

REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2023/24

Audit Committee – 9 July 2024

Report of: (insert Deputy Chief Executive and Chief Officer – Finance & Trading

Status: For Consideration

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer(s): Adrian Rowbotham, Ext. 7153

Jennifer Warrillow, Ext. 7053

Recommendation to Audit Committee:

That Members **discuss** and subject to comments, **approve** the Self-Assessment Review of the Effectiveness of the Audit Committee (Appendix A) for 2023/24.

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 and Police (2022 edition)** 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 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 2022 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 2023/24. The checklist incorporates the following four key areas:
 - Audit Committee Purpose and Governance.
 - Functions of the Audit Committee.
 - Membership and Support.
 - Effectiveness of the Committee.

Questionnaire for Members of the Audit Committee

- 5 In addition to the above, a separate questionnaire has been sent to each member of the 2023/24 Audit Committee in order to obtain their individual views on the workings of the Committee and their own personal contribution to the work of the Committee.
- 6 The responses to the questionnaire can be found in **Appendix B**.

Further Information

- 7 The following documents are included for information:
 - CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022 (**Appendix C**).

- Audit Committee Terms of Reference (**Appendix D**).

Next Steps

- 8 Members are asked to review the self-assessment and consider whether they agree with the comments, including any areas marked as not fully compliant. Where areas are not yet fully compliant, Members are asked to comment on the 'consideration for improvement' proposals.

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.

Climate Change Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to tackle the challenge of climate change. 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 and Police (2022 edition)** 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

Appendix B - Questionnaire Responses

Appendix C – CIPFA’s Position Statement: Audit Committees in Local Authorities and Police 2022

Appendix D – Audit Committee Terms of Reference

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer – Finance & Trading