

## 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 2019 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 2019 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. 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 acted 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 the meeting held 26 March 2019, Committee members reviewed and completed the two assessment tools, the results of which can be found at **Appendix 1** of this report. The exercise was due to be completed again during March 2020 however, due to the impact of the Coronavirus Pandemic, this meeting was cancelled and the exercise deferred.

## **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 2019.
- 2.2. In relation to question four; is the role and purpose of the Audit Committee understood and accepted across the Authority?

This question had been answered as “partly” in 2019. Understanding of the role and purpose of the Committee is considered to be adequate, but it is felt that the Committee could engage Councilors following local elections to ensure the importance, role and value of the Audit Committee is enhanced. It is recommended that Committee members discuss progress in relation to this action to determine whether this question can be confirmed or if further action is required.

2.3. Question seven and eight relate to reviewing the Terms of Reference for the Committee. This exercise was completed after the meeting held in March 2019 and the TOR were found to be satisfactory. These questions have therefore been moved to yes.

2.4. Questions 14 & 15; relate to training and skills of the Committee.

In 2019, this had scored “partly”, to allow for the members to be assessed against the CIPFA Core Knowledge and Skills Framework following local elections. No further training requirements were identified following the circulation of this document, however it is proposed that it is circulated again this year to ensure that members still feel sufficiently trained in all areas.

2.5. **Appendix 1** is attached to this report, which reflects members position on adherence to best practice from 2019. It is recommended that members discuss whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.

#### 4. **Conclusion**

4.1 During the 2019 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.

#### 5 **Recommendation**

5.1 That Members discuss the attached checklist at **Appendix 1** to this report from 2019 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