standards Committee and having free and unfettered access to the Chief Executive and the Chair of the Audit and Standards Committee.
5. The Head of Audit and Risk Management Services is not aware of any issues that have impinged on the independence of Audit and

Risk Management Services during 2022-23 or interference in determining the scope of internal auditing, performing work and communicating results.

Performance Management

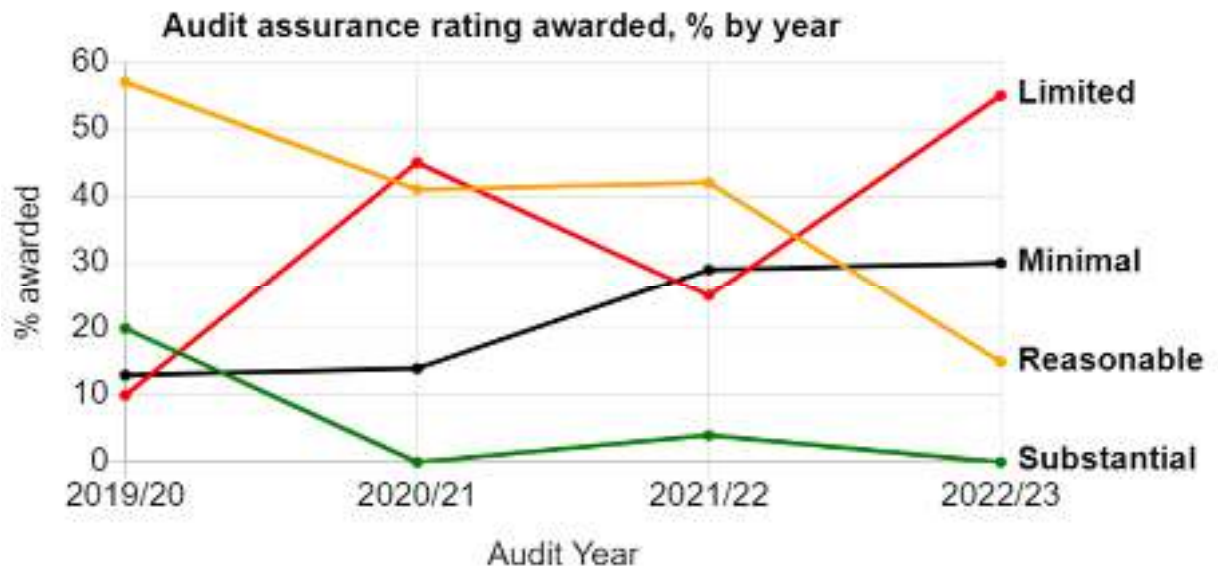
6. Audit and Risk Management Services completed 93% of the audit plan as at 31st March 2023 (compared with 93% in 2021/22). The work outstanding at the year-end is being finalised.
7. Audit and Risk Management Services reviewed 42 areas of activity, which are summarised in **Appendix A**. Cancelled audits and audits completed during 2022-23 that were not in the original audit plan are shown in **Appendix B**. In addition to this, Audit and Risk Management Services carried out:
 - 3 Honorary audits (8 sets of individual accounts),
 - 42 School Financial Value Standard assessment reviews,
 - Work on 1 Multi - Academy Trust audit.
8. The audit work carried out resulted in 466 Actions being raised. Of these, 7 were classified as “Critical” priority, 194 as “High” priority, 210 as “Medium” priority, and 55 as “Advisory”. In addition, there were also 64 actions that were unimplemented from the previous review. Please see **Appendix C**. The following assurance ratings were given for Council and school audits:

	2022-23	2021-22	2020-21	2019/20
Assurance Rating	Percentage Achieved (%)	Percentage Achieved (%)	Percentage Achieved (%) Council only (NB2)	Percentage Achieved (%) Council only (NB1)
Substantial	3	6	0	20
Reasonable	34	49	50	57
Limited	44	21	36	10
Minimal	19	24	14	13

NB1 – No school audits included as different audit assurance ratings were used for schools.

NB2 – No school audits undertaken due to the Covid pandemic

9. The below graph shows the audit assurance ratings for the Council (Directorates) reviews completed over the last 4 years, when the current assurance ratings were introduced. School audits are not included as prior to 2021/22 different assurance ratings were given.



10. Audit and Risk Management Services have a target of nine weeks to produce and issue the draft report from the start date of the audit. During 2022-23 (as at 31st March 2023), Audit and Risk Management Services achieved 89% (84% in 2021/22) against a target of 90%. There have been some extensive audits completed this year, which caused audits to take longer to complete.

In addition, the Team have completed 2 significant investigations, requested by the Director of Finance and Legal Services and the Director for Housing and Community Services respectively, which required significant resources from senior members of the team, which impacted upon targets and other responsibilities.

Also, Council Managers are under a lot of resource pressures and there have been difficulties with the supply of documents and explanations required on a timely basis.

11. Managers are required to provide an initial response within four weeks of the date of the draft report. This is to encourage Managers to liaise with Audit and Risk Management Services on a more-timely basis. 86% of Managers (as at 31st March 2023) provided an initial response within four weeks (94% during 2021/22).

12. Audit and Risk Management Services currently have a target of issuing the final audit report within six weeks of the date of the draft report. This target requires the support and co-operation of Directors. During 2022-23 (as at 31st March 2022), 50% of final reports were issued within six weeks of the date of the draft report. This compares with 67% during 2021/22. Audit and Risk Management Services regularly remind managers of this target and provide support if required.

Fraud

13. The Annual Fraud Report details what work has been completed in line with the Fraud Action Plan on prevention, detection, investigation and resolution. This was presented to the April 2023 meeting of Audit and Standards Committee.

Governance

14. Audit and Risk Management Services updated the Code of Corporate Governance, with support from Council Managers, which was then discussed at Strategic Executive Board and approved by Audit and Standards Committee in September 2022.
15. Audit and Risk Management Services made further improvements to the Annual Governance Statement for 2021/2022, which was discussed at Strategic Executive Board on two occasions and was approved by Audit and Standards Committee in January 2023.
16. Audit and Risk Management Services' staff have supported council Managers during the year with advice on procedures/systems, IT security, and compliance with Financial Regulations. Members of the team also attended a number of corporate and external groups.

Risk Management

17. During 2022/23 Audit and Risk Management Services have been working to implement and embed the Council's revised Risk Management Framework. The following has been completed:
- Risk workshops have been held with Directorate Management Teams,
 - Training and support provided to Directorate Management Teams,
 - Audit and Risk Management Services' staff have assisted directorates to produce and review their risk registers,

- Further changes have been made to the Risk Management System (Spectrum),
 - Risk Management reports have been provided to Strategic Executive Board and this Committee,
 - All Directors and Heads of Service who report directly to the Chief Executive, have completed a Risk Assurance Protocol for 2022/2023.
18. Due to the dynamic nature of risk management, the key risks recorded on the Strategic Executive Board Risk Report may change during the year, but as at 31st March 2023, the following risk areas were rated as “Very High” at the residual level (the rating above the Council’s Risk Appetite):
- Budget Management (R392),
 - Recruitment and Retention of staff (R399),
 - Regeneration Benefits (R408),
 - Statutory building safety and compliance responsibilities (R413),
 - Carbon reduction targets (R414),
 - Programme and project management oversight and assurance (R419),
 - Metro route between Dudley Town Centre and Brierley Hill (R580).

Follow Up of Previous Actions

19. It was previously resolved by this Committee, that Audit and Risk Management Services would follow up audit reports which had an overall assurance rating of “Minimal” within six months of the date the final report was issued, and the results would be presented to this Committee. This was to enable the Committee to assess management action, in appropriate cases on a more-timely basis. During the year the following “Minimal” assurance reports were issued or followed up:

Audit	Original Rating	First Follow Up Rating	Second Follow Up Rating	Follow Up Date
Travel Support Team	Minimal	Limited	N/A	N/A NB1
Children’s Direct Payments	Minimal	Limited	N/A	N/A NB1

Housing Property Compliance	Minimal	NB2	N/A	N/A
Managing Children's Services Performance	Minimal	Reasonable	N/A	N/A NB1
Electoral Services	Minimal	NB3	N/A	July 2023
Liquid Logic and Controcc Systems	Minimal	Limited	N/A	N/A NB1
Employee Warning System	Minimal	Minimal	N/A	Audit included in 2023/2024 Plan
Corporate Procurement	Minimal	N/A	N/A	August 2023
BACS System	Minimal	N/A	N/A	August 2023
Corporate Building Compliance Checks	Minimal	N/A	N/A	September 2023
Early Years Funding and Childcare Sufficiency	Minimal	N/A	N/A	November 2023
Regeneration Project Management Governance	Minimal	N/A	N/A	December 2023

NB1 – In line with Audit and Risk Management Services Follow Up Procedures where an audit assurance rating has improved from a “Minimal” rating, then future follow up work will cover the “High” Priority action ratings to ensure that these are all fully implemented.

NB2 – Audit and Risk Management Services agreed to postpone the follow up audit and the Council has referred itself to the Regulator of Social Housing.

NB3 – The follow up work was agreed to be postponed due to the new Elections Manager being appointed and the completion of the May Local Elections. This is now scheduled for the summer of 2023.

20. In addition to the follow up of “Minimal” audit reports, Audit and Risk Management Services also follows up all “High” priority Actions, approximately six months after the issue of the final audit report. During the period up to the 31st March 2023, Audit and Risk Management Services undertook 24 separate reviews and followed up in excess of 80 “High” priority Actions.

Budget

21. The cost of providing Audit and Risk Management Services during 2022/23 was approximately £450K (excluding overhead recharges) which was overspent by approximately £10,000. This was due to £17,000 in legal fees being incurred to support the special audit investigation reported to Audit and Standards Committee in November 2022. Audit and Risk Management Services have an income target that is difficult to achieve. The income target was missed by approximately £46,000, which was covered by the current Principal Auditor vacancy.

Customer Feedback

22. To obtain feedback about the quality of work, post-audit questionnaires are issued to customers after most audits. They are asked to respond to questions relating to the various stages of the audit process and also to provide an overall rating. For all questionnaires returned, except one, these indicated that either a “Very Good” or “Good” service had been received. The other questionnaire reported a “Satisfactory” service.
23. Audit and Risk Management Services also received 13 compliments during 2022/23 and no complaints.

Quality Assurance and Improvement Programme

24. From the 1st April 2013, CIPFA endorsed the new Public Sector Internal Audit Standards (PSIAS) which are based on the international standards for the professional practice of internal auditing but provide additional requirements and interpretations for UK public sector bodies.
25. The Head of Audit and Risk Management Services maintains a quality assurance and improvement programme that covers all aspects of internal audit activity and includes both internal and external assessments. Internal assessments would include the following:

- The Head of Audit and Risk Management Services would review all planning documentation and audit terms of reference (except for Schools) prior to them being issued. For Schools, a methodology is agreed in advance of the annual audit plan commencing to determine which areas are to be considered,
 - All internal audit work is reviewed by a more senior officer,
 - The Head of Audit and Risk Management Services reviews all draft reports and agrees all final reports before they are issued,
 - Post audit questionnaires are returned to the Head of Audit and Risk Management Services for review,
 - The Head of Audit and Risk Management Services undertakes the detailed review of a number of audit files each year,
 - The Head of Audit and Risk Management Services monitors the quality reports generated from the audit electronic system (Galileo),
 - The Head of Audit and Risk Management Services monitors the time spent on audits and the timeliness of audits being completed and ensures key performance indicators are being achieved,
 - The Head of Audit and Risk Management Services meets with Directors and Heads of Service on a regular basis and views on the internal audit service are obtained,
 - Benchmarking of procedures and activities are undertaken with other council internal audit teams on a regular basis,
 - Internal Audit Plans and Corporate Risk Registers are compared with similar organisations,
 - An Action Plan detailing all improvement and quality activity is maintained,
 - The Head of Audit and Risk Management Services monitors the internal audit press/media to understand developments in the profession.
 - Training is delivered in accordance with the agreed training priorities, which would include any training identified to assist in delivering the current year's plan.
26. The internal quality assurance programme has not identified any significant non- conformances with the Public Sector Internal Audit Standards (PSIAS) including the Code of Ethics. Regular discussions are held in Management and Team meetings on procedures and issues that have been identified.
27. Public Sector internal audit functions are required to have an external assessment to confirm compliance with the public sector internal audit standards every five years. The last assessment was undertaken by Business Risk Solutions (external assessor) in April

2020. The external assessor concluded that “Dudley MBC Internal Audit Division is delivering a service to a standard that meets the Public Sector Internal Audit Standards.”

Audit and Standards Committee

28. CIPFA published revised guidance on Audit Committees (June 2022), and a new position statement on the role of the Audit Committee. A self-assessment against this guidance will be undertaken during the coming municipal year and the results will be presented to Audit and Standards Committee.
29. CIPFA also suggests Members should evaluate their skills and knowledge on a regular basis and have developed a questionnaire for the purpose that is included at **Appendix D**. Although some Members of this Committee may have completed the questionnaire in the past, there may be benefit in updating the assessment, which will then be used to identify training needs.

External Audit

30. Audit and Risk Management Services have regular dialogue with Grant Thornton and provide access to working papers and reports. This helps to co-ordinate audit activity and avoids unnecessary duplication.

Head of Audit and Risk Management Services' Opinion

31. The Head of Audit and Risk Management Services is required by Public Sector Internal Audit Standards to deliver an annual report which contains an internal audit opinion. The internal audit opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
32. This opinion is based upon the work carried out by Audit and Risk Management Services during 2022-23 and any significant external assurance received by the Council that has been relied upon. It must be acknowledged, however, that it is not possible to review all aspects of governance, risk management and control within a single year. In giving the opinion it should be noted that assurance can never be absolute and the most that internal audit can provide is reasonable assurance that there are no major weaknesses in the Council's governance, risk management and control processes. In assessing the level of assurance, the following have been taken into account:

- All internal audit reviews undertaken including consultancy for the year ending 31st March 2023,
- Follow up reviews undertaken on “High” priority actions and audits that have been given a “Minimal” assurance rating,
- Continuing work being undertaken by Management to respond to actions arising from internal audit work,
- Whether any “Critical” or “High” priority actions have not been accepted by Management,
- Any other assurance opinion given by other providers that Audit and Risk Management Services have relied upon.

33. The Head of Audit and Risk Management Services’ opinion is as follows:

“I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion as to the adequacy and effectiveness of Dudley MBC’s overall internal control environment and there has been no limitations to the scope of our activity or resource constraints imposed on Audit and Risk Management Services which have impacted on our ability to meet the full internal audit needs of the council. Taking into account what is detailed in paragraph 32, for the 12 months ended 31st March 2023, I am able to provide ‘Reasonable’ assurance on Dudley MBC’s framework of governance, risk management and internal control, which is required in order to achieve the council’s priorities. The main concerns which I am required to bring to your attention are:

- The Regulator of Social Housing has concluded that the Council has breached the Home Standard and as a consequence there was the potential for serious detriment to tenants. This followed a self-referral from the Council to the regulator after the identification of a failure to be able to evidence statutory health and safety requirements in some of its homes. The Council had found that gas, fire, electrical and asbestos safety checks may not have been completed for every property that needed one. Also, a high number of fire remedial actions in the communal areas of its blocks were overdue.
- An Ofsted inspection in October/November 2022 (report issued January 2023) concluded “there has been an overall decline in the quality of services for children in Dudley since the last inspection in 2018. Children in Dudley are not receiving consistently effective services to improve their lives. Senior leaders and elected members understand the main challenges they face to improve the experiences of their most vulnerable

children, particularly in securing a stable and strong workforce. However, the response to these challenges is too slow. Political leaders do not give sufficient priority to the needs of vulnerable children, as frontline workforce capacity continues to be a huge factor preventing improvement”.

- Issues have been identified with the Council’s approach to managing programmes, projects and contracts.

Finance

34. There are no direct financial implications arising from this report. The cost of internal audit is met from within the base budget of the council.

Law

35. The council has a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs. This includes a duty to have effective controls and procedures in place to prevent, detect and investigate fraud.
36. Accounts and Audit Regulations 2015 state a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Risk Management

37. The proposals contained in this report do not create any “material” risks.

Equality Impact

38. This report does not raise any equal opportunities issues.
39. The work of Audit and Risk Management Services helps to protect the interests of children and young people, albeit they were not consulted on, or involved, with the production of this report.

Human Resources/Organisational Development

40. This report does not contain any human resources/organisational development implications.

Commercial/Procurement

41. There are no commercial/procurement considerations relating to this report.

Environment/Climate Change

42. There are no environmental/climate change issues associated with this report.

Council Priorities and Projects

43. An effective framework of governance, risk management and internal control will greatly assist the council in achieving its priorities.



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List of Background Papers

Appendix A – Audit work carried out during 2022-23
Appendix B – Cancelled audits and additional audits
Appendix C – Summary of Actions
Appendix D – Member Core Areas of Knowledge

Public Sector Internal Audit Standards
CIPFA's Audit Committees Practical Guidance for Local Authorities and Police (2022)
Audit and Risk Management Services' Reports

Appendix A

AUDIT WORK CARRIED OUT DURING 2022-23

Status	Audit	Level of Assurance
Adult Social Care (3 audits)		
Final	Adult Safeguarding	Reasonable
Final	Central Purchasing Team	Reasonable
Final	Personal Budgets and Direct Payments	Minimal
Chief Executive (4 audits)		
Final	Corporate Performance Management	Limited
Final	Performance Data Quality	Limited
Final	Social Media	Limited
Final	Time Recording	Consultancy
Children's Services (5 audits)		
Final	Adoptions Payments	Limited
Final	Early Years Funding and Childcare Sufficiency	Minimal
Final	Restorative Practice DfE Grant Certification	N/a
Final	Strengthening Families Grant Claim	N/a
Draft	Children in Care Sufficiency	Limited
Digital, Customer and Commercial Services (3 audits)		
Final	BACS System	Minimal
Final	Corporate Procurement	Minimal
Draft	ICT Security Logging and Monitoring	Consultancy
Environment (2 audits)		
Final	Environment Contract Management	Limited
Final	Highways Maintenance	Limited
Finance and Legal (3 audits)		
Final	Corporate Governance (Annual Governance Statement/Code of Corporate Governance)	Consultancy
Final	Corporate Health and Safety	Limited
Final	Test and Trace Support Payments Grant Certification	N/a
Housing and Community Services (4 audits)		
Final	Council Property Lettings	Reasonable

Status	Audit	Level of Assurance
Final	Green Homes Local Authority Delivery Phase 2 Grant Certification	N/a
Final	Private Sector Housing Enforcement	Limited
Final	Protect and Vaccinate Grant Certification	N/a
Public Health and Wellbeing (2 audits)		
Final	Contain Outbreak Management Fund Grant Certification	N/a
Final	Environmental Safety	Limited
Regeneration and Enterprise (3 audits)		
Final	Corporate Building Compliance Checks	Minimal
Draft	CCTV	Limited
Final	Regeneration Project Management Governance	Minimal
Schools (13 audits)		
Final	Belle Vue Primary School	Reasonable
Final	Brierley Hill Primary School	Reasonable
Final	Caslon Primary School	Reasonable
Final	Dawley Brook Primary School	Reasonable
Final	Hawbush Primary School	Limited
Final	Netherton Park Nursery School	Substantial
Final	Our Lady and St Kenelm Primary School	Reasonable
Final	Queen Victoria Primary School	Reasonable
Final	Rosewood School	Limited
Final	Sycamore Short Stay School	Reasonable
Final	Woodsetton School	Reasonable
Draft	Dingle Community Primary School	Limited
Final	Schools Financial Value Standard Verification	Consultancy

Appendix B

CANCELLED AND ADDITIONAL AUDITS

Cancelled Audits

DIRECTORATE	REASON
Chief Executive	
Recruitment	The planned audit was delayed at the request of the Assistant Director People and Inclusion, as the service was undertaking a process review. This audit is included within the 2023/2024 Audit Plan.
Finance and Legal	
Business Rates	The planned audit was cancelled due to resources available within Audit and Risk Management Services. This audit is included within the 2023/2024 Audit Plan.
Treasury Management	The planned audit was cancelled due to resources available within Audit and Risk Management Services. The Treasury Management Team had also seen key members of staff leave. It was agreed to reschedule the audit, it is included within the 2023/2024 Audit Plan.
Regeneration and Enterprise	
Very Light Railway	The planned audit was cancelled due to resources available within Audit and Risk Management Services, and key staff leaving the Regeneration and Enterprise management team. This audit is included within the 2023/2024 Audit Plan.
Environment	
Public Realm Grant Claim	Due to a lack of spend against the grant, the final certification of grant expenditure has been delayed.

Additional Audits (Not included in the original Audit Plan)

DIRECTORATE	AUDIT
Chief Executive	Special Investigation Review
Chief Executive	Time Recording Consultancy
Childrens Services	Restorative Practice DfE Grant Certification
Finance and Legal	Test and Trace Support Payments Grant Certification
Housing and Community Services	Housing Maintenance Investigation
Housing and Community Services	Green Homes Local Authority Delivery Phase 2 Grant Certification
Housing and Community Services	Protect and Vaccinate Grant Certification
Public Health and Wellbeing	Contain Outbreak Management Fund Grant Certification

Appendix C

SUMMARY OF ACTIONS

Directorate	Total Actions	Critical	High	Medium	Advisory	Un
Adult Social Care (3 audits)	49	2	13	24	10	5
Chief Executive (4 audits)	47	0	15	27	5	5
Children's Services (5 audits)	20	1	8	7	4	2
Digital, Customer & Commercial Services (3 audits)	42	1	25	12	4	9
Environment (2 audits)	37	0	15	16	6	0
Finance & Legal (3 audits)	22	0	13	9	0	5
Housing & Community Services (4 audits)	29	0	14	9	6	10
Public Health & Wellbeing (2 audits)	13	0	8	4	1	0
Regeneration & Enterprise (3 audits)	81	3	48	28	2	11
Schools (13 audits)	126	0	35	74	17	17
TOTAL	466	7	194	210	55	64

Un – Unimplemented Finding/Action

Appendix D

Audit Committee members – knowledge and skills framework CORE AREAS OF KNOWLEDGE

Knowledge Area	Details of core knowledge required	How the Audit Committee member is able to apply the core knowledge	Required (Y or N)
Organisational knowledge	<ul style="list-style-type: none"> • An overview of the authority's governance structures and decision making processes. • Knowledge of the organisational objectives and major functions of the authority. 	<ul style="list-style-type: none"> • This knowledge will be core to most of the audit committee's activities, including the AGS review, internal and external audit reports and risk registers. 	
Audit committee role and functions	<ul style="list-style-type: none"> • An understanding of the audit committee's role and place within the governance structures. • Familiarity with the committee's terms of reference and accountability arrangements. • Knowledge of the purpose and role of the audit committee. 	<ul style="list-style-type: none"> • This knowledge will enable the audit committee to prioritise its work to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others. • It will help the committee undertake a self-assessment and prepare its annual report. 	
Governance	<ul style="list-style-type: none"> • Knowledge of the seven principles as outlined in Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016). • The requirements of the AGS. • How the principles of governance are implemented locally as set out in the local code of governance. 	<ul style="list-style-type: none"> • The committee will review the local code of governance and consider how governance arrangements align to the principles in the Framework. • The committee will plan the assurances it is to receive to adequately support the AGS. • The committee will review the AGS and consider how the authority is meeting the principles of good governance. • The committee will receive audit reports and information on risks relating to governance. 	

Internal audit	<ul style="list-style-type: none"> • An awareness of the key principles of the PSIAS and the LGAN. • Knowledge of the arrangements for delivery of the internal audit service in the authority and the charter. • How the role of the head of internal audit is fulfilled. • Details of the most recent external assessment and level of conformance with the standards. • Internal audit's strategy, plan and most recent annual opinion. 	<ul style="list-style-type: none"> • The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards. • The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. • The committee will also receive the annual report, including an opinion and information on conformance with professional standards. • In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed. • The audit committee chair is likely to be interviewed as part of the external quality assessment, and the committee will receive the outcome of the assessment and action plan. 	
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Financial management and financial reporting	<ul style="list-style-type: none"> • Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. • An understanding of good financial management practice as set out in the CIPFA Financial Management Code (FM Code) and the level of compliance with it. • Knowledge of how the organisation meets the requirements of the role of the CFO as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016) and The Role of CFOs in Policing (2021). • An overview of the principal financial risks the authority faces 	<ul style="list-style-type: none"> • Reviewing the financial statements prior to publication, asking questions. • Receiving the external audit report and opinion on the financial audit. • Reviewing both external and internal audit recommendations relating to financial management and controls. • The audit committee should consider compliance with the FM Code and the role of the CFO and how this is met when reviewing the AGS. 	
External audit	<ul style="list-style-type: none"> • Knowledge of the role and functions of the external auditor and who currently undertakes this role. • Knowledge of the key reports and assurances that external audit will provide. • Familiarity with the auditor's most recent plan and the opinion reports. • Knowledge about arrangements for the appointment of auditors and quality management undertaken. 	<ul style="list-style-type: none"> • The audit committee will meet with the external auditor regularly and receive their reports and opinions. • Monitoring external audit recommendations and maximising the benefit from the audit process. • The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service 	

Risk management	<ul style="list-style-type: none"> • Understanding of the principles of risk management, including how it supports good governance and decision making. • Knowledge of the risk management policy and strategy of the organisation. • Understanding of risk governance arrangements, including the role of members and of the audit committee. • Knowledge of the current risk maturity of the organisation and any key areas of improvement. 	<ul style="list-style-type: none"> • In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements. • Awareness of the major risks the authority faces is necessary to support the review of several audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee. • The committee should also review reports and action plans to develop the application of risk management practice 	
Counter fraud	<ul style="list-style-type: none"> • An understanding of the main areas of fraud and corruption risk that the organisation is exposed to. • Knowledge of the principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). • Knowledge of the organisation's arrangements for tackling fraud 	<ul style="list-style-type: none"> • Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy. • An assessment of arrangements should support the AGS, and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment. 	

Values of good governance	<ul style="list-style-type: none"> • Knowledge of the Seven Principles of Public Life. • Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (eg code of conduct). • Knowledge of the whistleblowing arrangements in the authority. 	<ul style="list-style-type: none"> • The audit committee member will draw on this knowledge when reviewing governance issues and the AGS. • Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported 	
Treasury management (only if it is within the terms of reference of the committee to provide scrutiny)	<ul style="list-style-type: none"> • Effective Scrutiny of Treasury Management is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: – regulatory requirements – treasury risks – the organisation's treasury management strategy – the organisation's policies and procedures in relation to treasury management. See also Treasure your assets (Centre for Governance and Scrutiny, 2017) 	<ul style="list-style-type: none"> • Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny 	