

## Governance, Risk and Audit Committee Self-Assessment

**Summary:** The Chartered Institute for Public Finance and Accountancy (CIPFA) document on “audit committees - practical guidance for local authorities and police” sets out the guidance on the function and operation of audit committees. It represents CIPFA’s view of best practice and incorporates the position statement previously issued.

It is good practice for audit committees to complete a regular self-assessment exercise, to be satisfied that the Committee is performing effectively.

**Conclusion:** During the 2022 self-assessment the Committee considered the Governance Risk and Audit Committee to be mostly in conformance with the CIPFA guidance. Undertaking a regular review of its performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties.

**Recommendation:** **That the Committee discuss the attached checklist at Appendix 1 to this report from 2022 and consider whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.**

Cabinet member(s):

All

Ward(s) affected:

All

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### 1. Background

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

- 1.2. 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. It is suggested that the March 2024 assessment is undertaken using the new interactive template following the May 2023 elections.
- 1.3. The Section 151 Officer has overarching responsibility for discharging the requirement for sound financial management, and to be truly effective requires an audit committee to provide support and challenge.
- 1.4. Good audit committees are characterized 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.
- 1.5. It is therefore good practice for audit committees to complete a regular self-assessment exercise, to be satisfied that the Committee is performing effectively.
- 1.6. In addition, the Public Sector Internal Audit Standards also call for the audit committee to assess their remit and effectiveness, in relation to Purpose, Authority and Responsibility, to facilitate the work of this Committee.
- 1.7. The Governance, Risk and Audit committee has regularly carried out the self-assessment exercise in the past and has acted where necessary to ensure full compliance with best practice.
- 1.8. The guidance provides two tools against which the Committee can assess itself, the first (self-assessment of good practice) supports an assessment against recommended practice to inform and support the Committee. The second assessment tool (evaluating the effectiveness of the audit Committee) helps audit Committee members to consider where it is most effective and where there may be scope to do more. To be effective the Committee should be able to identify evidence of its impact or influence lined to specific improvements.
- 1.9. At the meeting held March 2022, Committee members reviewed and completed the two assessment tools, the results of which can be found at **Appendix 1** of this report.

## **2. Issues for discussion**

- 2.1. The results of the assessment from the previous year have been reviewed with a particular focus on the areas whereby a "partly" answer was provided in 2022.
- 2.2. Questions 15; relates to training and skills of the Committee.

In 2022, this area was highlighted as "partly in conformance", to allow for the members to be assessed against the CIPFA Core Knowledge and Skills Framework on a regular basis. No further training requirements were identified following the circulation of this skills document, however it is proposed that it is circulated again this year following May elections and member inductions to ensure that members of the Committee are sufficiently trained in all areas.

### **3. Conclusion**

- 3.1 During the 2022 self-assessment the Committee considered the Governance Risk and Audit Committee to be mostly in conformance with the CIPFA guidance. Undertaking a regular review of performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties in accordance with its Terms of Reference.

### **4 Recommendation**

- 4.1 That Members discuss the attached checklist at **Appendix 1** to this report from 2022 and consider whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.

### **Appendices**

Appendix 1 – Self Assessment Checklist 2022