

Self-assessment of Good Practice

Appendix C

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and supporting guidance. Where an audit committee has a high degree of performance against the good practice principles, 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.

Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

| Good Practice Questions | | Does not comply | Partially complies and extent of improvement needed | | | Fully complies | Improvement Actions | Comments |
|--|---|-------------------|---|----------------------|-------------------|------------------------|---|-----------------|
| | | Major improvement | Significant improvement | Moderate improvement | Minor improvement | No further improvement | | |
| <u>Audit Committee Purpose and Governance</u> | | | | | | | | |
| 1 | Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)? | | | | | ★ | | Fully complies |
| 2 | directly to the governing body (full council)? | | | | | ★ | | Fully complies. |
| 3 | Has the committee maintained its advisory role by not taking on any decision-making powers? | | | | | ★ | | Fully complies. |
| 4 | Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement? | | | | | ★ | | Fully complies. |
| 5 | Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee? | | | | ★ | | This will be tested to ensure understanding is complete. A review of member and officer training and induction will be completed to ensure sufficient coverage of role and purpose. | |
| 6 | Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles? | | | | | ★ | | Fully complies. |

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|-----------------------------------|--|--|---|----------------------|-------------------|------------------------|---------------------|---|---|
| | | Major improvement | Significant improvement | Moderate improvement | Minor improvement | No further improvement | | | |
| 7 | | Does the governing body hold the audit committee to account for its performance at least annually? | | | | | ★ | Fully complies. | |
| 8 | | Does the committee publish an annual report in accordance with the 2022 guidance, including: | | | | | ★ | The 2023 Annual Report will satisfy this requirement. | |
| | | - Compliance with the CIPFA Position Statement 2022 | | | | | ★ | | |
| | | - Results of the annual evaluation, development work undertaken and planned improvements | | | | | ★ | | |
| | | - How it has fulfilled its terms of reference and the key issues escalated in the year? | | | | | ★ | | |
| <u>Functions of the Committee</u> | | | | | | | | | |
| 9 | | Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows? | | | | | | | The Committee's terms of reference (TOR) was reviewed alongside the revised CIPFA Position Statement and the updated TOR approved by Council. |
| | | Governance arrangements | | | | | ★ | | |
| | | Risk management arrangements | | | | | ★ | | |
| | | Internal control arrangements, including: | | | | | ★ | | |
| | | - Financial management | | | | | | | |
| | | - Value for money | | | | | | | |
| | | - Ethics and standards | | | | | | | |
| | | - Counter fraud and corruption | | | | | | | |

| Good Practice Questions | | Does not comply | Partially complies and extent of improvement needed | | | Fully complies | Improvement Actions | Comments |
|-------------------------------|---|-----------------|---|-------------------------|----------------------|----------------|---------------------|---|
| | | | Major improvement | Significant improvement | Moderate improvement | | | |
| | Annual governance statement | | | | | ★ | | |
| | Financial reporting | | | | | ★ | | |
| | Assurance framework | | | | | ★ | | |
| | Internal audit | | | | | ★ | | |
| | External audit | | | | | ★ | | |
| | | | | | | | | |
| 10 | Over the last year, has adequate consideration been given to all core areas? | | | | | ★ | | The work programme covered all core areas. |
| 11 | Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance? | | | | | ★ | | Fully complies. |
| 12 | Has the committee met privately with the external auditors and head of internal audit in the last year? | | | | | ★ | | Meetings have been held with external audit and in previous years, with internal audit. There is provision within the agenda for a private meeting. |
| Membership and Support | | | | | | | | |
| 13 | Has the committee been established in accordance with the 2022 guidance as follows? | | | | | | | |
| | - Separation from executive | | | | | ★ | | Fully complies. |

| Good Practice Questions | | Does not comply | Partially complies and extent of improvement needed | | | Fully complies | Improvement Actions | Comments |
|-------------------------|--|-----------------|---|-------------------------|----------------------|----------------|--|--|
| | | | Major improvement | Significant improvement | Moderate improvement | | | |
| | - A size that is not unwieldy and avoids use of substitutes | | | | | ★ | | Fully complies. |
| | - Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation | | | | | ★ | | Fully complies. |
| 14 | Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled? | | | | | N/A | | processes and constitutional requirements concerning balance that this is not fully realisable and is therefore not scored. Skills and knowledge is discussed and training arranged as per the approved training plan and with the agreement of committee members. |
| 15 | Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years? | | | | | N/A | | Formal use of the assessment within the CIPFA Guidance is not felt to be the most relevant mechanism to use and is therefore not scored. Skills and knowledge development is a priority of the Committee and is discussed and training arranged as per the approved training plan and with the agreement of committee members. Individual 121 sessions are held with members to assess and agree any further training and support needs. |
| 16 | Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance? | | | | | ★ | An agreed training plan is in place. A feedback mechanism will be implemented to support continuous improvement. | |
| 17 | Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance? | | | | | N/A | | As per 14&15, not scored. Training is a priority as set out above. |

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| 18 | Is adequate secretariat and administrative support provided to the committee? | | | | | ★ | | Fully complies. |
| 19 | working relations with key people and organisations, including external audit, internal audit and the CFO? | | | | | ★ | | Fully complies. |
| <u>Effectiveness of the Committee</u> | | | | | | | | |
| 20 | Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work? | | | | | ★ | | provided from interviewees and the CPC process. Audit contributed to the self assessment process. The AGS review will be used to assess this in future. |
| 21 | Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement? | | | | | ★ | | this along with feedback from contributors to the self assessment process. |
| 22 | Are meetings effective with a good level of discussion and engagement from all the members? | | | | ★ | | Some minor improvement to ensure that discussions do not stray into scrutiny, however this is managed via the Chair and continued support and training as appropriate. | |
| 23 | Has the committee maintained a non-political approach to discussions throughout? | | | | | ★ | | Fully complies. |
| 24 | 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? | | | | | ★ | | Fully complies. Officers attend meetings to cover these areas. |

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| | | | Major improvement | Significant improvement | Moderate improvement | | | |
| 25 | Does the committee make recommendations for the improvement of governance, risk and control arrangements? | | | | | ★ | | Fully complies. Robust evidence is in place of recommendations from audit committee across its areas of core responsibility. |
| 26 | Do audit committee recommendations have traction with those in leadership roles? | | | | | ★ | | Fully complies. Robust evidence is in place of recommendations from audit committee across its areas of core responsibility and from tracking chart. |
| 27 | Has the committee evaluated whether and how it is adding value to the organisation? | | | | ★ | | Formal evaluation has not taken place. This will be undertaken as part of the annual AGS. | Positive feedback has been received from CPC along with feedback from contributors to the self assessment process. |
| 28 | Does the committee have an action plan to improve any areas of weakness? | | | | ★ | | The outcome of this checklist forms that plan. | An engagement and participation plan was agreed by the committee to address improvements including training, reporting to the committee. The majority have been implemented. |
| 29 | Has this assessment been undertaken collaboratively with the audit committee members? | | | | ★ | | The workshop format will be built on for future assessments. | A workshop approach was taken to do this, attended by 4 out of 7 members of the Committee (including the independent Chair). Senior officers contributed to the self assessment along with audit. The draft assessment will be considered by audit committee members at its September 2023 meeting. |