

CIPFA APPENDIX E

Self-assessment of good practice

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, 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 should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed*			Fully Complies	Comments
	Major improvements	Significant improvements	Moderate improvements	Minor improvements	No further improvements	
Weighting of answers	0	1	2	3	5	Please put a X in the relevant box
AUDIT COMMITTEE PURPOSE AND GOVERNANCE						
1. Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?					X	Yes – Audit Committee
2. Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?					X	Yes - Reports to the Full council.
3. Has the committee maintained its advisory role by not taking on any decision-making powers?					X	Yes - TOR states purpose is to provide independent assurance to the Council members. It only makes provision for the approval of the Internal Audit Charter and Annual Internal Audit Plan. The Committee makes recommendations for Full Council approval.

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Weighting of answers	0	1	2	3	5	
4. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?				X		<p>A new TOR has been drafted to reflect CIPFA's 2022 Position Statement. This was presented to the Audit Committee in December and will be presented to Full Council for approval.</p> <p>Action 1:- Revised TOR to be approved by Full Council.</p>
5. Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?					X	<p>CMT fully aware of the role and purpose of the Committee. Full Council receive an annual report from the Chair of the Audit Committee which sets out the role, purpose and scope of the Committee's work. Training has been provided on the role of the Committee.</p>
6. Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					X	<p>It is understood by the Audit Committee Chair that this could be done and the Committee's ToR makes reference to the ability to report and make recommendations on major issues or contraventions, however this has not been done in recent years. The Committee endorsed the revised action tracker process drawn up by the Audit Manager and require explanations from CMT for missed target dates.</p>

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						Also covered in the Audit Committee Effectiveness training, last provided in July 2023.
7. Does the governing body hold the audit committee to account for its performance at least annually?					X	Annual report to Full council and bi-annual review of effectiveness completed.
8. Does the committee publish an annual report in accordance with the 2022 guidance, including:						
a) compliance with the CIPFA Position Statement 2022					X	The 2023 Audit Committee Chair's annual report to Council includes activity of the Committee and a statement reflecting compliance with the CIPFA 2022 Position Statement.
b) results of the annual evaluation, development work undertaken and planned improvements					X	The 2023 report covers the work undertaken and impact and reference to the action plan covering the areas for improvement.
c) how it has fulfilled its terms of reference and the key issues escalated in the year?					X	Various references to the ToRs and compliance.

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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?						
a) Governance arrangements					X	Yes – Section 3
b) Risk management arrangements					X	Yes – Section 3
c) Internal control arrangements, including: <ul style="list-style-type: none"> • financial management • value for money • ethics and standards • counter fraud and corruption 					X	Yes – Section 3
d) Annual governance statement					X	Yes – Section 4
e) Financial reporting					X	Yes – Section 4
f) Assurance framework					X	Yes – Section 5
g) Internal audit					X	Yes – Section 5
h) External audit					X	Yes – Section 5
10. Over the last year, has adequate consideration been given to all core areas?					X	Yes – All areas have been included within the Work plan, specifically:- Governance – Jun, Dec & Mar Risk Management – Jul AGS – Jun & Nov Financial Reporting – Jul, Nov & Mar Internal Audit* – 6/7 meetings External Audit* – 6/7 meetings *Includes Internal control and assurance.

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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?					X	Yes – agendas are agreed and the Chair ensures that the discussions at Committee do not stray into matters which fall under the responsibility of other Committees.
12. Has the committee met privately with the external auditors and head of internal audit in the last year?				X		<p>The Audit Committee have not met privately with the Internal or External Auditors as there has not been anything which has led to a need to. The Chair and Vice Chair have met with the Head of Internal Audit outside of the Committee meetings with the CFO present. The Chair of the Audit Committee is aware that they could arrange to meet in private if they so wished. There is a statement at the end of the Work plan saying that these meetings can be arranged.</p> <p>Action 2: Schedule in private meetings with the Audit Committee, the Audit Manager and the External Auditors at least once a year.</p>

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MEMBERSHIP AND SUPPORT						
13. Has the committee been established in accordance with the 2022 guidance as follows?						
a) Separation from executive			X			<p>The CIPFA position statement makes it clear that the Audit Committee is established as independent of executive decision making. This is the case as the Mayor is not on the Committee and none of the seven Councillors sit on the Executive.</p> <p>However, the CIPFA guidance 2022 recommends that 2 years pass before a councillor who previously held a senior policy role joins the Audit Committee. The Chair was previously on the Executive. Leadership has been made aware of the new guidance.</p> <p>Action 3: The guidance is considered when the appointments to the Audit Committee are made for 2024/25.</p>

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b) A size that is not unwieldy and avoids use of substitutes				X		<p>Committee is made up of 7 Councillors with a quorum of 3. Substitutes are allowed provided they have met training requirements.</p> <p>Action 4: Ensure that all substitutes are invited to and encouraged to attend the training sessions.</p> <p>Action 5: A register is maintained of all training sessions provided and attendees and is reported to Committee annually.</p> <p>Action 6: The potential to make training mandatory for all Members of the Audit Committee, including substitutes is investigated.</p>
c) inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation				X		<p>Legislation not currently in place but proposal is for one Independent Member. Council currently has this in place and has this in the TOR.</p> <p>CIPFA guidance recommends that two are appointed.</p>

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						Action 7: As part of the TOR review, Audit Committee consider the inclusion of an additional independent member.
14. Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?			X			<p>The independent member was selected via application and assessment against a Job role and Person Specification.</p> <p>In terms of the members, they are selected from current serving elected members and the correct political balance is maintained. Selections are made by each political party.</p> <p>Following the May 2023 elections there is a new Chair and Vice of the Audit Committee. The Chair is new to the Audit Committee (previous Executive Member). The Vice Chair has previously served on the Audit Committee. Of the five other Members, one was new to the Audit Committee.</p>

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						<p>Action 8: Member skills and knowledge framework assessment to be undertaken and appropriate training plan (in addition to existing training programme) to be considered.</p> <p>Action 9: The (blank) member skills and knowledge framework is shared with the Group Leaders prior to the appointment of the 2024/25 Audit Committee along with the recommendation that continuity of members on the Audit Committee is maintained.</p>
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?		X				<p>Last knowledge and skills assessment undertaken in July 2021. This does not reflect the current committee membership. Although a training programme is in place for the committee based on generic core skills.</p> <p>Action 8: As above.</p>

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16. Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?				X		Regular training is provided to Committee Members, covering topics such as Audit Committee Effectiveness, Financial Statements, Treasury Management, Risk Management and Counter Fraud. A new plan will be devised to reflect knowledge and skills self assessments and to ensure coverage of areas within the 2022 guidance. Action 8: As above.
17. Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?			X			There was a satisfactory level of knowledge within the previous Audit Committee but a review has not been undertaken to fully ascertain if this meets the 2022 guidance and ascertain the knowledge of new members. Action 8: As above.
18. Is adequate secretariat and administrative support provided to the committee?					X	Yes. There is a Democratic Services Officer to provide dedicated administrative support to the Audit Committee and the support provided is effective.

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19. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					X	Yes. The Audit Committee Chair has regular meetings with the Audit Manager and Chief Finance Officer, both attend each Audit Committee. External Audit attend most Audit Committee meetings.
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?				X		<p>The Chair of the Audit Committee reports to Council on an annual basis and Council Members are able to ask questions and provide feedback in the meeting. There has not been any negative feedback received.</p> <p>External Audit in their report gave a positive view on the effectiveness of the Committee and that they gave appropriate challenge.</p> <p>Action 10: Review future Audit Committee Chair reports to Council with a view to including a recommendation to obtain detailed feedback.</p>
21. Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?			X			The current Committee Chair is an experienced elected Member, previously an Executive Member and Chair of other Committees but is new to the Audit Committee and settling into the role.

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						<p>It is noted that the current Chair has been unable to attend the last two meetings and these have been chaired by the Vice Chair.</p> <p>Action 8: As above. Action 11: Specific training on the role of the Audit Committee Chair is provided.</p>
22. Are meetings effective with a good level of discussion and engagement from all the members?				X		<p>Meetings are quorate and there is a good level of discussion on agenda items. Some members of the Committee are new and require more time and knowledge to enable them to fully participate. Officers attending are open to questions and where answers cannot be given at the meeting these are followed up in an action tracker.</p> <p>Members attended the Lincolnshire Forum previously and found it very useful.</p> <p>Action 8: As above.</p> <p>Action 12: Liaison with Audit Committee Members from other Councils to share good practice either through attending the Lincolnshire forum (if reinstated)</p>

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						or attending other Committees as an observer. Chief Finance Officer and Audit Manager to raise the usefulness of the Lincolnshire Audit Forum with the County Council who previously organised it.
23. Has the committee maintained a non-political approach to discussions throughout?					X	Yes
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?				X		<p>The Audit Committee are aware they can ask officers to attend and do sometimes request officers to attend following Limited Assurance Audit reports or overdue actions. There is not a similar process in place for other reports with reporting officers fielding the questions and providing written responses after the meeting.</p> <p>Action 13: The Committee pre-meetings with the Chair and Vice Chair include discussions on when it might be appropriate to request officers to attend.</p>
25. Does the committee make recommendations for the improvement of governance, risk and control arrangements?					X	This has not been required as yet, but the option is available if needed.

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Weighting of answers	0	1	2	3	5	
						The Committee reviews and recommends the AGS for approval to Full Council.
26. Do audit committee recommendations have traction with those in leadership roles?					X	None have been made in the last two years. The Chief Finance Officer attends each Committee meeting. The Chief Executive and members of the Corporate Management Team have also attended Committee during the past twelve months.
27. Has the committee evaluated whether and how it is adding value to the organisation?					X	<p>The Annual report to Council outlines the impacts of the Committees work. The reports were previously shared with the whole Committee prior to going to Full Council but due to time constraints this was not the case this year.</p> <p>Action 14 – The Chairs report is shared with members of the Audit Committee for comment before being sent through for the Full Council Agenda.</p>

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