

# Self-assessment of Good Practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and publication. Where an audit committee has a high degree of performance against the good practice principles then 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 can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

<b>Good Practice Questions</b>	<b>Y</b>	<b>Part</b>	<b>N</b>	<b>Comment</b>	
<b>Audit committee purpose and governance</b>					
1	Does the authority have a dedicated audit committee?				The Standards and Audit Committee is a well-established committee
2	Does the audit committee report directly to full council?				The Standards and Audit Committee can make reports to full council. Council receives the minutes of the Standards and Audit Committee
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?				CIPFA's Position Statement says "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 governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place"

Good Practice Questions	Y	Part	N	Comment
				<p>The Standards and Audit Committee oversee internal and external audit and also receive reports on risk management, the financial statements and approve the Annual Governance Statement. (Appendix C – Terms of Reference)</p>
4				<p>Is the role and purpose of the audit committee understood and accepted across the authority?</p> <p>The role and function of the Standards and Audit Committee is detailed within the Council’s Constitution. The attendance of heads of service etc. at audit committee when major risks or controls are discussed helps to increase understanding of the committee’s role.</p>
5				<p>Does the audit committee provide support to the authority in meeting the requirements of good governance?</p> <p>The Standards and Audit Committee receive regular reports from internal and external audit that highlight any governance issues. The committee reviews all “Limited and Inadequate” internal audit reports. Officers are required to provide assurance to the committee that internal audit recommendations are being implemented in a timely manner thereby strengthening governance arrangements.</p>
6				<p>Are the arrangements to hold the committee to account for its performance operating satisfactorily?</p> <p>The committee reports to full council that oversees their performance. The committee produces an annual report to Council setting out the work they have undertaken during the year.</p> <p>The Chief Financial Officer, the Local Government Regulatory and Law</p>

Good Practice Questions	Y	Part	N	Comment
				<p>Manager, the Internal Audit Consortium Manager and external audit can advise the committee of its duties and responsibilities.</p>
<b>Functions of the committee</b>				
<p>7</p> <p>Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?</p> <ul style="list-style-type: none"> <li>• Good governance</li>   <li>• Assurance framework, including partnerships and collaboration arrangements</li>   <li>• Internal audit</li>   <li>• External audit</li> </ul>				<p>The committee's role and function is detailed within the Constitution (Appendix C). Extracts below:-</p> <p>To consider the effectiveness of the control environment, (including approval of the code of corporate governance and the annual assurance statement).</p> <p>To ensure that the council's assurance statements, including the annual governance statement, properly reflect the risk environment and to recommend any actions required to improve it.</p> <p>To receive an annual report from the Head of Internal Audit.</p> <p>To approve (but not direct) the council's internal audit strategy, work plan and to monitor performance.</p> <p>To review internal audits reports and to seek assurance that action has been taken where necessary</p> <p>To review external audits reports and to seek assurance that action has</p>

Good Practice Questions	Y	Part	N	Comment
<ul style="list-style-type: none"> <li data-bbox="379 434 560 501">• Financial reporting</li>   <li data-bbox="379 913 619 981">• Risk management</li>   <li data-bbox="379 1352 667 1420">• Value for money or best value</li> </ul>				<p data-bbox="1123 286 1378 353">been taken where necessary</p> <p data-bbox="1123 398 1538 792">To review the financial statements and the external auditor's opinion and reports to members (including the external auditor's annual management letter), and to monitor management action in response to the issues raised. To approve the Authority's statement of accounts</p> <p data-bbox="1123 882 1538 1263">To consider the effectiveness of the council's risk management arrangements, to ensure that the Council's assurance statements properly reflect the risk environment, to seek assurance that action is being taken on risk-related issues identified by auditors and inspectors.</p> <p data-bbox="1123 1308 1538 2002"><b>No specific mention of VFM but is this inherent within a sound control environment?</b> The role of the standards and audit Committee will need to be determined in the context of what other committees may be doing. For example, a scrutiny committee may oversee service reviews that consider performance against value for money objectives. One specific area of activity for the committee should be consideration of the external audit opinion on value for money.</p>

Good Practice Questions	Y	Part	N	Comment
<ul style="list-style-type: none"> <li>• Counter-fraud and corruption</li>   <li>• Supporting the ethical framework</li> </ul>				<p>To consider the effectiveness of associated anti-fraud and anti-corruption arrangements (including approval and review of the council's anti-fraud and corruption strategy)</p> <p>Promoting and maintaining high standards of conduct by councillors and co-opted members of the authority</p>
8				<p>This review will help the committee to determine if it is fulfilling its terms of reference.</p>
9				<p>In addition to the above the standards and audit committee also</p> <ul style="list-style-type: none"> <li>• Consider the council's treasury management strategy and arrangements.</li> <li>• Perform the role of a standards committee to support ethical values</li> </ul> <p>Other considerations raised by CIPFA's Position Statement re:-</p> <ul style="list-style-type: none"> <li>• Considering governance, risk or control matters at the request of other committees or statutory officers.</li> </ul>

Good Practice Questions	Y	Part	N	Comment
				<ul style="list-style-type: none"> <li>• Providing oversight of other public reports, such as the annual report (CBC don't produce an annual report)</li> </ul>
10				All of the core areas Appear to be covered
11				<p>The Constitution clearly sets out where decision making powers lie.</p> <p>The decisions the committee makes are in line with its core purpose e.g. approval of the Annual Governance Statement, approval of the Anti-Fraud Bribery and Corruption Policy.</p>
<b>Membership and support</b>				
12				<p>The Constitution states membership of the Standards and Audit Committee to be:-</p> <p>Composed of 8 members as follows:</p> <ul style="list-style-type: none"> <li>- Six councillors other than the executive leader. No more than one of those five councillors may be a member of the Cabinet</li> <li>- two parish representative members being one member of</li> </ul>

Good Practice Questions	Y	Part	N	Comment
	<ul style="list-style-type: none"> <li>consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement).</li> </ul>			<p>Staveley Town Council and one member of Brimington Parish Council.</p> <p>Membership from executive members on the committee is discouraged as it could deter the committee from being able to challenge or hold to account the executive on governance, risk and control matters.</p>
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and Chief Constable as appropriate for the organisation?			N/A – There are no independent Members
14	Does the chair of the committee have appropriate knowledge and skills?			<p>There are many personal qualities needed to be an effective chair, but key to these are promoting apolitical open discussion, managing meetings to cover all business and encouraging a candid approach from all participants. An interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime are also essential. A specialism in one of these areas would be an advantage.</p>

<b>Good Practice Questions</b>		<b>Y</b>	<b>Part</b>	<b>N</b>	<b>Comment</b>
15	Are arrangements in place to support the committee with briefings and training?				<p>The Committee is supported by the Chief Financial Officer, the Internal Audit Consortium Manager, the Local Government Regulatory and Law Manager and the Democratic and Scrutiny Officer.</p> <p>Training is held when Members are first appointed and at intervals through the term of office.</p>
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?				<p>No one committee member would be expected to be an expert in all areas.</p> <p>Appendix C (audit committees Practical Guidance for Local Authorities and Police) sets out a knowledge and skills framework for audit committee members and the committee chair.</p>
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?				<p>Internal and external audit, the Local Government Regulatory and Law Manager and the Chief Financial Officer all regularly attend the Standards and Audit Committee. These officers can access the committee or chair if required. The committee has the right to call any other officers of the authority as required.</p> <p>The committee receives regular internal audit, risk management, treasury management reports etc.</p>
18	Is adequate secretariat and administrative				<p>There is a Democratic and Scrutiny Officer that provides secretariat and</p>

<b>Good Practice Questions</b>	<b>Y</b>	<b>Part</b>	<b>N</b>	<b>Comment</b>
				administrative support to the committee
19				<p>The audit committee should be held to account on a regular basis by the group to which it is accountable – Council. The aspects that should specifically be considered include:-</p> <ul style="list-style-type: none"> <li>• whether the committee has fulfilled its agreed terms of reference</li> <li>• whether the committee has adopted recommended practice</li> <li>• whether the development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities</li> <li>• Whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review</li> <li>• What impact the committee has on the improvement of governance, risk and control within the authority.</li> </ul> <p>The preparation of an annual report by the committee can be a helpful way to address the key areas where the committee should be held to account.</p>

<b>Good Practice Questions</b>		<b>Y</b>	<b>Part</b>	<b>N</b>	<b>Comment</b>
20	Are meetings effective with a good level of discussion and engagement from all the members?				Does the Committee feel that all Members contribute effectively?
21	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?				The committee regularly invites officers to attend meetings to provide assurance, discuss audit findings and action plans
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?				The committee supports internal and external audit in advocating the implementation of their recommendations in relation to governance, risk and control.
23	Has the committee evaluated whether and how it is adding value to the organisation?				Through review of internal and external reports, monitoring of risk registers and other key strategies, the audit committee will hold to account those responsible for the implementation of recommendations and action plans. In addition by overseeing the process of evaluating and improving governance, risk management and control the audit committee helps those responsible for governance to ensure that accountability throughout the authority is working well. Appendix E (audit committees Practical Guidance for Local Authorities and Police) identifies areas where the audit committee can add value by supporting improvement.

<b>Good Practice Questions</b>		<b>Y</b>	<b>Part</b>	<b>N</b>	<b>Comment</b>
24	Does the committee have an action plan to improve any areas of weakness?				To be formulated if the above evaluation highlights any weaknesses
25	Does the committee publish an annual report to account for its performance and explain its work?				The last annual report was presented to Council in October 2020.