

AUDIT & GOVERNANCE COMMITTEE: SELF-ASSESSMENT OF GOOD PRACTICE¹

	Yes/ Partly/ No	Comment
1. Does the authority have a dedicated audit committee?	Y	
2. Does the audit committee report directly to full council?	Y	
3. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Y	<p>The task group undertook a comparison of the committee's terms of reference with the CIPFA suggested terms of reference for local authorities. While wishing to recommend to Council that it makes a small number of minor amendments to the terms of reference, overall it was satisfied with the committee's terms of reference which are more concise than the CIPFA document.</p> <p>See recommendation 1 of the main report.</p>
4. Is the role and purpose of the audit committee understood and accepted across the authority?	P	<p>In the survey of senior Members and officers, there was a mixed response from a limited number of respondents about this. Engagement with Council Members and officers was rated from very good to poor. The task group discussed how to improve engagement with some Cabinet Members, backbench Members and services.</p> <p>The relationship with the Leader of the Council, Chief Executive, Cabinet Portfolio Holder, Chief Internal Auditor, Risk & Governance Manager, Director of Finance and external audit was felt to be a particular strength of the committee.</p> <p>The committee produces an Annual Report on its activities which is taken to Council, it contributes to a quarterly newsletter on the regulatory committees which is circulated to Members of the Council, and it regularly refers matters and takes reports on issues to other committees and the Council.</p>

¹ Sourced from Appendix D of CIPFA's 2013 'Audit Committees: Practical Guidance for Local Authorities and Police'

	Yes/ Partly/ No	Comment
		<p>It was suggested that more could be done to raise the committee's profile with officers eg through doing an annual article for SNet with a photograph of the committee.</p> <p>Some confusion about the boundaries between Audit & Governance Committee and the Select Committees was expressed by witnesses.</p> <p>See recommendation 2 & 3 of the main report.</p>
5. Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y	This is discussed in the evaluation of effectiveness. The evidence indicates that while there are always areas for development, the committee is effective in providing 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 effectively?	P	<p>The committee regularly takes reports to Council and Cabinet, including an annual report detailing its activities during the year. The Chairman presents the reports at Cabinet and Council. However, many witnesses pointed out that the reports are at the end of the agenda and there was never any scrutiny or challenge of the reports. It wasn't clear whether the lack of questioning was due to endorsement of the Audit & Governance Committee or a lack of interest. It was suggested by a member of the task group that the committee's annual report could be used to make wider points about the council's control framework.</p> <p>See recommendation 2 of the main report.</p>
7. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?		<p>The task group has compared the committee's terms of reference with CIPFA's suggested terms of reference.</p> <p>See recommendation 1 of the main report.</p>
<ul style="list-style-type: none"> • Good governance 	Y	The committee's terms of reference does address good governance as outlined in CIPFA's Position Statement.
<ul style="list-style-type: none"> • Assurance framework 	N	The assurance framework is not explicitly addressed by the committee's terms of reference although the committee does receive assurance from various sources. The Chief Internal Auditor is currently undertaking an assurance mapping exercise which

	Yes/ Partly/ No	Comment
		can then be scrutinised by the committee.
<ul style="list-style-type: none"> Internal audit 	Y	The committee's terms of reference does not specifically address every point in CIPFA's suggested terms of reference. However, the recommendations will ensure that the terms of reference encompass these points concisely.
<ul style="list-style-type: none"> External audit 	Y	The committee's terms of reference closely matches the core function regarding external audit as identified in CIPFA's Position Statement. It was not felt necessary to expand on this in the terms of reference eg to explicitly mention supporting effective relationships between external audit and internal audit.
<ul style="list-style-type: none"> Financial reporting 	Y	The committee's terms of reference closely matches the core function regarding financial reporting as identified in CIPFA's Position Statement. The committee felt it unnecessary to add the further detail from CIPFA's suggested terms of reference.
<ul style="list-style-type: none"> Risk management 	Y	The committee's terms of reference closely matches the core function regarding risk management as identified in CIPFA's Position Statement.
<ul style="list-style-type: none"> Value for money or best value 	N	This is not explicitly mentioned in the committee's terms of reference.
<ul style="list-style-type: none"> Counter-fraud and corruption 	P	The committee's terms of reference partly reflects the core function regarding counter-fraud. Recommendations will ensure that the terms of reference encompass the core concerns concisely.
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?	Y	The effectiveness review has undertaken an evaluation of whether the committee is fulfilling its terms of reference. The annual report does demonstrate how the committee fulfils its terms of reference.

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?	Y	The task group considered this when reviewing the comparison chart and will make a recommendation based on this. See the comparison chart at Annex 1 and recommendation 1 of the main report.
10. Where the coverage of core areas has been found to be limited, are plans in place to address this?	Y	This is addressed under point 7.
11. Has the committee maintained its non-executive advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y	The committee is satisfied that the additional responsibilities delegated to it are supported by CIPFA guidance as possible wider functions for the committee or otherwise links with them.
12. Has an effective audit committee structure and composition of the committee been selected? This should include:		
<ul style="list-style-type: none"> Separation from the executive 	Y	The committee is chaired by a member of an opposition group and no current Cabinet Members sit on the committee. It was suggested that objectivity was a useful aim for the committee rather than independence.
<ul style="list-style-type: none"> An appropriate mix of knowledge and skills among the membership 	Y	<p>A knowledge and skills analysis was undertaken of current committee members and it was concluded that there was a good level of knowledge and skills. See Annex 4 and recommendation 13 of the main report.</p> <p>Members and officers agreed that there was a good mix of knowledge and skills on the Audit & Governance Committee. The Committee was able to ask good questions and understood the answers. The inclusion of an ex-Cabinet Member was felt to be useful to bring valuable insights into the Cabinet decision-making process.</p> <p>The questioning skills of the committee were discussed. There was a view that the first questions asked were good but that the follow-up was never tough enough.</p>

<ul style="list-style-type: none"> A size of committee that is not unwieldy 	Y	The size of the committee was discussed with a number of witnesses. Some felt that a larger committee would allow for broader experience and knowledge and pointed out that a small number of absences from a smaller committee can have a big impact on the discussion. Others agreed that smaller groups were better able to use effective probing techniques and be more strategic in its approach. On balance it was agreed that the committee was an effective size.
<ul style="list-style-type: none"> Where independent members are used, that they have been appointed using an appropriate process. 	-	N/A as no independent members. It was suggested by a witness that the committee could consider co-opting Members as they would provide complete independence.
13. Does the chair of the committee have appropriate knowledge and skills?	Y	It was widely acknowledged that the Chairman has the knowledge and skills required for his role. This is backed up by the knowledge and skills survey of committee members.
14. Are arrangements in place to support the committee with briefings and training?	Y	The Committee receives regular information bulletins and training in relevant issues such as risk management and the accounts. Individualised training programmes will be agreed with Members as required.
15. Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y	A knowledge and skills analysis was undertaken of current committee members and it was concluded that there was a good level of knowledge and skills. See Annex 4 and recommendation 13 of the main report.
16. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	Y	The Chief Internal Auditor, Director of Finance, Monitoring Officer, Risk and Governance Manager, and external auditors all felt that they had good relationships with the committee, were able to have unfettered and regular contact with the Chairman, and had open door policies for the rest of the committee.
17. Is adequate secretariat and administrative support to the committee provided?	Y	The task group assessed this area and agreed that support was adequate.

18. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y	This has been obtained through meeting with officers and other Members, and through circulating a survey to senior Members and officers.
19. Has the committee evaluated whether and how it is adding value to the organisation?	Y	The Committee has considered and evaluated the effectiveness of the audit committee. See Annex 3.
20. Does the committee have an action plan to improve any areas of weakness?	Y	A number of recommendations are being made following the effectiveness review and implementation will be monitored.