

Self-Assessment of the Audit Committee

Report of the Head of Finance and Revenues

Recommended:

1. That the summary responses of the Audit Committee members to the self-assessment evaluation be noted.
2. That an action plan be developed and reported to a later meeting, to identify opportunities to strengthen the work of the committee.

SUMMARY:

This report provides feedback on a self-assessment evaluation of the Audit Committee that has recently been undertaken by committee members. It summarises areas of recognised strength and identifies some opportunities for future development.

1 Introduction

- 1.1 The Council's Audit Committee was established in 2022 and comprises six Councillors.
- 1.2 Audit committees are a key element of a council's governance framework. To assist committee members and key officers to understand their roles and responsibilities in this area, CIPFA has produced a practical guidance note for local authorities.
- 1.3 Whilst this guidance is not statutory, it is recommended best practice. The guidance recommends that to develop the committee and provide assurance that a committee is appropriately supported, a self-assessment should be periodically undertaken.
- 1.4 A self-assessment was carried out in December 2024 and January 2025. This report summarises the findings of that assessment.

2 Self-Assessment of the Audit Committee

- 2.1 CIPFA has produced a template for the self-assessment. A copy of the template is shown in the Annex to the report. It is broken down into the four following sections, each with a series of specific questions to be considered.
 - Audit committee purpose and governance
 - Functions of the committee
 - Membership and support
 - Effectiveness of the committee

- 2.2 All committee members were invited to reply and four replies were received. One Councillor who has been unable to attend recent meetings of the committee acknowledged the self-assessment but felt unable to offer a full response.
- 2.3 A summary of the feedback is shown in the following paragraphs. This identifies some areas of strength and other areas where there is opportunity to further develop the work of the committee.
- 2.4 It is recommended that the committee consider these areas and develop an action plan to be reported to a later committee meeting.

Purpose and Governance

- 2.5 Feedback was generally positive in respect of the committee's independence from other functions and how its terms of reference comply with CIPFA's position statement.
- 2.6 Areas identified where improvements could be achieved included, clarity of understanding of the role and purpose of the committee; how the committee is held accountable by full Council; and in publishing an annual report.

Functions of the Committee

- 2.7 This area was particularly strong, with positive responses in respect of overall governance arrangements for the council, including risk management, internal controls and financial reporting.
- 2.8 The external auditor is a regular attendee at committee meetings. It was identified that there could be improvements in the relationship between the committee and the external auditors outside of the formal meeting environment.

Membership and Support

- 2.9 Whilst there was generally positive feedback in terms of the size of the committee to enable it to operate effectively, and in the amount of support the committee receives from Democratic Services, two areas of development were identified.
- 2.10 There is no 'lay / co-opted independent member' appointed. This has already been recognised by the committee. A recommendation was made to Council to make such an appointment, with that recommendation approved by Council on 29 January 2025. Work will now begin to appoint an independent member.
- 2.11 A full assessment of the skills, knowledge and training needs of the councillors on the committee has not been carried out in the last two years.

Effectiveness of the Committee

- 2.12 Undertaking this review has been seen as a positive step to help the committee identify areas for growth and to further develop its abilities to deliver its terms of reference.

- 2.13 Areas for development identified in this section were focused on understanding how the committee adds value to the organisation; building relationships with leaders and managers; and development of an action plan to address areas of weakness (which is addressed in the recommendations of this report).

Summary

- 2.14 Overall, committee members identified numerous areas of strength within the committee and there were no major areas of improvement identified for which there are not already actions approved (appointment of independent member).
- 2.15 Undertaking this assessment will assist the committee in developing an action plan to address areas for improvement and to consolidate existing areas of strength.

3 Risk Management

- 3.1 A risk assessment has been completed in accordance with the Council’s Risk management process and the existing risk controls in place mean that no significant risks (Red or Amber) have been identified.

4 Resource Implications

- 4.1 There are no resource implications arising from the recommendations in this report.

5 Conclusion and reasons for recommendation

- 5.1 The responses to the self-assessment by audit committee members was largely positive and identified several key areas of strength. There are also some areas for development for the committee to consider.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1		
Author:	Carl Whatley	Ext:	8540
File Ref:	N/A		
Report to:	Audit Committee	Date:	17 February 2025