

Audit Committee: Self-Assessment of Effectiveness

(Extract from CIPFA, Audit Committees: Practical Guidance for Local Authorities and Police, published October 2022)

CIPFA outlines that the checklist below provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement on Audit Committees in Local Authorities, and broader practical guidance referred to above. Within the practical guidance CIPFA specifically states:

“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. A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.”

Good Practice Question		Does not comply	Partly Complies and extent of improvement needed			Fully Complies	Issue/Consideration for improvement
			Major improvement	Significant improvement	Moderate improvement		
Weighting of Answers		0	1	2	3	5	
Audit Committee Purpose and Governance							
1	Does the authority have a dedicated audit committee that is not combined with other functions (e.g., standards, ethics, scrutiny)?					5	
2	Does the Audit Committee report directly to the governing body - full council					5	

3	Has the audit committee maintained its advisory role by not taking on any decision-making powers?					5		
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFAs 2022 Position Statement?					5		
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?					5		
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?				3		It is understood by the Audit Committee Chair that this could be done, though the Committee ToR does make reference to the ability to escalate issues and concerns and the committee has not done this in recent years. Consideration for improvement -Advise Members of the Committee that they have the ability to raise issues and concerns if needed.	
7	Does the governing body hold the audit committee to account for its performance at least annually?					5		
8	Does the audit committee publish an annual report in accordance with the 2022 guidance, including:							
	• Compliance with the CIPFA position statement 2022	0					The Audit Committee Chair reports	

	<ul style="list-style-type: none"> Results of the annual evaluation, development work undertaken and planned improvements 					5	<p>regularly to Council on the activity of the Committee. However, this has not included a reference to compliance with the CIPFA position statement.</p> <p>Consideration for improvement - Consider including a statement on compliance with the CIPFA position statement in reporting to Council.</p>
	<ul style="list-style-type: none"> How has it fulfilled its terms of reference and the key issues escalated in the year? 					5	

Functions of the Audit Committee							
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's position statement as follows:						
	Governance arrangements					5	
	Risk management arrangements					5	
	Internal control arrangements, including. <ul style="list-style-type: none"> Financial management Value for money Ethics and standards Counter fraud and corruption 				3		<p>The Audit Committee's ToR do not make explicit reference to ethics, though they do reference standards.</p> <p>Consideration for improvement - The Committee's ToR will need to be reviewed in light of upcoming changes to the Internal Audit Standards, so these changes can be incorporated into that review.</p>

	Annual governance statement					5	
	Financial reporting					5	
	Assurance framework					5	
	Internal Audit					5	
	External Audit					5	
10	Over the last year, has adequate consideration been given to all core areas?					5	
11	Over the last year, has the committee only considered agenda items that align with its core functions, as set out in the 2022 guidance?					5	
12	Has the committee met privately with the external auditors and head of internal audit in the last year?				3		<p>The Audit Committee have not met in private with the external auditors or head of internal audit (Audit Manager). The Chair of the Audit Committee is aware that they could arrange to meet in private if they so wished. The Chair of the Audit Committee has met with the Audit Manager outside of public meetings, with other executive officers present.</p> <p>Consideration for improvement - Provide an opportunity for the Audit Committee to meet in private with both the external auditors and the Audit Manager at least once a year.</p>

Membership and Support

13	Has the committee been established in accordance with the 2022 guidance as follows?						
	• Separation from executive					5	
	• A size that is not unwieldy and avoids use of substitutes					5	
	• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation.					5	
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?			2			<p>The two co-opted members have a person specification, and qualifying criteria, and both appointments made after assessment of that criteria. The roles were publicly advertised, and competitive interviews held.</p> <p>In terms of voting members, they are selected from current serving elected members and the correct political balance is maintained.</p> <p>The leader of the Council recommended the appointments to the Audit Committee.</p> <p>Consideration for improvement - Member development to be provided to enhance knowledge and skills.</p>

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?				3		We have devised an initial training plan based on the Committee being made up of completely new Members and will be issuing evaluation forms to assess training needs after this round of development.
16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					5	
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?				3		There was a satisfactory level of knowledge with the previous Audit Committee. See 15 above.
18	Is adequate secretariat and administrative support provided to the committee?					5	
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5	
Effectiveness of the Committee							
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?				3		The Chair of the Audit Committee reports to Council annually, therefore, the opportunity to provide feedback is available, though this has not been offered. Consideration for improvement - Review future Audit Committee Chair reports to Council with a view to

							including a recommendation to obtain detailed feedback.
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5	
22	Are meetings effective with a good level of discussion and engagement from all the members?					5	
23	Has the committee maintained a non-political approach to discussions throughout?					5	
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?			2			Audit Committee members are aware they can ask for Officers to attend Committee but have yet to request this. Risks and audit findings are discussed with the Audit Manager and Chief Officer for Finance & Trading (s.151 Officer) Consideration for improvement - Consider whether risk owners and certain audit sponsors should be invited to attend Audit Committee.
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5	This has not been required as yet, but the option is available if needed.
26	Do audit committee recommendations have traction with those in leadership roles?					5	None have been made in the last two years, though the Chief Officer for Finance & Trading (s.151 Officer)

							regularly engages with Audit Committee Chair.
27	Has the committee evaluated whether and how it is adding value to the organisation?					5	
28	Does the committee have an action plan to improve any areas of weakness?					5	
29	Has this assessment been undertaken collaboratively with the audit committee members?					5	
	Subtotal Score	0	0	4	18	155	
	Total Score (max score is 200 - 40 questions multiplied by 5)	177					