

REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2021/22

Audit Committee - 14 July 2022

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Consideration

Key Decision: No

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Adrian Rowbotham, Ext. 7153

Recommendation to Audit Committee:

- (a) That Members **discuss** and subject to comments, **approve** the Self-Assessment Review of the Effectiveness of the Audit Committee (Appendix A) for 2021/22.

Reason for recommendation: The Audit Committee is a key component of the Council's governance framework. It is an important source of assurance for the Council's arrangements to manage risk, maintain an effective control environment and report on financial and other performance. It is therefore vital that the Audit Committee is effective, and that we have arrangements in place to continually support, develop and enhance the Committee.

The self-assessment against CIPFA's **Audit Committees - Practical Guidance for Local Authorities 2018** indicates that the arrangements in place are largely compliant, recognising that the knowledge of the committee needs to be kept up to date.

Introduction and Background

- 1 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. CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for public finance. They have recognised the importance of the Audit Committee and issued a position statement setting out the functions, composition, skills and requirements. As part of this guidance, they published a self-assessment checklist against each of the key requirements.

- 2 Members of this Committee have always supported the notion of continual development and improvement, and have accepted the underlying principles set out in the CIPFA guidance. Therefore, the Committee has undertaken a self-assessment for a number of years, and it is currently based on the self-assessment checklist published with the 2018 guidance.
- 3 The outcomes of the assessment (**Appendix A**) show that the Committee complies with most aspects set out in the checklist with a few areas that Members may wish to consider if there is anything further that can be done.
- 4 The assessment has been completed as far as possible drawing from the work of the Committee and its Terms of Reference during 2021/22. The checklist incorporates the following four key areas:
 - **Audit Committee Purpose and Governance** - Does it comply with good practice?
 - **Functions of the Committee** - Is there sufficient oversight in key areas?
 - **Membership and Support** - Do Members have the right skills, training and support from the wider organisation?
 - **Effectiveness of the Committee** - How well does the Committee discharge its duties?

Next Steps

- 5 Members are asked to review the self-assessment and consider whether they agree with the outputs, including any areas marked as not fully met. Where areas are not yet being fully met, Members are asked to agree to develop an action plan which will be reviewed throughout the 2022/23 financial year.

Key Implications

Financial

None.

Legal Implications and Risk Assessment Statement

None.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Value for Money

An effective Audit Committee will contribute towards the overall management of the Council and would help to improve good value for money in service provision.

Conclusions

The self-assessment against CIPFA's **Audit Committees - Practical Guidance for Local Authorities 2018** indicates that the arrangements in place are largely compliant, recognising that the knowledge of the committee needs to be kept up to date.

Appendices

Appendix A - Self-Assessment Checklist & outcomes

Background Papers

CIPFA: Support for Audit Committees <https://www.cipfa.org/services/support-for-audit-committees>

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading