

Audit Committee Arrangements: Initial Self-Assessment of Good Practice (March 2024)

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

CIPFA states that this checklist provides a high-level review that incorporates the key principles set out in CIPFA’s Position Statement on Audit Committees in Local Authorities, and the wider *Practical Guidance* publication referred to above. CIPFA 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 Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
		Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	

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)?					✓	Dedicated Audit Committee established as a full, politically balanced committee of Council. Audit Committee is not combined with any other function.
2	Does the Audit Committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?					✓	Minutes of all Audit Committee meetings are considered by the next meeting of full Council. An annual report from Audit Committee to Council was prepared for 2022/23 and will be prepared for the 2023/24 year.

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
			Major improvement	Significant improvement	Moderate improvement	Minor improvement	
3	Has the committee maintained its advisory role by not taking on any decision-making powers?					✓	
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?					✓	The Audit Committee's Terms of Reference were updated following the issue of CIPFA's updated guidance and Position Statement in 2022. CIPFA's Position Statement and suggested terms of reference for an Audit Committee have been adopted in full.
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?					✓	A review of arrangements, including an evaluation of required training and support for members of Audit Committee and potential wider elected members' training programme, led by the former independent Chair, commenced before the former Chair stood down from their position. The review will be discussed with the new independent co-opted Chair of Audit Committee following appointment.

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
			Major improvement	Significant improvement	Moderate improvement	Minor improvement	
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					✓	The introduction of a monitoring report / action log for Audit Committee helps to ensure that any issues or concerns are escalated for appropriate action.
7	Does the governing body hold the audit committee to account for its performance at least annually?					✓	See question 2 above. Minutes of all Audit Committee meetings are considered by the next meeting of full Council. An annual report from Audit Committee, for the 2022/23 year, was prepared for presentation to Council. An annual report for 2023/24 will also be prepared for presentation to Council.
8	Does the committee publish an annual report in accordance with the 2022 guidance, including:						See question 2 above.
	• compliance with the CIPFA Position Statement 2022					✓	An annual report from Audit Committee, for the 2022/23 year, was prepared for presentation to Council. An annual report for 2023/24 will also be prepared for presentation to Council.
	• results of the annual evaluation, development					✓	

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
		Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
	work undertaken and planned improvements						Annual reports cover all requirements of CIPFA's good practice guidance.
	• how it has fulfilled its terms of reference and the key issues escalated in the year?					✓	

Functions of the 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					✓	The Audit Committee's Terms of Reference were updated following the issue of CIPFA's updated guidance and Position Statement in 2022. CIPFA's Position Statement and suggested terms of reference for an Audit Committee have been adopted in full, including reference to all core areas.
	Risk management arrangements					✓	
	Internal control arrangements, including: • financial management • value for money • ethics and standards • counter fraud and corruption					✓	
	Annual governance statement					✓	
	Financial reporting					✓	
	Assurance framework					✓	
	Internal audit					✓	
	External audit					✓	

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
			Major improvement	Significant improvement	Moderate improvement	Minor improvement	
10	Over the last year, has adequate consideration been given to all core areas?					✓	Core areas are considered when developing and agreeing the Audit Committee's work programme each year. This area will be assessed further as part of a wider review of Audit Committee arrangements, to be discussed with the new independent co-opted Chair of Audit Committee following appointment.
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?					✓	'Wider functions' such as Treasury Management and External Assessment Reports are included within the Audit Committee's agreed annual work programme, with core functions as set out in CIPFA's guidance. There is a need to continue to maintain a distinction between the roles of Audit Committee and the Scrutiny function. This area will be assessed further as part of a wider review of Audit Committee arrangements, to be discussed with the new independent co-

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
			Major improvement	Significant improvement	Moderate improvement	Minor improvement	
							opted Chair of Audit Committee following appointment.
12	Has the committee met privately with the external auditors and head of internal audit in the last year?					✓	Arrangements are in place to allow Audit Committee to meet privately with the external auditors and Head of Internal Audit & Risk Management when required.

Membership and support

13	Has the committee been established in accordance with the 2022 guidance as follows?						
	• Separation from executive					✓	
	• A size that is not unwieldy and avoids use of substitutes					✓	
	• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation					✓	

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
			Major improvement	Significant improvement	Moderate improvement		
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?			✓			<p>As a local authority, members of our audit committee are appointed from current serving elected members.</p> <p>The required knowledge, skills and training needs have previously been discussed with Audit Committee members with no issues identified. A review of arrangements, including an evaluation of required knowledge, skills, training and support for members of Audit Committee and potential wider elected members' training programme, led by the former independent Chair, commenced before the former Chair stood down from their position. The review will be discussed with the new independent co-opted Chair of Audit Committee following appointment.</p> <p>Knowledge and skills are specifically considered when appointing independent co-opted members.</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?			✓			

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
			Major improvement	Significant improvement	Moderate improvement		
16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?			✓			See questions 14 and 15 above. Whilst some training and support has been provided to Audit Committee, it is proposed that an appropriate training programme is assessed as part of a wider review of Audit Committee arrangements, using the 2022 guidance, following the new independent co-opted Chair of Audit Committee's appointment.
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?				✓		
18	Is adequate secretariat and administrative support provided to the committee?					✓	
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					✓	

Effectiveness of the committee

20	Has the committee obtained positive feedback on its performance from those interacting with the				✓		An annual report from Audit Committee for 2022/23 was presented to Council, where Audit Committee was thanked for its work.
----	---	--	--	--	---	--	---

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
			Major improvement	Significant improvement	Moderate improvement	Minor improvement	
	committee or relying on its work?						This area will be discussed further with the new independent co-opted Chair of Audit Committee following appointment.
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					✓	
22	Are meetings effective with a good level of discussion and engagement from all the members?					✓	
23	Has the committee maintained a non-political approach to discussions throughout?					✓	This has regularly been discussed with Audit Committee and reinforced by the Chair during the year.
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?					✓	Audit Committee has been attended by a range of officers, according to the content of reports presented. Inviting responsible officers to attend Audit Committee to discuss audit findings or risks has previously been considered and is an option open to Audit Committee. It is

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
			Major improvement	Significant improvement	Moderate improvement		
							proposed that this is considered as part of a review following the appointment of the new independent co-opted Chair.
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					✓	It would not be usual for recommendations from Audit Committee to be made regularly, but this is a facility which Audit Committee has utilised when appropriate.
26	Do audit committee recommendations have traction with those in leadership roles?					✓	This has been helped by the introduction of the monitoring report / action log for Audit Committee. This has been introduced to help ensure that any request / recommendation of Audit Committee can be recorded and the log is considered and reviewed as a standing agenda item of Audit Committee meetings. It is proposed that the review following the appointment of the new independent co-opted Chair includes evaluating how Audit Committee interacts with other areas of the organisation.

	Good Practice Questions	Does not comply	Partially complies and extent of improvement needed			Fully complies	Comments
			Major improvement	Significant improvement	Moderate improvement		
27	Has the committee evaluated whether and how it is adding value to the organisation?				✓		<p>Audit Committee has previously evaluated value added as part of earlier reviews of Audit Committee arrangements.</p> <p>It is proposed that this evaluation is undertaken as part of a wider review following the appointment of the new independent co-opted Chair.</p>
28	Does the committee have an action plan to improve any areas of weakness?				✓		<p>An action plan will be developed, including actions arising from the self-assessment and from the proposed review and reported back to future meetings of Audit Committee.</p>
29	Has this assessment been undertaken collaboratively with the audit committee members?					✓	<p>The assessment has been undertaken with Deputy Chair of Audit Committee and all members of the Audit Committee consulted, prior to discussion of the self-assessment by Audit Committee.</p>