

## Annex B

### CIPFA Audit Committee Self-Assessment- September 2021

Audit Committee Arrangements: Initial Self-Assessment of Good Practice (August 2021) (taken from CIPFA, Audit Committees, Practical Guidance for Local Authorities and Police, published 2018). CIPFA states that this checklist provides a high level review that incorporates the key principles set out in CIPFA's Position Statement on Audit Committees in Local Authorities, and the wider Practical Guidance publication referred to above.

CIPFA states: "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."

<b>Good practice questions</b>	<b>Yes</b>	<b>Partly</b>	<b>No</b>	<b>Comments and Action Points</b>
<b>Audit Committee purpose and governance</b>				
1. Does the authority have a dedicated audit committee?	✓			Dedicated Audit Committee established as a full, politically-balanced committee of Council.
2. Does the Audit Committee report directly to full Council?	✓			The terms of reference for Audit Committee are set out in the Constitution (paras 4.4.1 – 4.4.12).  The Audit Committee makes formal recommendations to Council as appropriate.  The Minutes of the Committee are formally recorded and received by Council.  The Chairman of the Audit Committee shall draw to the attention of Council any issues that require action.
3. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓			

Good practice questions	Yes	Partly	No	Comments and Action Points
4. Is the role and purpose of the audit committee understood and accepted across the authority?	✓			
5. Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			Members of Audit Committee are diligent in their reading of reports and this is reflected in debate within the Committee meeting itself. A range of appropriate and challenging questions are asked by Committee members to report authors. In addition, the Annual Governance Statement is reviewed by the Committee each year.
6. Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓			Council receives an annual report from the Audit Committee.
<b>Functions of the committee</b>				
7. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?				
• good governance	✓			
• assurance framework, including partnerships and collaboration arrangements	✓			
• internal audit	✓			
• external audit	✓			
• financial reporting	✓			
• risk management	✓			
• value for money or best value	✓			
• counter fraud and corruption	✓			
• supporting the ethical framework	✓			
8. Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?		✓		<b>Action Point 1</b> – As part of the preparation and consideration of the Audit Committee's annual report, this evaluation will be formalised (i.e. Audit Committee February 22, Council March 22).

Good practice questions	Yes	Partly	No	Comments and Action Points
9. Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓			<p>The Audit Committee ToR already covers the following areas beyond those of its core purpose:-</p> <ul style="list-style-type: none"> <li>• considering governance, risk or control matters at the request of other committees or statutory officers</li> <li>• working with local standards and ethics committees to support ethical values</li> <li>• reviewing and monitoring treasury management arrangements in accordance with Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017)</li> </ul> <p>A further suggested area is providing oversight of other public reports, such as the annual report. <b>Action Point 2.</b></p>
10. Where coverage of core areas has been found to be limited, are plans in place to address this?	✓			See questions 3 and 7 above.
11. Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓			
<b>Membership and support</b>				
12. Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> <li>• separation from the executive</li> <li>• an appropriate mix of knowledge and skills among the membership</li> <li>• a size of committee that is not unwieldy</li> <li>• consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)</li> </ul>	✓ ✓ ✓		✓	CIPFA's guidance sets out the benefits of having at least one independent member. It is proposed that this issue in advance of the 2022/23 municipal year. <b>Action Point 3.</b>

Good practice questions	Yes	Partly	No	Comments and Action Points
13. Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?			✓	Not applicable – see previous question.
14. Does the chair of the committee have appropriate knowledge and skills?	✓			The committee chairman is a CIMA qualified accountant who has worked in a variety of finance roles in large corporations.
15. Are arrangements in place to support the committee with briefings and training?	✓			Committee members receive CIPFA's quarterly briefing for Audit Committees alerting them to issues of strategic and topical importance. In addition, the Committee agreed a programme of training/briefing sessions for 2021/22,
16. Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			✓	CIPFA guidance on Audit Committees in Local Authorities (2018) includes a 'core knowledge and skills' framework' for Audit Committee members. This framework and required knowledge and skills will be subject to a report to next meeting of the Audit Committee <b>Action Point 4.</b>
17. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	✓			
18. Is adequate secretariat and administrative support to the committee provided?	✓			
<b>Effectiveness of the committee</b>				
19. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			✓	
20. Are meetings effective with a good level of discussion and engagement from all the members?	✓			

Good practice questions	Yes	Partly	No	Comments and Action Points
21. Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓			<p>The Assistant Director Governance, Assistant Director Finance, and Head of Internal Audit routinely attend the Committee.</p> <p>The Chief Executive and her directors attend to present updates on risk management.</p> <p>As Audit Committee receives reports on matters of governance, risk management and control throughout the course of the year, Audit Committee determines whether it would be beneficial to the Committee's work to invite appropriate Heads of Service to attend a meeting of the Committee.</p>
22. Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓			
23. Has the committee evaluated whether and how it is adding value to the organisation?		✓		<p>Partly addressed in previous annual reports to Council. The March 2022 annual report will more explicitly address this question.</p> <p><b>Action Point 5.</b></p>
24. Does the committee have an action plan to improve any areas of weakness?	✓			<p>The Action Plan arises from this self-assessment.</p>
25. Does the committee publish an annual report to account for its performance and explain its work?	✓			

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