



Finance, Resources, Audit and Governance Committee
24 March 2023

Self-Assessment of the Finance, Resources, Audit and Governance Committee 2022/23

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Portfolio: Finance and Resources

Ward(s) Affected: All

Purpose of the Report:

The FRAG Committee carries out a self-assessment annually to identify areas of improvement and demonstrate best practice. The results of the assessment are provided as an appendix to this report.

Recommendations:

- a) That Members discuss the 2023 FRAG self-assessment checklist at **Appendix 1** to this report to ensure that this is an accurate reflection of the Committee's interactions with the Council and its officers, updating it as appropriate.

1 SUMMARY

The Chartered Institute of Public Finance and Accountancy (CIPFA) document on “audit committee’s practical guidance for local authorities and police” sets out the guidance on the function and the operation of audit committees. It represents CIPFA’s view of best practice and incorporate the positions statements previously issued.

A discussion was held with the Chair of FRAG in February 2023 to update the 2022 self-assessment results. This report provides the results for further committee discussion. The assessment is attached.

2 BACKGROUND

- 2.1 In 2022 CIPFA updated its advice and guidance for Local Authority Audit Committee’s and a new Audit Committee self-assessment template is now available. This year’s discussion is based on the 2018 self-assessment template. It is therefore suggested that another assessment is undertaken on the 2022 version following the May 2023 elections.
- 2.2 The CIPFA Audit Committee guidance states “the purpose of an audit committee is to provide 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 annual governance processes.
- 2.3 The Section 151 Officer has overarching responsibility for discharging the requirements for sound financial management, and to be truly effective requires an audit committee to provide and support challenge.
- 2.4 Good audit committees are characterised by; balanced, objective, independent, knowledgeable and properly trained members, a membership that is supportive of good governance principles, a strong independently minded Chair, an unbiased attitude and the ability to challenge when required.
- 2.5 It is therefore good practice to complete a regular self-assessment exercise against the checklist, to be satisfied that the committee is performing effectively. The FRAG Committee regularly undertakes this assessment, with the results feeding into the Annual Governance Statement and the Annual Report of the Committee presented to Full Council annually.
- 2.6 Part one of the 2018 assessment is a yes / no response and covers:
 - Purpose and Governance;
 - Functions of the Committee;
 - Membership and Support; and
 - Effectiveness of the Committee.

3 CURRENT POSITION / FINDINGS

- 3.1 The self-assessment exercise has highlighted just one area of partial conformance with best practice. It is suggested that the new Committee considers how this can be progressed.

Question 12 – Has an effective audit committee structure and composition of the board been selected? This should include - Where independent members are used, that they have been appointed using appropriate process.

In January 2023 FRAG discussed the merits of appointing independent persons to the committee in accordance with the latest best practice from CIPFA. It was agreed to explore an action plan for this following the May 2023 elections.

- 3.2 The second part of the exercise requires practical examples to be highlighted to display strengths and weaknesses in the following key areas:

- Promoting the principles of good governance and their application to decision making;
- Contributing to the development of an effective Audit Committee;
- Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks;
- Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively;
- Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence;
- Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, controls and assurance arrangements;
- Supporting the development of robust arrangements for ensuring value for money;
- Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.

- 3.3 The self-assessment exercise has indicated a score of 4 across all areas suggesting that there is clear evidence that the committee is actively and effectively supporting improvement across each area.

4. Proposed action

- 1.1 To discuss the results of the FRAG self-assessment and suggest amendments where appropriate.

5. Other options

- 1.2 Not applicable to this report.

6. Issues and risks

1.3 **Resource Implications** – Not applicable to this report.

1.4 **Legal Implications** – Not applicable to this report.

1.5 **Equality Implications** – Not applicable to this report.

1.6 **Environmental Impact** – Not applicable to this report.

1.7 **Crime and Disorder** – Not applicable to this report.

1.8 **Risks** – Not applicable to this report.

7. Conclusion

1.9 In conclusion, the FRAG self-assessment has indicated that the Committee feels it is acting broadly in line with best practice and can demonstrate that it is adding value to the Council through its role and terms of reference. This exercise is carried out annually and improvement actions tracked in the Audit Committee work plan to ensure completion.

2 Recommendations

- a) That Members discuss the 2023 FRAG self-assessment checklist at **Appendix 1** to this report to ensure that this is an accurate reflection of the Committee's interactions with the Council and its officers, updating it as appropriate.