

## Audit Committees - Self-assessment of good practice

| Good practice questions                       |   | Yes | Partly | No | Comments   |
|---|---|-----|--------|----|--|
| <b>Audit committee purpose and governance</b> |   |     |        |    |  |
| 1   | Does the authority have a dedicated audit committee?  | ✓   |        |    | Audit & Governance Committee   |
| 2   | Does the audit committee report directly to full council?   | ✓   |        |    |  |
| 3   | Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?   | ✓   |        |    |  |
| 4   | Is the role and purpose of the audit committee understood and accepted across the authority?  | ✓   |        |    | A full Constitution review was undertaken in 2020-21 in advance of the change to the committee system of governance from May 2021. Revised ToRs for committees (including the A&GC) were agreed by Full Council<br><br>As previously, except where specifically delegated by Full Council (e.g. approval of the Annual Accounts), the committee acts in an advisory role and submits recommendations to the executive (i.e. Full Council)  |
| 5   | Does the audit committee provide support to the authority in meeting the requirements of good governance?   | ✓   |        |    |  |
| 6   | Are the arrangements to hold the committee to account for its performance operating satisfactorily?   | ✓   |        |    | Committee meeting minutes and Chair's Annual Report are published and presented to Full Council  |
| <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?   |     |        |    | As part of the earlier (2017) Constitution review, the terms of reference all committees were reviewed and made more succinct<br><br>The assurance framework is an information source for the Annual Governance Statement (AGS) which is reviewed and approved by the committee<br><br>Partnership working has been considered by the committee, based upon previous CIPFA recommendation and a resulting internal audit review. Comment on this is included in the AGS<br><br>Value for money / best value is included as part of the Council's Financial Regulations and is also considered as part of external audit's work reported to the committee<br><br>The Council still operates a separate Standards Committee under the new structure which leads on promoting high standards of conduct. Internal Audit will periodically review ethical governance within the Council and report findings to the committee |
|   | ▪ 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? | ✓   |        |    | An annual consideration of the effectiveness of the audit committee is conducted (using a CIPFA template). It is reported to the committee for consideration and signed by the Chair of the Committee and Group Head for Corporate Support (CFO / s151 Officer)  |
| 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?      | ✓   |        |    | Additional governance items, policy reviews, etc. may be included where it is felt the A&GC is the most appropriate body<br><br>Treasury Management oversight is already delegated to the A&GC   |

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|                               |  |     |   | Ethics / Standards – as the Council has a dedicated Standards Committee, this is generally assurance only (e.g. through the AGS)  |
| 10                            | Where coverage of core areas has been found to be limited, are plans in place to address this?   | n/a |   | Should the committee feel the need for additional coverage, it may commission specific work from Internal Audit or set up its own working party   |
| 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? | ✓   |   | The role of the Governance Committee was incorporated in 2011. This included oversight of the work of the Independent Members' Remuneration Panel<br>In 2017, review and scrutiny of any Council-owned companies and Cabinet's role in overseeing this activity was also added<br><br>This does not affect the advisory role of the Committee, as it is required to refer recommendations for consideration by Full Council for these non-'core' activities |
| <b>Membership and support</b> |  |     |   |   |
| 12                            | Has an effective audit committee structure and composition of the committee been selected?<br>This should include:                     |     |   | In 2018, meeting times were altered to widen the pool of Councillors who could be appointed to the committee  |
|                               | ▪ separation from the executive  | ✓   |   | To 2020/21, Cabinet members were not permitted to serve on the Committee. From May 2021, the move to the committee system of governance means there is no longer a Cabinet, so the 'executive' is now Full Council  |
|                               | ▪ an appropriate mix of knowledge and skills among the membership  |     | ✓ | Appointment to the committee is by Group Leaders and approved by Annual Council and will generally provide an eclectic mix of skills and experience   |
|                               | ▪ a size of committee that is not unwieldy   | ✓   |   | Set in the Constitution as 11 (was 10 to 2020/21) and following political balance   |
|                               | ▪ consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)   |     | ✓ | It is felt that the time and cost of recruiting and training an independent member would significantly outweigh any potential benefit at this time, but the situation will be kept under consideration  |
| 13                            | Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council?    | n/a |   |   |
| 14                            | Does the chair of the committee have appropriate knowledge and skills?   |     | ✓ | Appropriate knowledge and skills will have been considered by the Group Leaders as part of the appointment process<br><br>The 2021/22 Chair has been a member and also past-Chair of the Committee  |
| 15                            | Are arrangements in place to support the committee with briefings and training?  |     | ✓ | Periodic briefings are provided to the Committee e.g. on treasury management, risk management, etc.<br><br>More general committee training may also be available corporately<br><br>A detailed induction program for members was provided for Members after the District Elections in May 2019  |
| 16                            | Has membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?            |     | ✓ | Induction training for members of the Committee was provided after the 2019 District Elections<br><br>Briefings / updates are provided by officers, as appropriate, at committee meetings and additional technical briefings are provided (e.g. covering risk, treasury management, etc.)   |

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|                                       |  |   |   | Members may also receive additional specific training where they serve on other committees and some 'soft skills' training e.g. chairing skills can be requested through HR  |
| 17                                    | Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?                            | ✓ |   | The political balance of the Council has changed since the 2019 District Elections, resulting in a change of control from May 2021. A new Chair was appointed and several new members also appointed to the Committee  |
| 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?   |   | ✓ | Committee minutes and recommendations are provided to Full Council. While there is not 'positive' feedback, nothing adverse is generally raised by either Full Council or the external auditors  |
| 20                                    | Are meetings effective with a good level of discussion and engagement from all the members?  | ✓ |   | The Chair will direct members of the committee to the key areas for discussion and encourage Member debate<br>Attendance / engagement was a previous concern and the start time of meetings was altered in 2018 in order to improve this   |
| 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? |   | ✓ | While the committee has the power to question specific officers, this is generally on an exceptional basis (e.g. the special committee meeting in 2017 covering the Local Property Company)<br>The Guidance states " <i>The audit committee is most effective in supporting internal accountability when it discusses governance, risk or control issues with the responsible managers directly. In the most recent CIPFA survey, this was an area that heads of audit identified for improvement in their audit committees.</i> "<br>This is therefore something for consideration e.g. if there are areas of concern / low assurance from the work of internal or external audit, long outstanding actions from the AGS or internal audits, etc. |
| 22                                    | Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?  | ✓ |   | Recommendations from the committee are referred to Full Council<br>Those from the cyclical work of the committee (e.g. treasury management) are generally accepted, while some recommendations will be subject for challenge and debate (e.g. regarding Members' allowances, etc.)   |
| 23                                    | Has the committee evaluated whether and how it is adding value to the organisation?  |   | ✓ | The Guidance states "Where it operates effectively, an audit committee adds value to its authority by supporting improvement across a range of objectives."<br>An appendix to the Guidance identifies areas where / examples of how the committee can add value and these are generally embedded in its operation  |
| 24                                    | Does the committee have an action plan to improve any areas of weakness?   |   | ✓ | The operation of the committee and any weaknesses / areas for improvement will be considered by the Chair with the appropriate officers  |
| 25                                    | Does the committee publish an annual report to account for its performance and explain its work?   | ✓ |   | Chair's Annual Report is presented to Full Council for approval  |

(From CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police, 2018)

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Committee

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