

AUDIT & GOVERNANCE COMMITTEE - SELF ASSESSMENT OF GOOD PRACTICE



1. HIGH LEVEL REVIEW OF KEY PRINCIPLES

	GOOD PRACTICE QUESTIONS	SELF ASSESSMENT (KNOWLEDGE) (Please indicate with X in the relevant box)			STRENGTHS / WHAT WORKS WELL	AREAS FOR IMPROVEMENT
		YES	PARTLY	NO		
Audit committee purpose and governance						
1	Does the audit committee report directly to full council?	X			Under the constitution the committee reports to Full Council.	
2	Do the Terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	X			Statement of Purpose included in the terms of reference is in accordance with the CIPFA's position statement. The Terms of Reference are part of the constitution and are therefore checked by Legal Services, the Monitoring Officer and approved by Full Council.	
3	Is the role and purpose of the audit committee understood and accepted across the authority?		X		The role of Audit Committee is covered in the members induction and the Introduction to Local Government Finance training all members.	Introduce the annual report from Audit Committee to Council on its role and performance as required by the Audit Committee Terms of Reference 1.14.31 and 1.14.32 and as required by the good practice guidance – this will improve the understanding of the role of the committee.

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		YES	PARTLY	NO		
4	Does the audit committee provide support to the authority in meeting the requirements of good governance?	X			The audit committee provides independent review of governance, risk management and control frameworks including internal controls via internal audit.	The Local Code of Governance forms part of the Constitution. This currently references PFD committee having responsibility for the Council governance and audit. This will be amended to the Audit Committee. The Local Code of Governance will be reviewed annually and reported to Audit Committee.
5	Are the arrangements to hold the committee to account for its performance operating satisfactorily?		X		Accountability arrangements are included in the terms of reference but are not being fully delivered.	Introduce the annual report from Audit Committee to Council on its role and performance as required by the Audit Committee Terms of Reference 1.14.31 and 1.14.32 and as required by the good practice guidance – this will improve the arrangement for holding the committee to account for its performance.
Functions of the committee						
6	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?					

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	YES	PARTLY	NO		
<ul style="list-style-type: none"> Good governance 	X			Included in Terms of Reference	
<ul style="list-style-type: none"> Assurance framework, including partnerships and collaboration arrangements 		X		Assurance framework is included Terms of Reference but does not specifically include partnerships and collaboration arrangements.	Update terms of reference to include partnerships and collaboration arrangements.
<ul style="list-style-type: none"> Internal audit 	X				
<ul style="list-style-type: none"> External audit 	X				
<ul style="list-style-type: none"> Financial reporting 	X				
<ul style="list-style-type: none"> Risk Management 	X				
<ul style="list-style-type: none"> Value for money or best value 	X				
<ul style="list-style-type: none"> Counter fraud and corruption 		X			This is included in the remit of the committee but is not currently being reported on to the Committee – the Fraud Policy was approved by PFD. Fraud Policy and updates will be reported to Audit Committee.
<ul style="list-style-type: none"> Supporting the ethical framework 			X	Included in PFD terms of reference.	Consider where the ethical framework fits – Audit Committee or PFD. If Audit Committee terms of reference to be updated and information will be reported to Audit Committee.

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7	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?	X			This is the first assessment.	This assessment will be repeated on annual basis.
8	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?				Treasury Management reports to PFD. Improvement programmes report to Services. Therefore, not required to report to Audit Committee also.	
9	Where coverage of core areas has been found to be limited, are plans in place to address this?	X				See comments made against each core area above.
10	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	X			All decisions by the Committee are inline with the core purposes set out in the terms of reference.	
Membership and Support						
11	Has an effective audit committee structure and composition of the committee been selected?		X			Consideration should be given by the Committee as to whether the committee is in agreement that

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	This should include: <ul style="list-style-type: none"> ▪ Separation from the executive ▪ An appropriate mix of knowledge and skills among the membership ▪ A size of committee that is not unwieldy 				7 members plus an independent – not unwieldy.	the Leader and Chair of Services are on the committee. Consideration should be given by the committee as to whether an independent member is appointed to the Committee.
12	Does the chair of the committee have appropriate knowledge and skills?		X		Experience of working in local government with responsibility for managing contract performance, performing a scrutiny role. The Chair has attended training delivered by the PSAA and the internal training sessions held.	To attend further training.
13	Are arrangements in place to support the committee with briefings and training?	X				A training programme has recently been developed for the audit committee – first session has been completed on the role of internal audit. Members of the committee are included in training offered to all members such as introduction to Local Government Finance.

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14	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			X		This is an action to be completed following this self-evaluation.
15	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?		X		The external audit, internal audit and the CFO attend committee regularly and currently have good working relations.	Changes to post holders will mean new relationships will need to be established.
16	Is adequate secretariat and administrative support to the committee provided?	X			Provided by Democratic Services	
17	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		X		Where required items are escalated to Full Council e.g. the Annual Auditors Report, meaning there is opportunity for feedback.	Annual feedback from Full Council will be gained through the introduction of the annual report.
18	Are meetings effective with a good level of discussion and engagement from all members?	X			Good level of discussions and challenge take place.	Change in members may mean new members need to be embedded into the Audit Committee role.

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19	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with responsible officers?	X			Managers are asked to attend and update on specific issues examples included licensing, housing, IT contractor.	To ensure this happens when it is appropriate.
20	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	X			The committee agrees officer recommendation and may add/amend recommendations. Enacting on recommendations/actions is ensured through future reports to committee and through actions being minuted and followed up in the next meeting.	
21	Has the committee evaluated whether and how it is adding value to the organisation?	X			This self-assessment. Referenced in the Annual Governance Statement.	
22	Does the committee have an action plan to improve any areas of weakness?	X				There will be an action plan following this assessment and improvement actions identified.
23	Does the committee publish an annual report to account for its performance and explain its work?			X		An annual report from Audit Committee to Council is to be introduced.

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		YES	PARTLY	NO		

2. EVALUATING THE EFFECTIVENESS OF THE AUDIT COMMITTEE

Assessment Key

5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited
1	No evidence can be found that the audit committee has supported improvements in this area

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AREAS WHERE THE AUDIT COMMITTEE CAN ADD VALUE BY SUPPORTING IMPROVEMENT	EXAMPLES OF HOW THE AUDIT COMMITTEE CAN ADD VALUE AND PROVIDE EVIDENCE OF EFFECTIVENESS	SELF EVALUATION, EXAMPLES , AREAS OF STRENGTH AND WEAKNESS	OVERALL ASSESSMENT 5-1 (SEE KEY ABOVE)
Promoting the principles of good governance and their application to decision making	<ul style="list-style-type: none"> ▪ Supporting the development of a local code of governance ▪ Providing robust review of the AGS and the assurances underpinning it ▪ Working with key members to improve their understanding of the AGS and their contribution to it ▪ Supporting reviews/audits of governance arrangements ▪ Participating in self- assessments of governance arrangements ▪ Working with partner audit committees to review governance arrangements in partnerships 	<p>Action to be implemented - Local Code of Governance to be presented and reviewed by the Audit Committee.</p> <p>The AGS is reviewed annually by Audit Committee.</p> <p>The AGS is presented to the Audit Committee on an annual basis.</p> <p>Regular reports are included from internal and external auditors and on risk management.</p> <p>Completing this self-assessment on an annual basis.</p> <p>Area for improvement – will be included in action plan – Lightbulb, helping hands, SLM</p>	4
Contributing to the development of an effective control environment	<ul style="list-style-type: none"> • Actively monitoring the implementation of recommendations from auditors • Encouraging ownership of the internal control framework by appropriate managers • Raising significant concerns over controls with appropriate senior manager 	<p>Regular reports re received covering progress against recommendations.</p> <p>Managers are asked to attend and update on specific internal control issues examples included licensing, housing, IT contractor.</p> <p>CFO asked to provide committee update on historical audit recommendations.</p>	4

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Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<ul style="list-style-type: none"> • Reviewing risk management arrangements and their effectiveness, eg risk management benchmarking • Monitoring improvements • Holding risk owners to account for major/strategic risks 	Audit Committee receive a quarterly report on the Strategic Risk Register. Includes actions being taken and progress on actions.	4
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<ul style="list-style-type: none"> • Specifying its assurance needs, identifying gaps or overlaps in assurance • Seeking to streamline assurance gathering and reporting • Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit 	Review and approve the Annual Governance Statement. Area for improvement – Annual review of the Local Code of Governance by the Committee.	4
Supporting the quality of the internal audit activity, particularly by underpinning its	<ul style="list-style-type: none"> • Reviewing the audit charter and functional reporting arrangements • Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements 	Included in the annual internal audit plan approved by the Committee. Achieved by reviewing and noting the regular monitoring reports from internal audit.	4

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organisational independence	<ul style="list-style-type: none"> Actively supporting the quality assurance and improvement programme of internal audit 	The internal audit monitoring reports include key performance indicators for the internal audit provision.	
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	<ul style="list-style-type: none"> Reviewing how the governance arrangements support the achievement of sustainable outcomes Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place Reviewing the effectiveness of performance management arrangements 	Annual Governance Statement. Area for improvement – Corporate Projects Assurance Board to periodically report to Audit Committee. Not Audit Committee remit covered by Services Committee.	3
Supporting the development of robust arrangements for ensuring value for money	<ul style="list-style-type: none"> Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee Considering how performance in value for money is evaluated as part of the AGS 	The Committee receive, review and notes the Annual Audit report from the External Auditors on the Value for Money arrangements. The Committee receive, review and notes the AGS including improvement actions.	4
Helping the authority to implement the values of good	<ul style="list-style-type: none"> Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) 	Fraud is included in the remit of the committee but is not currently being reported on to the Audit Committee. It is being reported to PFD. The Fraud Policy was approved by PFD and	2

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governance, including effective arrangements for countering fraud and corruption risks	<ul style="list-style-type: none"> • Reviewing fraud risks and the effectiveness of the organisation’s strategy to address those risks • Assessing the effectiveness of ethical governance arrangements for both staff and governors. 	<p>report. The Fraud Policy and Fraud update report will now be reported to Audit Committee.</p> <p>Ethics and Standards currently reports to PFD committee. An action is to consider where the ethical framework fits – Audit Committee or PFD.</p>	
Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability	<ul style="list-style-type: none"> • Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English • Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency • Publishing an annual report from the committee 	<p>Meetings are hybrid and can be attended by the public in person or online and they are recorded and available online.</p> <p>Area for improvement – will be included in action plan – governance at partnership arrangement such as Lightbulb, Helping Hands, SLM.</p> <p>Area for improvement – Introduce Annual Report from the Committee to Full Council.</p>	3