

## MUNICIPAL YEAR 2016/17 REPORT NO. 88

### MEETING TITLE AND DATE:

Audit & Risk Management  
Committee  
29 September 2016

### REPORT OF:

Director of Finance, Resources  
and Customer Services

<b>Agenda – Part: 1</b>	<b>Item: 6</b>
<b>Subject: Audit &amp; Risk Management Committee Effectiveness</b>	
<b>Wards: All</b>	
<b>Cabinet Member consulted:</b>	

Contact officer and telephone number:

Christine Webster – Head of Audit & Risk Management

(Audit and Risk Management Service) 020 8379 5837

Email: christine.webster@enfield.gov.uk

### 1. EXECUTIVE SUMMARY

- 1.1 This report presents the results of the Audit & Risk Management Committee's self-assessment of effectiveness, which is based on standards for audit committees as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'A Toolkit for Local Authority Audit Committees'.
- 1.2 The report also presents the results of Members' self-assessment of skills and experiences, to identify potential training needs.

### 2. RECOMMENDATIONS

- 2.1 That Members' consider the results of the assessment of Committee effectiveness and agree actions for improvement.
- 2.2 That Members agree whether training sessions should be set up to address gaps identified in the skills self-assessment, focusing initially on treasury management, rules and regulations and governance assurance.

### 3. BACKGROUND

- 3.1 A local authority has a duty to ensure that it is fulfilling its responsibility for adequate and effective risk management, control and governance and for the economy, efficiency and effectiveness of its activities. Enfield Council's Audit Committee has a key role in overseeing and assessing the risk management, control and corporate governance arrangements and for advising the full Council on the adequacy and effectiveness of these arrangements.
- 3.2 In its publication 'A Toolkit for Local Authority Audit Committees', the Chartered Institute of Public Finance and Accountancy (CIPFA) sets out a range of suggestions and comments about the operation of an audit committee. Some of the items are considered best practice and some are suggestions on other ways of delivering the function.
- 3.3 The document sets out a checklist of areas that are considered best practice and recommends that the current operation of the Committee should be reviewed against this checklist to identify areas for improvement within existing arrangements. Standards are set out to cover the following themes:
- Establishment, operation and duties, including role and remit
  - Membership, induction and training
  - Meetings
  - Internal control
  - Financial reporting and regulatory matters
  - Internal audit
  - External audit
  - Administration, including agenda management, papers and actions arising.
- 3.4 The effectiveness of the Council's Audit Committee was last reviewed in 2010. Therefore, the checklist has been completed by Members of the Council's Audit & Risk Committee who have been in their roles for more than a year. The results of the self-assessment are presented at Appendix 1.
- 3.5 The results show that the Audit & Risk Management Committee complies with the majority of standards set by CIPFA. The exercise has identified five areas where improvements could be made. These have been set out in table 1, along with suggestions for action that Members can consider.

**Table 1: Areas for improvement identified by Members' self-assessment of Audit & Risk Management Committee effectiveness**

Standard from Cipfa's checklist	Priority	Self-assessment	Proposed action
1. Does the Committee consider specifically: <ul style="list-style-type: none"> <li>• the suitability of accounting policies and treatments</li> <li>• major judgments made</li> <li>• large write-offs</li> <li>• changes in</li> </ul>	1	Large write-offs have not been reported to Committee in recent years.	Members to consider whether the role of the Committee should include review of significant write-offs.

Standard from Cipfa's checklist	Priority	Self-assessment	Proposed action
<p>accounting treatment</p> <ul style="list-style-type: none"> <li>• the reasonableness of accounting estimates the narrative aspects of reporting?</li> </ul>			
2. Have all members' skills and experiences been assessed and training given for identified gaps?	1	An exercise has been undertaken to identify members' skills and experience, Results are presented in Appendix 2.	Members to consider whether a formal training plan is required to meet gaps identified by the skills self-assessment.
3. Are members sufficiently independent of the other committees of the Council?	2	Some Members also sit on work streams, panels and/or other committees.	Members are reminded that potential conflicts of interest with other roles for the Council should be declared in advance of each Audit & Risk Management Committee meeting if the agenda indicates that such a conflict could arise.
4. Does the Committee hold periodic private discussions with the Head of Internal Audit?	1	<p>A meeting is held between the Assistant Director of Legal &amp; Governance Services, Head of Internal Audit and Risk Management and the Committee Chair in advance of each meeting.</p> <p>The Head of Audit &amp; Risk Management attends closed sessions with the wider Committee and the external auditors at least annually.</p>	Going forward, the Head of Internal Audit & Risk Management should meet privately with the Committee Chair for 10 minutes prior to each meeting. If required, the Chair will request members to stay behind after the meeting.
5. Does the Committee hold periodic private discussions with the external auditor?	1	The external auditors and Head of Audit & Risk Management attend closed sessions with the wider Committee at least annually.	Consideration should be given to having a private session at the start of every meeting.

3.6 A preliminary review of the checklist suggested that Councillors' skills and experiences had not been assessed. There is a range of knowledge and experience that members can bring to the Committee, which will enable it to perform effectively. Committee members are not expected to be experts in all areas, but there are some core areas of knowledge for which members should have a broad understanding. Therefore, a skills self-assessment has also been undertaken to identify training gaps. This used a checklist based on

requirements for audit committee members, recommended in CIPFA and other guidance. The results of this assessment are presented in Appendix 2.

3.7 The skills self-assessment is summarised for key areas in Table 2:

**Table 2: Summary of Members' self-assessment of skills and experiences relevant to their role on the Audit & Risk Management Committee**

<b>Skill / knowledge requirement</b>	<b>Overall average self-assessment of skill</b> (where 0 = no knowledge or understanding, and 5 = full understanding)	<b>Overall average priority for the role of audit committee member</b> (where 0 = not important, and 5 = very important)
General Understanding	4.6	4.9
Rules and Regulations	3.5	4.9
Financial Management	4.1	5.0
Governance Assurance	3.9	4.9
Risk Management	4.6	5.0
Fraud Management	4.1	5.0
Treasury Management	3.4	4.9

3.8 The assessment shows that skills are weakest for: treasury management, rules and regulations and governance assurance. Therefore, training for Committee members should be prioritised in these subjects.

3.9 Members are asked to:

- Agree actions to improve the effectiveness of the Audit & Risk Committee, such as those proposed in Table 1;
- Agree whether training sessions should be set up to address gaps identified in the skills self-assessment, focusing initially on treasury management, rules and regulations and governance assurance.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 There are no other options which can be considered as these matters need to be reported to the Audit Committee.

#### **5. REASONS FOR RECOMMENDATIONS**

5.1 The effectiveness of the Council's Audit Committee was last reviewed in 2010. Therefore, it is now an appropriate time to refresh this assessment.

#### **6. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

6.1.1 There are no specific financial implications relating to this report.

##### **6.2 Legal Implications**

6.2.1 There are no specific legal implications relating to this report.

#### **6.4 Property Implications**

6.4.1 There are no specific property implications relating to this report.

### **7. KEY RISKS**

7.1 Any large, complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the many risks it may face. Enfield Council has such a system, and the Audit Committee plays a key role in ensuring the adequacy and effectiveness of the risk management framework in place.

### **8. IMPACT ON COUNCIL PRIORITIES**

#### **6.1 Fairness for All**

An effective Internal Audit service helps to provide assurance over any risks to services and other Council activities that might adversely affect the delivery of high quality, affordable, accessible services to all residents.

#### **6.2 Growth and Sustainability**

An effective Internal Audit service will help the Council achieve its objectives in the area of growth and sustainability.

#### **6.3 Strong Communities**

An effective Internal Audit service will help the Council achieve its objectives in the area of strong communities.

### **9. EQUALITIES IMPACT IMPLICATIONS**

Corporate advice has been sought in regard to equalities and an agreement has been reached that it is not relevant or proportionate to carry out an equalities impact assessment/analysis for this report.

### **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

There are no specific performance management implications relating to this report.

### **11. HEALTH AND SAFETY IMPLICATIONS**

There are no direct health and safety implications arising directly from this report.

### **12. HUMAN RESOURCES IMPLICATIONS**

There are no direct HR implications arising from this report.

### **13. PUBLIC HEALTH IMPLICATIONS**

Items summarised in this report do not have a direct impact on the health and well-being of the public in Enfield.

#### **Background Papers**

'A Toolkit for Local Authority Audit Committees' - The Chartered Institute of Public Finance and Accountancy.

## Audit & Risk Management Committee Effectiveness Self-Assessment Summary

		2016 Self-Assessment			
Priority	Issue	Yes	No	N/A	Comments/Action
<b>1. ESTABLISHMENT, OPERATION AND DUTIES</b>					
<b>Role and remit</b>					
1	Does the Committee have written terms of reference?	✓			Evidenced in Council's Constitution
1	Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	✓			Terms of reference cover the core functions suggested in the CIPFA guidance.
1	Are the Terms of reference approved by the Council and reviewed periodically?	✓			TORs are regularly reviewed
1	Has the Committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	✓			Committee membership represents the political makeup of the Council and it is supported by senior staff. An independent co-opted member was recruited during 2015/16.
1	Can the Committee access other committees and full council as necessary?	✓			The Committee has full access to Council and could access other committees if required.
1	Does the authority's Annual Governance Statement (AGS) include a description of the Committee's establishment and activities?	✓			The AGS states that the Committee "provides independent assurance to the Council on risk management and the design and effectiveness of the internal control arrangements that the Council has in place".
2	Does the Committee periodically assess its own effectiveness?	✓			This checklist summarises the results of the Committee's self-assessment of effectiveness. Going forward, an assessment will be done annually and will be included in the Committee's programme of work.
2	Does the Committee make a formal annual report on its work and performance during the year to full council?	✓			An annual report is produced and presented to Council
<b>2. MEMBERSHIP, INDUCTION AND TRAINING</b>					
1	Has the membership of the Committee been formally agreed and a quorum set?	✓			Membership is agreed by Council. The quorum is within the Committee's Terms of Reference.
1	Is the chair independent of the executive function?	✓			Chair is not a member of the Executive / Cabinet.

Priority	Issue	2016 Self-Assessment			Comments/Action
		Yes	No	N/A	
1	Has the audit committee chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?	✓			The current Chairman has been briefed in all relevant areas.
1	Are new Committee members provided with an appropriate induction?	✓			A programme of members training is in place. There are specific briefing sessions for Audit Committee Members on topics relevant to their responsibilities.
1	Have all members' skills and experiences been assessed and training given for identified gaps?		✓		An exercise has been undertaken to identify members' skills and experience, Results are presented in Appendix 2.  <b>Action:</b> Members to consider whether a formal training plan is required to meet gaps identified by the skills self-assessment.
1	Has each member declared his or her business interests?	✓			Members are required to register interests within 28 days of election. Annual updates are also undertaken. All members of the Committee have registered their interests.
2	Are members sufficiently independent of the other committees of the Council?		✓		Some Members also sit on work streams, panels and/or other committees.  <b>Action:</b> Members are reminded that potential conflicts of interest with other roles for the Council should be declared in advance of each Audit & Risk Management Committee meeting if the agenda indicates that such a conflict could arise.
<b>3. MEETINGS</b>					
1	Does the Committee meet regularly?	✓			The Committee is scheduled to meet five times a year and an extra meeting has been set up in September to review the Statement of Accounts and AGS.
1	Do the terms of reference set out the frequency of meetings?	✓			As above.
1	Does the Committee calendar meet the authority's business needs, governance needs and the financial calendar?	✓			The meetings calendar is aligned with key financial, inspectorial or other significant business events through the annual cycle.



Priority	Issue	2016 Self-Assessment			Comments/Action
		Yes	No	N/A	
1	Are members attending meetings on a regular basis and if not, is appropriate action taken?	✓			There is generally regular attendance across the Membership.
1	Are meetings free and open without political influences being displayed?	✓			Members are aware of the independent nature of the Committee and that this is one of its fundamental strengths. The Chair leads on this position.
1	Does the authority's S151 officer or deputy attend all meetings?	✓			Both may be present depending on the agenda.
1	Does the Committee have the benefit of attendance of appropriate officers at its meetings?	✓			Members will require attendance from any officer to support the agenda.
<b>4. INTERNAL CONTROL</b>					
1	Does the Committee consider the findings of the annual review of the effectiveness of governance arrangements (as required by the Accounts & Audit Regulations) including the review of the effectiveness of the system of internal audit?	✓			The effectiveness of the governance arrangements are considered within the AGS.  The effectiveness of the system of internal audit was independently reviewed in April 2015.
1	Does the Committee have responsibility for review and approval of the Annual Governance Statement (AGS) and does it consider it separately from the accounts?	✓			The Committee reviews and approves the AGS on an annual basis as an addendum to the Statement of Accounts  An AGS Action Plan is reported which tracks progress in addressing any development areas reported in the AGS.
1	Does the Committee consider how meaningful the AGS is?	✓			As above.
1	Does the Committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	✓			The Committee uses the opinion of the Head of Internal Audit to support a judgment in addition to the information that has been reported throughout the year.
1	Has the Committee considered how it integrates with other committees that may have responsibility for risk management?	✓			The Committee has changed its name to Audit & Risk Management Committee to reflect risk management responsibilities. Members joined up with the Overview and Scrutiny Committee for consideration of subject areas of concern to both (Enfield 2017).

		2016 Self-Assessment			
Priority	Issue	Yes	No	N/A	Comments/Action
1	Has the Committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"	✓			The Committee is aware of the anti-fraud agenda and has received regular updates on anti-fraud and investigations work.  The Committee has approved the Council's Anti-Fraud and Corruption Strategy and reviewed the Council's Protecting the Public Purse Action Plan.
1	Does the Committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	✓			Actions arising from fraud investigations are tracked and reported to the Committee along with actions arising from audit reports.
2	Is the Committee made aware of the role of risk management in the preparation of the internal audit plan?	✓			This features as a part of the approval process for the Annual Internal Audit Plan.
2	Does the Committee review the authority's strategic risk register at least annually?	✓			This Committee receives and reviews the Corporate Risk Register every six months. This is clearly set out in the Committee's work programme.
2	Does the Committee monitor how the authority assesses its risk?	✓			The Council's risk management strategy is refreshed approximately annually.
2	Do the Committee's terms of reference include oversight of the risk management process?	✓			This is clearly set out within the Audit Committee's Terms of Reference.
<b>5. FINANCIAL REPORTING AND REGULATORY MATTERS</b>					
1	Is the Committee's role in the consideration and/or approval of the annual accounts clearly defined?	✓			This is clearly set out within the Audit Committee's Terms of Reference.
1	Does the Committee consider specifically: <ul style="list-style-type: none"> <li>• the suitability of accounting policies and treatments</li> <li>• major judgments made</li> <li>• large write-offs</li> <li>• changes in accounting treatment</li> <li>• the reasonableness of accounting estimates</li> <li>• the narrative aspects of reporting?</li> </ul>	✓ ✓ ✓		✓	Large write-offs have not been reported to Committee.  <b>Action</b> – members to consider write-offs of significant value.

		2016 Self-Assessment			
Priority	Issue	Yes	No	N/A	Comments/Action
1	Is a Committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	✓			This is part of the Committee's annual work programme.
1	Does the Committee review management's letter of representation?	✓			This is considered at the same time as the external auditor's report to those charged with governance.
2	Does the Committee annually review the accounting policies of the authority?	✓			The Committee is informed of accounting policies as part of the annual accounts.
2	Does the Committee gain an understanding of management's procedures for preparing the authority's annual accounts?		✓		Members are given an appropriate briefing on the preparation procedures and key components of the financial statements before they are considered during the specific meeting for this in September.
2	Does the Committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?	✓			Training is held prior to Committee meetings on topical issues that relate to the work of the Committee. In addition, briefing papers are presented by the external auditors.
<b>6. INTERNAL AUDIT</b>					
1	Does the Committee approve, annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?	✓			Consideration and approval of internal audit plans is a part of the Committee's annual cycle. The linking of these plans to the Corporate and Service Risk Registers is undertaken as part of the planning regime.
1	Does internal audit have an appropriate reporting line to the Committee?	✓			The Head of Internal Audit and Risk Management has a direct reporting line to the Director of Finance and Customer Services and the Audit & Risk Management Committee.
1	Does the Committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	✓			Internal Audit progress reports are presents to the Committee at every meeting.  The Head of Internal Audit's Annual Report is presented to the Committee annually.

Priority	Issue	2016 Self-Assessment			Comments/Action
		Yes	No	N/A	
1	Are follow-up audits by internal audit monitored by the Committee and does the Committee consider the adequacy of implementation of recommendations?	✓			Managers' progress with the implementation of audit recommendations is reported via the Internal Audit progress reports (see above).
1	Does the Committee hold periodic private discussions with the Head of Internal Audit?	✓			<p>A meeting is held between the Assistant Director of Legal &amp; Governance Services, Head of Internal Audit and Risk Management and the Committee Chair in advance of each meeting.</p> <p>The Head of Audit &amp; Risk Management attends closed sessions with the wider Committee and the external auditors at least annually.</p> <p><b>Action:</b> Going forward, the Head of Internal Audit &amp; Risk Management will meet privately with the Committee Chair for 10 minutes prior to each meeting. If required, the Chair will request members to stay behind after the meeting.</p>
1	Is there appropriate cooperation between the internal and external auditors?	✓			Regular meetings take place between the internal and external auditors.
1	Does the Committee review the adequacy of internal audit staffing and other resources?	✓			This is done at the time the annual and strategic plans are considered.
1	Has the Committee evaluated whether its internal audit service complies with the Public Sector Internal Audit Standards	✓			The Council's internal audit service is subject to a peer review with other authorities every five years. This assesses compliance with PSIAS. The last review was in April 2015, the results of which were reported to Committee.
2	Are internal audit performance measures monitored by the audit committee?	✓			Performance measures are reported in each progress report and the annual Internal Audit Report.
2	Has the Committee considered the information it wishes to receive from internal audit?	✓			Members of the Committee approve the Internal Audit work programme and review the information requirements from internal audit at each meeting.
<b>7 EXTERNAL AUDIT</b>					
1	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	✓			The external audit plan is received as part of the annual cycle of the Committee's work plan.

Priority	Issue	2016 Self-Assessment			Comments/Action
		Yes	No	N/A	
1	Does the Committee hold periodic private discussions with the external auditor?	✓			The external auditors and Head of Audit & Risk Management attend closed sessions with the wider Committee at least annually.  <b>Action:</b> Consideration should be given to having a private session at the start of each meeting.
1	Does the Committee review the external auditor's annual report to those charged with governance?	✓			The external auditor's annual report is received as part of the Committee's work plan.
1	Does the Committee ensure that officers are monitoring action taken to implement external audit recommendations?	✓			Updates on the progress being made against external audit recommendations are reported annually by the external auditors.
1	Are reports on the work of external audit and other inspection agencies presented to the Committee, including the National Audit Office's annual audit and inspection letter?	✓			Reports are programmed in the annual cycle of the Committee's work plan.
1	Does the Committee assess the performance of external audit?	✓			This is not an explicit activity but more a continuing process undertaken when the external audit plans and reports are considered by the Committee.
1	Does the Committee consider and approve the external audit fee?	✓			This is considered as part of the approval of the annual external audit plan and fees letters.
<b>8 ADMINISTRATION</b>					
<b>8.1 Agenda management</b>					
1	Does the Committee have a designated secretary from Committee/Member Services?	✓			A designated officer is assigned to the Committee.
1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	✓			Council standards and access to information regulations and protocols apply.
2	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	✓			An annual work plan is produced, tracked and amended (where required) during the year.

		2016 Self-Assessment			
Priority	Issue	Yes	No	N/A	Comments/Action
2	Are inputs for Any Other Business formally requested in advance from Committee members, relevant officers, internal and external audit?	✓			Any Other Business is not an item for the meeting agenda but agendas are discussed in advance with the Chair and leading officers. In addition, Members request items for the work programme.
<b>8.2 Papers</b>					
1	Do reports to the Committee communicate relevant information at the right frequency, time, and in a format that is effective?	✓			Comments on frequency, time and format are taken on board whenever appropriate. For example, departmental risk reports to be presented at each meeting rather than six monthly following September 2016 meeting.
2	Does the Committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	✓			The Council has standard templates for covering reports for items reported to all Committees.
<b>8.3 Actions arising</b>					
1	Are minutes prepared and circulated promptly to the appropriate people?	✓			Minutes are prepared and circulated in accordance with Council protocols.
1	Is a report on matters arising made and minuted at the Committee's next meeting?	✓			Minutes and actions from previous meetings are a standing agenda item for each Committee meeting.
1	Do action points indicate who is to perform what and by when?	✓			All action points are included within the minutes, with an officer assigned to each one. The deadline for completing an action is usually the next Committee, unless specifically stated in the minutes.

## Audit & Risk Management Committee Skills Self-Assessment Summary

Skill / knowledge requirement	Average self-assessment of skill (where 0 = no knowledge or understanding, and 5 = full understanding)	Average assessment of priority for the role of audit committee member (where 0 = not important, and 5 = very important)
<b>GENERAL UNDERSTANDING</b>		
a. Understand the <b>objectives</b> of the Council, its major initiatives and current significant issues;	4.6	5
b. understand the Council's <b>structure</b> , including key relationships with partners and central government;	4.3	4.9
c. understand the Council's ' <b>core activities</b> ';	4.9	5
d. have a broad understanding of the Council <b>environment</b> , particularly accountability structures including the role of the Audit Committee in the context of other Council committees;	4.6	4.7
e. have an understanding of 'regulation and compliance' – and the role of <b>external audit</b> ;	4.6	4.9
f. understand your rights, remit and <b>duties</b> as a member of the Audit Committee	4.6	4.9
<b>Overall average</b>	<b>4.6</b>	<b>4.9</b>
<b>RULES AND REGULATIONS</b>		
a. Have a broad knowledge of relevant <b>legislation</b> governing the Council, including Data Protection Act, Freedom of Information Act, Regulation of Investigatory Powers Act, Civil Contingencies Act.	3.3	4.9
b. have a broad understanding of relevant <b>standards</b> , including Public Sector Internal Audit Standards, CIPFA Statement on the Role of the Chief Financial Officer in Local Government;	3.6	4.9
c. have knowledge of the Council's <b>rules</b> , such as Contract Procedure Rules and key <b>inspection bodies</b> that review the Council's activities.	3.6	4.9
<b>Overall Average</b>	<b>3.5</b>	<b>4.9</b>
<b>FINANCIAL MANAGEMENT</b>		

Skill / knowledge requirement	Average self-assessment of skill (where 0 = no knowledge or understanding, and 5 = full understanding)	Average assessment of priority for the role of audit committee member (where 0 = not important, and 5 = very important)
a. Have an understanding of <b>accounting</b> issues – including understanding the accounting statements that need to be agreed each year;	3.7	5
b. have an understanding of 'regulation and compliance' including the roles of the <b>s151 Officer</b> and external auditors;	4.6	5
c. understand key <b>concepts</b> (such as provisions, reserves, bad debts, cash flow and the balance sheet), accounting policies and structure of local government <b>funding</b> , grants and sources of other income.	4.0	5
<b>Overall Average</b>	4.1	5
<b>GOVERNANCE / ASSURANCE</b>		
a. Understand the principles of ' <b>governance</b> ' – including the requirements of legislation and local arrangements;	4.0	5
b. have knowledge of the six principles of the CIPFA/SOLACE Good Governance Framework and the requirements of the <b>Annual Governance Statement (AGS)</b> , including the Council's processes for preparation of the AGS and how assurances can be obtained;	3.4	4.7
c. understand the principle sources of internal control assurance, including the role of <b>internal audit</b> .	4.3	5
<b>Overall Average</b>	3.9	4.9
<b>RISK MANAGEMENT</b>		
a. Understand the concepts of ' <b>risk management</b> ' and how it needs to be used to identify and manage the strategic risks to the delivery of the Council's objectives; project risks and service risks, as well as the role of insurance.	4.6	5
<b>Overall Average</b>	4.6	5
<b>FRAUD MANAGEMENT</b>		
a. Have an understanding of the main areas of <b>fraud risk</b> the Council is exposed to, as well as knowledge of the principles of good fraud risk management	4.1	5



Skill / knowledge requirement	Average self-assessment of skill (where 0 = no knowledge or understanding, and 5 = full understanding)	Average assessment of priority for the role of audit committee member (where 0 = not important, and 5 = very important)
practice and the organisation's arrangements for tackling fraud.		
<b>Overall Average</b>	4.1	5
<b>TREASURY MANAGEMENT</b>		
a. Have a broad understanding of the regulatory requirements for <b>treasury management</b> , treasury risks, and the Council's strategy, policies and procedures in relation to treasury management.	3.4	4.9
<b>Overall Average</b>	3.4	4.9