

Self-Assessment Action Plan and Training Needs Analysis Results

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Portfolio: Finance

Ward(s) Affected: All

Purpose of the Report:

This report outlines:

- the resulting action plan from the self-assessment exercise completed by Members in February 2024; and
- the results of the knowledge and skills self-assessment questionnaires completed and returned by Members and the suggested areas for training resulting from these.

Recommendations:

1. That: -

- Members review the action plan and consider whether all improvement actions have been captured.
- Members note the collated results of the knowledge and skills self-assessment questionnaires and discuss their training requirements across the nine knowledge areas.

1. Summary

- 1.1 Members completed the 'Self-assessment of good practice' in February 2024. The results were brought before the Committee in March 2024 and agreed.
- 1.2 Members were sent a knowledge and skills self-assessment questionnaire, to help guide Members to identify their individual training needs and support the evaluation of the overall knowledge and skills of the Committee.

2. Background

- 2.1 The Chartered Institute for Public Finance and Accountancy (CIPFA) document on "Audit committees – practical guidance for local authorities and police 2022" sets out the guidance on the function and operation of audit committees. It represents CIPFA's view of best practice. The guidance states the purpose of an audit committee "is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements.
- 2.2 Good audit committees are characterised by; objective, independent knowledgeable and properly trained members, a membership that promotes good governance principles, a strong, independently minded chair, an unbiased attitude, the ability to challenge when required.
- 2.3 There is a range of knowledge and experience that Members can bring to the Audit Committee that will enable it to perform effectively. No one committee member would be expected to be a specialist in all areas, but there are some core areas of knowledge that committee members will need to acquire.
- 2.4 It is good practice for Audit Committee members to review their knowledge and skills – for example, as part of a training needs analysis.
- 2.5 The CIPFA guidance provides a Knowledge and Skills Framework which can be used to guide members of the Audit Committee on their individual training needs and support the evaluation of the overall knowledge and skills of the committee.
- 2.6 The Knowledge and Skills Framework is split across nine knowledge areas (Audit Committee Role and Functions, Counter Fraud, External Audit, Financial Management and Financial Reporting, Governance, Internal Audit, Organisational Knowledge, Risk Management and Values of Good Governance), with 31 core areas of understanding to be scored.

3. Current position/findings

- 3.1 An action plan has been produced capturing the improvement actions identified from the self-assessment exercise.

- 3.2 Members were sent a knowledge and skills self-assessment questionnaire to complete. Five out of a possible eight responses were received.
- 3.3 Results were anonymised and collated to give scores for each of the core areas of understanding, with total scores then calculated for each of the nine knowledge areas. The scores for each of the 31 the core areas ranged from 14 to 21 out of a possible score of 25, indicating that as the scores fall within the upper half of the range of scores, Members have a general understanding of all areas.
- 3.4 It is suggested that a short, general training and overview session for each of the nine knowledge areas would be beneficial, covering the core areas of understanding, whilst also giving Members the opportunity to raise any particular training needs related to each topic prior to each session.

4. Proposed action

- 4.1 For Members to review the action plan **attached at Appendix 2** and consider whether all improvement actions have been captured. The final scores for the 'Self-assessment exercise are **attached again at Appendix 1**; and
- 4.2 For Members to note the collated results of the knowledge and skills self-assessment questionnaires **attached at Appendix 3**, and discuss their training requirements across the nine knowledge areas.

5. Issues and Risks

- 5.1 **Resource implications** –there are no resource implications arising from this report.
- 5.2 **Legal implications** – there are no legal implications arising from this report.
- 5.3 **Equality implications** – there are no equality implications arising from this report.
- 5.4 **Environmental impact** – there are no impacts on the environment arising from this report.
- 5.5 **Crime and disorder** – there are no impacts upon crime and disorder arising from this report.
- 5.6 **Risks** – There is a risk that the Committee may not fulfil its role and purpose because an evaluation of itself is not undertaken, and improvements not considered.

6. Conclusion

- 6.1 An action plan of improvements has been produced.

6.2 Members have identified their training needs and a short, general training and overview session for each of the nine knowledge areas is proposed.

7. Recommendations

7.1 For Members to review the action plan **attached at Appendix 2** and consider whether all improvement actions have been captured. The final scores for the 'Self-assessment exercise are **attached again at Appendix 1**; and

7.2 For Members to note the collated results of the knowledge and skills self-assessment questionnaires **attached at Appendix 3** and discuss their training requirements across the nine knowledge areas.

Background papers

Appendices:

Appendix 1 – Results of Self-Assessment Exercise

Appendix 2 – Action Plan

Appendix 3 – Knowledge and Skills self-assessment scores 2024

Results of self-assessment exercise

Good Practice Questions		Does not comply	Partially complies and extent of improvement needed*			Fully complies
			Major improvement	Significant improvement	Moderate improvement	
Weighting of answers		0	1	2	3	5
Audit committee purpose and governance						
1	Does the authority have a dedicated audit committee that is not combined with other functions (e.g., standards, ethics, scrutiny)?					5
2	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?					5
3	Has the committee maintained its advisory role by not taking on any decision-making powers?				Approves the SOA and AGS. CIPFA recommends role of Committee is review for these matters.	
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?					
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	Not able to answer				5

Results of self-assessment exercise

6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					5
7	Does the governing body hold the audit committee to account for its performance at least annually?					5
8	Does the committee publish an annual report in accordance with the 2022 guidance, including:					
	<ul style="list-style-type: none"> Compliance with the CIPFA Position Statement 2022 					5
	<ul style="list-style-type: none"> Results of the annual evaluation, development work undertaken and planned improvements 	0				5
	<ul style="list-style-type: none"> How it has fulfilled its terms of reference and the key issues escalated in the year? 			Annual report appears to include, no reference to key issues		5, Reports at Q-Meetings
Functions of the committee						
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
	Governance arrangements					
	Risk management arrangements					
	Internal control arrangements, including: <ul style="list-style-type: none"> Financial management Value for money Ethics and standards 					

Results of self-assessment exercise

	<ul style="list-style-type: none"> Counter fraud and corruption 					
	Annual governance statement					
	Financial reporting					
	Assurance framework					
	Internal audit					
	External audit					
10	Over the last year, has adequate consideration been given to all core areas?		On basis that TORs are missing some areas			5
11	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?					Agenda only 5 Don't know
12	Has the committee met privately with the external auditors and head of internal audit in the last year?	0, No, I believe				5, Don't know
Membership and support						
13	Has the committee been established in accordance with the 2022 guidance as follows?					
	<ul style="list-style-type: none"> Separation from executive 					5
	<ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes 			2	3, substitutes are common	5
	<ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 	Not yet	1	2		

Results of self-assessment exercise

14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	Not clear		2	3	
15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	No?			3	5
16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	No specific training for FRAG members				5
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?				Unclear	5, unknown
18	Is adequate secretariat and administrative support provided to the committee?					5
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?				3	5
Effectiveness of the committee						
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?			2, Not known		5
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?			2, No focus on improvement. Chair can appear		5

Results of self-assessment exercise

				partisan at times.		
22	Are meetings effective with a good level of discussion and engagement from all the members?				3	5
23	Has the committee maintained a non-political approach to discussions throughout?		1	Voting often seems to be along party lines		5
24	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?			2		5
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?			Not often		5
26	Do audit committee recommendations have traction with those in leadership roles?			2, Not sure		5
27	Has the committee evaluated whether and how it is adding value to the organisation?	Not to my knowledge		2		5
28	Does the committee have an action plan to improve any areas of weakness?	As above	1			5
29	Has this assessment been undertaken collaboratively with the audit committee members?	No	1			5
	Total score					
Maximum possible score						?/200

Action Plan

Action	Owner	Date for Completion	Progress
1. Review the decision-making powers of Audit Committee as Committee is currently approving the Financial Statements and AGS (Q3)	J Hammond and E Hodds	By December 2024	
2. Update the Audit Committee's terms of reference to include the purpose of the Audit Committee (Q4) and to explicitly address all the core areas identified in CIPFA's Position Statement (Q9)	J Hammond	To go to January 2025 meeting	
3. For the next annual report of the Audit Committee ensure the following are included: - <ul style="list-style-type: none"> • Compliance with the CIPFA Position Statement 2022 • Results of the annual evaluation, development work undertaken and planned improvements 	J Hammond / D Thompson	Annual Report for 23/24	

Action Plan

Action	Owner	Date for Completion	Progress
<ul style="list-style-type: none"> How it has fulfilled its terms of reference and the key issues escalated in the year. (Q8) 			
4. Ensure that Audit Committee's agenda covers all of the core areas in its terms of reference over the year. (Q10)	J Hammond / D Thompson	Ongoing	To review at each meeting
5. Audit Committee to meet privately with the external auditors and head of internal audit each year. (Q12)	Both	Both - Autumn 2024	
6. To appoint an independent person (Q13)	E Hodds and D Thompson	By September 2024	
7. Audit Committee members to undertake an evaluation of their knowledge, skills and training needs every two years. (Q15)	T Sharman	To be completed over the summer months with a report to Audit Committee in September 24	Reported to the Committee at the July 2024 meeting.
8. As a result of the evaluation in 8 above, arrange training to	J Hammond	TBC following outcome of evaluation	

Action Plan

Action	Owner	Date for Completion	Progress
address training needs of Audit Committee Members. (Q16)			
9. As a result of 8 above, if training cannot address any skills or knowledge gaps to a satisfactory level, consider revising the membership of the Audit Committee to address this. (Q17)	J Hammond	TBC following outcome of evaluation and training	
10. Obtain feedback on Audit Committee's performance from those interacting with the committee or relying on its work. (Q20 & Q26)	T Sharman	Report to Audit Committee in January 2025	
11. Ensure that key agenda items are addressed with a focus on improvement (Q21), that there is a good level of discussion and engagement from all members (Q22) that the Committee maintains a non-political approach (Q23)	D Thompson	Ongoing	

Action Plan

Action	Owner	Date for Completion	Progress
12. Ensure that the Committee makes recommendations for the improvement of governance, risk and control arrangements where relevant (Q25) and that when made, these have traction with senior management (Q26).	D Thompson	Ongoing	
13. Evaluate whether and how the Audit Committee is adding value to the Council by completing the 2 nd CIPFA assessment tool, 'evaluating effectiveness of the audit committee' (Q27) and ensure that all Members participate (Q29).	Teresa Sharman to facilitate a session D Thompson to ensure Members participate	Next self-assessment March 2025	
14. Monitor completion of this Action Plan (Q28)	J Hammond and D Thompson	Action Plan to come to every meeting	

Knowledge Area	Details of Core Knowledge Required	Total Score (/25)
Audit Committee Role and Functions	4. Familiarity with the committee’s terms of reference and accountability arrangements.	18
	3. An understanding of the audit committee’s role and place within the governance structures.	19
	5. Knowledge of the purpose and role of the audit committee.	21
	Total score (/ 75)	58
Counter Fraud	27. Knowledge of the principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).	17
	28. Knowledge of the organisation’s arrangements for tackling fraud.	17
	26. An understanding of the main areas of fraud and corruption risk that the organisation is exposed to.	18
	Total score (/ 75)	52
External Audit	21. Knowledge about arrangements for the appointment of auditors and quality management undertaken.	16
	20. Familiarity with the auditor’s most recent plan and the opinion reports.	17
	18. Knowledge of the role and functions of the external auditor and who currently undertakes this role.	18
	19. Knowledge of the key reports and assurances that external audit will provide.	18
	Total score (/ 100)	69
Financial Management and Financial Reporting	16. Knowledge of how the organisation meets the requirements of the role of the CFO as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016).	16
	15. An understanding of good financial management practice as set out in the CIPFA Financial Management Code (FM Code) and the level of compliance with it.	17
	14. Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them.	18
	17. An overview of the principal financial risks the authority faces.	20
	Total score (/ 100)	71

Results of Knowledge and Skills self-assessments

Appendix 3

Governance	7. The requirements of the AGS	15
	8. How the principles of governance are implemented locally as set out in the local code of governance.	15
	6. Knowledge of the seven principles* as outlined in Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016).	20
	Total score (/ 75)	50
Internal Audit	9. An awareness of the key principles of the PSIAS and the LGAN.	14
	10. How the role of the head of internal audit is fulfilled.	16
	11. Details of the most recent external assessment and level of conformance with the standards.	18
	12. Knowledge of the arrangements for delivery of the internal audit service in the authority and the charter.	19
	13. Internal audit's strategy, plan and most recent annual opinion.	20
	Total score (/ 125)	87
Organisational Knowledge	1. An overview of the authority's governance structures and decision-making processes.	17
	2. Knowledge of the organisational objectives and major functions of the authority.	17
	Total score (/ 50)	34
Risk Management	24. Understanding of risk governance arrangements, including the role of members and of the audit committee.	17
	23. Knowledge of the risk management policy and strategy of the organisation.	18
	25. Knowledge of the current risk maturity of the organisation and any key areas of improvement.	19
	22. Understanding of the principles of risk management, including how it supports good governance and decision making.	20
	Total score (/ 100)	74
Values of Good Governance	31. Knowledge of the whistleblowing arrangements in the authority.	16
	29. Knowledge of the Seven Principles of Public Life.	20
	30. Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (e.g., code of conduct).	20
	Total score (/ 75)	56