

## 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:** Undertaking a review of its performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties.

**Recommendation:** That Members note the attached checklist at **Appendix 1** to this report.

Cabinet member(s):	Ward(s) affected:
All	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. 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.
- 1.3. 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.
- 1.4. It is therefore good practice for audit committees to complete a regular self-assessment exercise, to be satisfied that the Committee is performing effectively.

- 1.5. 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.
- 1.6. The Governance, Risk and Audit committee has regularly carried out the self-assessment exercise in the past and has taken action where necessary to ensure full compliance with best practice.
- 1.7. The updated 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.
- 1.8. At a meeting on the 26 March 2019, Committee members reviewed and completed the two assessment tools.

## **2. Issues for discussion**

- 2.1. The results of the assessment from the previous year were reviewed with a particular focus on the two areas whereby a “partly” answer had been provided in 2018.
- 2.2. In relation to question 4; is the role and purpose of the Audit Committee understood and accepted across the Authority?

This question had been answered as “partly” in 2017 & 2018. It was hoped it would be addressed by engaging new Councilors following 2019 Elections.

- 2.3. In relation to question 7 & 8; Do the Committee’s terms of reference explicitly address all the core areas identified in CIPFA’ position statement; and 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

The question was answered partly and it was agreed that the Governance Risk and Audit Committee’s terms of reference will be reviewed annually to ensure that it complies with the core areas of the CIPFA position statement.

- 2.4. In relation to question 14; Are arrangements in place to support the Committee with briefings and training and 15; has the membership of the Committee been assessed against the core knowledge and skills framework and found to be satisfactory. Both were answered partly and it was agreed that following the results of the local elections. Governance Risk & Audit Committee members will be assessed against the CIPFA Core Knowledge and Skills Framework. Any areas for further training will be identified and a programme developed for new members where required.
- 2.5. **Appendix 1** is attached to this report, which reflects members position on adherence to best practice.

2.3. The assessment has highlighted the good performance of the Committee, with areas for improvement noted as appropriate.

### **3. Conclusion**

3.1 Undertaking a review of its performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties.

### **4. Recommendation**

4.1 That Members note the attached checklist at **Appendix 1** to this report.

## **Attachment**

Appendix 1 – Self Assessment Checklist