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Self-assessment of good practice

This evaluation will support an assessment against recommended practice to inform and support the Audit Committee. This is a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principle's then it is an indicator that the committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

	Good Practice Questions	Yes	Partly	No
	Audit Committee purpose and governance			
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		
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y		
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Y		
	Functions of the committee			
7	Do the committee's terms of reference explicitly address all the core area identified in CIPFA's position statement? <ul style="list-style-type: none"> - Good governance - Assurance framework - Internal audit - External audit - Financial reporting - Risk management - Value for money or best value - Counter fraud and corruption 	Y		
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		
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		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	n/a		

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11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y		
	Membership and support			
12	Has an effective audit committee structure and composition of the board been selected? This should include: - Separation from the executive - An appropriate mix of knowledge and skills among the membership - A size of committee that is not unwieldy - Where independent members are used, that they have been appointed using appropriate process		Y	
13	Does the chair of the committee have appropriate knowledge and skills?	Y		
14	Are arrangements in place to support the committee with briefings and training?	Y		
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y		
16	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	Y		
17	Is adequate secretariat and administrative support to the committee provided?	Y		
	Effectiveness of the committee			
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y		
19	Has the committee evaluated whether and how it is adding value to the organisation?	Y		
20	Does the committee have an action plan to improve any areas of weakness?	Y		

Notes:

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.

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Evaluating the Effectiveness of the Audit Committee

This assessment tool helps Audit Committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the Audit Committee should be able to identify evidence of its impact or influence linked to specific improvements.

Assessment Key:

- 5 Clear evidence is available from a number of sources that the committee is actively supporting the improvement 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.

Areas where the audit committee can add value by supporting improvement	Self-evaluation examples, areas of strength & weakness	Assessment 1-5
Promoting the principles of good governance and their application to decision making	Robust review of the Annual Governance Statement. Cabinet Member for Finance attends the FRAG meetings on a regular basis. Reviews regularly received on Governance arrangements from Internal Audit.	4

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	<p>In 2023 the FRAG committee discussed the merits of appointing independent persons. This will be explored following May 2023 elections.</p> <p>Self-assessment undertaken annually. The Chair also attends EY briefings.</p>	
<p>Contributing to the development of an effective control environment</p>	<p>Regular follow up reports provided by the Head of Internal Audit as to progress made with internal audit recommendations. Where recommendations are not completed within agreed timeframes by officers, the audit committee requests their attendance. Constructive questioning occurs where extensions of time are requested.</p>	<p>4</p>
<p>Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks</p>	<p>Oversight of risk management was within responsibility and remit of Cabinet only. Upon the recommendation of internal audit during the 2019 risk maturity assessment, FRAG has agreed to approve risk policies and receive assurance from management on strategic risks in line with this guidance.</p> <p>FRAG terms of reference include Risk Management responsibilities.</p> <p>FRAG members have received training on Risk Management to refresh knowledge and skills.</p> <p>FRAG continue to receive reports containing the strategic risk register and have been proactively challenging officers the progress of mitigating significant risks.</p> <p>The committee also has oversight of the Council risks through the reports received from the auditors and internal audit reports from the risk based internal audit plan.</p>	<p>4</p>

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	In 2023, the FRAG Committee have discussed the outcomes of the recent Risk Maturity Assessment undertaken by Internal Audit and have contributed to discussions about the improvements that are required.	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	Assurance is provided through the internal audit reports and through the Value for Money statement provided by the External Auditors. The Committee have been robust in their challenge of EY resourcing difficulties impacting on the timeliness of Statement of Accounts work.	4
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	The Audit Charter covers reporting requirements in terms of reporting functionally to FRAG and administratively to the Corporate Leadership Team. The Head of Internal Audit also has a direct line of reporting and access to the Chief Executive, CLT and the Chair of the Committee. Effectiveness of the internal audit service is assessed as part of the year end reporting through the Annual Opinion, in particular the Quality Assurance & Improvement Programme (internal and external assessment). Results of the recent External Quality Assessment have been verbally discussed. A full debrief will be provided to the Committee at the June 2023 meeting.	4
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	This is covered in the scopes of audit reviews as required. The risk based internal audit plan provides the committee with assurance that key goals and objectives are being well managed and governed. The Committee reviews the results comprehensively and asks questions requesting further detail where appropriate.	4

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Supporting the development of robust arrangements for ensuring value for money	The External Auditor reports on this objectively and provides a conclusion on value for money. This is also displayed through the Annual Governance Statement that the Committee receives.	4
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	Receive regular reports on the fraud arrangement and these are effectively scrutinised by the Committee i.e., Anti-Fraud arrangements. The Committee is also involved in reviewing and approving related policies.	4