CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2026

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[1], 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 and practitioners.

CIPFA expects all local government bodies to 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 2026 edition of the Position Statement replaces the 2022 edition.

[1] Local Government & Elections (Wales) Act 2021, Cities and Local Government Devolution Act 2016, Levelling Up and Regeneration Act 2023 and the English Devolution and Community Empowerment Act 2026.

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Purpose of the audit committee

Audit committees are a key component of an organisation'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.[2]

The committee has oversight of both internal audit and external audit, together with the financial and governance reports. An effective audit committee helps ensure adequate arrangements for both internal challenge and public accountability.

The audit committee should be established so that it is independent of executive decision making and is able to provide objective oversight. It is an advisory committee with sufficient importance in the organisation 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 organisation'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 with experienced, trained committee members.

Large committees and regular substitutions should be avoided to support continuity and build understanding. Where substitutes are essential, they should be trained to fulfil their role.

The role of lay or co-opted independent members

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office financial management code of practice. This requires the committee to be made up of co-opted independent members.

The audit committees of local authorities in Wales must include co-opted independent members in accordance with the appropriate legislation. Audit committees in England should, in preparation for

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[2] 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 PCC and chief constable are both corporations sole and thus are the individuals charged with governance.

expected additional guidance, arrange to appoint at least one co-opted independent committee member.

Where the applicable legislation only requires one lay member or where no legislation exists, CIPFA recommends that each organisation's 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.

Specific responsibilities include the following.

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance. The committee supports the organisation to put the principles of good governance into practice.

- Consider the effectiveness of the organisation's risk management arrangements. It should understand its risks and seek assurances that active arrangements are in place on risk-related issues. Risk management should cover both the organisation and its collaborations.

- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics, and for managing the organisation's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the organisation's accountability statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it. Statements should demonstrate how governance supports the achievement of the organisation's objectives.

- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

- Consider the management of financial and sustainability risks to the organisation and how financial and governance reports provide accountability.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the organisation's full range of operations and its collaborations with other entities.

- In relation to the organisation's internal audit functions, the audit committee should apply the Code of Practice for the Governance of Internal Audit:

    - oversee internal audit's independence, performance and conformance to professional standards

    - support effective arrangements for internal audit
    - make best 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

The members of the committee will need to be of high calibre to provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the organisation. 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.

Organisations should aim to ensure audit committee membership has the following characteristics:

- A membership that is trained to fulfil its 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 arrangements can help achieve the organisation's objectives.
- A strong, independently minded chair who displays 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.
- A 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 the willingness to have appropriate training are of equal importance.

When appointing co-opted independent members to the committee, organisations should consider the overall knowledge and expertise of the existing members. They should also consider succession planning.

Engagement and outputs

The audit committee should address the full range of responsibilities within its terms of reference and generate planned outputs.

To enable the committee to operate effectively, the committee requires adequate support, including:

- efficient secretariat support
- an appropriate training programme
- an annual work programme.

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 CFO(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 and be available to them
- have the right to call on any other officers or agencies of the organisation 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 and discharged its responsibilities and include an assessment of its performance. This annual 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. These assessments should feature in the committee's annual report. Where significant improvement is required, it should be considered for inclusion in the AGS.