

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

### **This Appendix covers**

- A) Key areas around purpose and governance**
- B) Knowledge and skills matrices**
- C) Effectiveness checklist**

<b>Audit committee purpose and governance</b>	<b>Y</b>	<b>N</b>	<b>P</b>	<b>Comments</b>
1 Does the authority have a dedicated audit committee?	Y			
2 Does the audit committee report directly to full council? (applicable to local government only)	Y			Yes, within its remit/TOR
3 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Y			Updated annually and key areas reviewed  Updated February 2021
4 Is the role and purpose of the audit committee understood and accepted across the authority?	Y			Part of Constitution  Chair's annual report to Council  Liaison between audit committee and other committees - policy, performance and executive mainly  Further guidance to officers will be provided to ensure understanding of the committee role is clear.
5 Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y			Set out within the terms of reference  Reviews specifically the Local Code of Corporate Governance, the Annual Governance Statement, Statement of Accounts, as well as other linked work programme agenda items around Governance  The Audit Committee reviews the work of Internal and external audit

				and associated reports and conclusions.
6 Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Y			Work programme review each meeting  Chair's annual report to Council
<b>Functions of the committee</b>				
7 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	Y			
good governance	Y			
assurance framework, including partnerships and collaboration arrangements	Y			TOR - focus on partnerships/collaboration (2021 work programme)
internal audit	Y			
external audit	Y			
financial reporting	Y			
risk management	Y			
value for money or best value	Y			
counter fraud and corruption	Y			
supporting the ethical framework	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			Work programme Review of effectiveness (Not undertaken through Committee in 20-21 due to COVID)  Chair's annual report
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			An audit committee can also support its authority by undertaking a wider role in other areas  including: <ul style="list-style-type: none"> <li>considering governance, risk or control matters at the request of other committees or statutory officers</li> </ul> <p><i>Covered under c) To review any issue referred to it by the Chief Executive, a Strategic Director, Monitoring Officer, Chief Financial</i></p>

			<p><i>Officer or any Council body as the Chair considers appropriate within the general Terms of Reference of the Committee;</i></p> <ul style="list-style-type: none"> <li>• working with local standards and ethics committees to support ethical values</li> </ul> <p>Covered</p> <p><i>(p) To engage with relevant committees to help support ethical values and reviewing arrangements to achieve those values as appropriate</i></p> <ul style="list-style-type: none"> <li>• reviewing and monitoring treasury management arrangements in accordance with Treasury</li> </ul> <p>Covered</p> <p><i>(j) To receive on an annual basis a report on the Treasury Management Strategy before approval by the Executive and Full Council.</i></p> <p><i>(k) To be responsible for ensuring effective scrutiny of the treasury management strategy and policies.</i></p> <p><i>NB performance is covered by the performance scrutiny committee</i></p> <ul style="list-style-type: none"> <li>• Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017) providing oversight of other public reports, such as the annual report.</li> </ul> <p>The latter point is not currently included within the Audit Committee TOR</p>
10 Where coverage of core areas has been found to be	Y		No issues

limited, are plans in place to address this?				
11 Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y			
<b>Membership and support</b>				
12 Has an effective audit committee structure and composition of the committee been selected?  This should include:				
<ul style="list-style-type: none"> <li>separation from the executive</li> </ul>	Y			No Executive members on the Audit Committee
<ul style="list-style-type: none"> <li>an appropriate mix of knowledge and skills among the membership</li> </ul>	Y			Experienced Members on the Committee, including financial.
<ul style="list-style-type: none"> <li>a size of committee that is not unwieldy</li> </ul>	Y			Size is appropriate
<ul style="list-style-type: none"> <li>consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)</li> </ul>	Y			One independent member has been appointed and part of the TOR
13 Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?	Y			Open advertisement/approval Maximum 8 years appointment.
14 Does the chair of the committee have appropriate knowledge and skills?	Y			Experienced Member Supported by other members Qualified accountant (Independent member)

				<p>New Chair and other new members of the Audit Committee in 2021. This will be reflected in further training to members around skills and knowledge.</p> <p>Training plan will be developed</p>
15 Are arrangements in place to support the committee with briefings and training?	Y			<p>Audit Committee / IA / EA role (June 21)</p> <p>Financial statements</p> <p>Fraud</p> <p>Treasury</p> <p>Progress reports</p> <p>(Lincs) Audit Cttee forum</p>
16 Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y			<p>Part of review</p> <p>Training will be given on core knowledge and skills – training plan</p>
17 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	Y			<p>Promote work/benefits of the Committee</p>
18 Is adequate secretariat and administrative support to the committee provided?	Y			<p>Changes to the committee work programme will be clearly identified within the covering report</p>
<b>Effectiveness of the committee</b>				
19 Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y			<p>Informal</p> <p>Full Council – annual report</p>
20 Are meetings effective with a good level of discussion and engagement from all the members?	Y			<p>New members</p> <p>Skills / knowledge training will assist</p> <p>Review report recommendation wording - consider/comment and feedback rather than “note”</p> <p>Teams/Zoom not quite as effective as in person meetings</p>

21 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?	Y			<p>Where appropriate Managers/AD's/Directors will attend Committee</p> <p>CX attended for Combined Assurance report</p> <p>Communicate with managers on role of committee and encourage attendance</p>
22 Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Y			Where appropriate within reports that are considered
23 Has the committee evaluated whether and how it is adding value to the organisation?	Y			<p>Supporting the Governance framework Challenge/scrutiny Support to IA and officers where appropriate Chairs annual report to Council</p> <p>Other areas: Information governance Partnerships review</p>
24 Does the committee have an action plan to improve any areas of weakness?	Y			An updated action plan will be developed and monitored through the work programme
25 Does the committee publish an annual report to account for its performance and explain its work?	Y			Annual report to Council