

TITLE	Review of Audit Committee Effectiveness
FOR CONSIDERATION BY	Audit Committee on 15 September 2021
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

The purpose of this report is to present a self-assessment of Audit Committee arrangements undertaken with reference to the good practice recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

RECOMMENDATION

It is recommended that the Audit Committee:

- (a) considers and endorses the self-assessment of our Audit Committee arrangements against the good practice guidance recommended by CIPFA, attached as Annex A;
- (b) notes the Action Points included in Annex B to help ensure that all aspects of CIPFA's good practice can be reflected;
- (c) agrees that the self-assessment undertaken will form the basis of an annual report from Audit Committee, which will be prepared for presentation to Council in March 2022, demonstrating how Audit Committee meets its Terms of Reference and providing a summary of the work of the committee during the year.

SUMMARY OF REPORT

CIPFA provides detailed guidance on the features of an effective audit committee in a local authority. This guidance has been used to undertake a self-assessment of the current arrangements for the Audit Committee at Wokingham Borough Council and highlight any areas for further consideration and/or improvement.

The self-assessment has identified five action points which are set out in detail in annex B.

Background

The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

The Audit Committee is an important source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.

Audit committees in local authorities and police bodies are necessary to satisfy the wider requirements for sound financial management and internal control. The Accounts and Audit (England) Regulations 2015 state that a local authority is responsible "for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk". In addition, section 151 of the Local Government Act 1972 requires every local authority to "make arrangements for the proper administration of its financial affairs".

Self-Assessment

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, then 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 can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Not applicable
Next Financial Year (Year 2)	£0	Yes	Not applicable
Following Financial Year (Year 3)	£0	Yes	Not applicable

Other financial information relevant to the Recommendation/Decision
None.

Cross-Council Implications
The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

Public Sector Equality Duty
This is an information report.

List of Background Papers
CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018) CIPFA Audit Committees – Practical Guidance for Local Authorities and Police (2018)

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