

## Self-assessment of Good Practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police 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.

| Good practice questions   | Yes | Partly | No | Action  |
|---|-----|--------|----|---|
| <b>Audit committee purpose and governance</b>   |     |        |    |   |
| 1 Does the authority have a dedicated audit committee?  | √   |        |    |   |
| 2 Does the audit committee report directly to full council?<br>(Applicable to local government only.)                   |     |        | √  | Details of sub Committees are already shared with Members – no further action required. |
| 3 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement? | √   |        |    |   |
| 4 Is the role and purpose of the audit committee understood and accepted across the authority?                          | √   |        |    |   |
| 5 Does the audit committee provide support to the authority in meeting the requirements of good governance?             | √   |        |    |   |
| 6 Are the arrangements to hold the committee to account for its performance operating satisfactorily?                   | √   |        |    |   |
| <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? |     |        |    |   |
| ■ good governance   | √   |        |    |   |
| ■ assurance framework   | √   |        |    |   |
| ■ internal audit  | √   |        |    |   |
| ■ external audit  | √   |        |    |   |
| ■ financial reporting   | √   |        |    |   |
| ■ risk management   |     | √      |    | Oversight of the risk management arrangements is to be strengthened. A                  |

## Appendix 1

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|   |            |               |           | detailed briefing regarding the risk management process should be included on a future agenda. |
| <ul style="list-style-type: none"> <li>■ value for money or best value</li> </ul>   | √          |               |           |  |
| <ul style="list-style-type: none"> <li>■ counter-fraud and corruption</li> </ul>  |            | √             |           | Terms of Reference to be updated to specifically include Counter Fraud.                        |
| <b>Good practice questions</b>  | <b>Yes</b> | <b>Partly</b> | <b>No</b> | <b>Action</b>  |
| 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?   |            |               | √         |  |
| 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?  |            | √             |           | Terms of Reference to be updated to specifically include Counter Fraud.                        |
| 10 Where coverage of core areas has been found to be limited, are plans in place to address this?   | √          |               |           | A detailed action plan arising from the self - assessment process has been produced.           |
| 11 Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?   | √          |               |           |  |
| <b>Membership and support</b>   |            |               |           |  |
| 12 Has an effective audit committee structure and composition of the committee been selected?<br><br>This should include: <ul style="list-style-type: none"> <li>■ separation from the executive</li> <li>■ an appropriate mix of knowledge and skills among the membership</li> <li>■ a size of committee that is not unwieldy</li> <li>■ where independent members are used, that they have been appointed using an appropriate process.</li> </ul> | √          |               |           |  |
| 13 Does the chair of the committee have appropriate knowledge and skills?   | √          |               |           |  |
| 14 Are arrangements in place to support the committee with briefings and training?  | √          |               |           |  |
| 15 Has the membership of the committee been assessed against the core knowledge and skills  |            | √             |           |  |

## Appendix 1

|                                       |   |   |   |  |
|---------------------------------------|---|---|---|--|
|                                       | framework and found to be satisfactory?   |   |   |  |
| 16                                    | Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer? | √ |   |  |
| 17                                    | Is adequate secretariat and administrative support to the committee provided?   | √ |   |  |
| <b>Effectiveness of the committee</b> |   |   |   |  |
| 18                                    | Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?                                    | √ |   |  |
| 19                                    | Has the committee evaluated whether and how it is adding value to the organisation?   |   | √ | Achieved through the self-evaluation of its effectiveness and considered to be satisfactory. |
| 20                                    | Does the committee have an action plan to improve any areas of weakness?  |   |   | √<br>A detailed action plan arising from the self - assessment process has been produced.    |