

Summary

This report provides an overview of the Self-Assessment exercise that was carried out for the Audit and Governance Committee. The exercise follows the guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA), which advocates for regular self-assessment as good practice for Audit Committees. This enables members to gain an appreciation of best practices, confirm the level of compliance being achieved, and identify any potential areas for enhancements.

Introduction

The CIPFA document "audit committees – practical guidance for local authorities and police" sets out guidance on the function and operations of audit committees. It represents CIPFA's view of best practice and incorporates their position statement.

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."

The section 151 officer has overarching responsibility for discharging the requirements for sound financial management, and to be truly effective requires an audit committee to provide support and challenge.

Characteristics of Good Audit Committees

Good audit committees are characterised 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
- Ability to challenge when required

Self-Assessment Findings

Part 1: Good Practice Assessment

The committee has assessed itself against core good practice principles with the following results:

Audit Committee Purpose and Governance

Good Practice Questions	Response
Does the authority have a dedicated audit committee?	Yes
Does the audit committee report directly to full authority?	Yes
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's position statement?	Yes
Is the role and purpose of the audit committee understood and accepted across the authority?	Yes
Does the audit committee provide support to the authority in meeting the requirements of good governance?	Yes
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Yes

Functions of the Committee

Good Practice Questions	Response
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, Value for money or best value, Counter-fraud and corruption)	Yes
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?	Yes
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?	Yes

Where coverage of core areas has been found to be limited, are plans in place to address this?	Yes
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?	Yes

Membership and Support

Good Practice Questions	Response
Has an effective audit committee structure and composition of the board been selected? (Separation from the executive, An appropriate mix of knowledge and skills among the membership, A size of committee that is not unwieldy, Where independent members are used, that they have been appointed using appropriate process)	Yes
Does the chair of the committee have appropriate knowledge and skills?	Yes
Are arrangements in place to support the committee with briefings and training?	Yes
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Yes*
Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	Yes
Is adequate secretariat and administrative support to the committee provided?	Yes

*Note: Annual training is undertaken by the Audit and Risk committee and other Authority members on financial statements by the S. 151 officer. The Audit and Risk Committee recognises that membership may change due to local elections, and it would therefore be prudent to conduct a skills assessment following their appointment to highlight any training requirements.

Part 2: Evaluating the Effectiveness of the Audit Committee

The committee has evaluated its effectiveness across various areas on a scale of 0-4

- 0 (Major Improvement Required)
- 1 (Significant Improvement Required)
- 2 (Moderate Improvement Required)
- 3 (Minor Improvement Required)
- 4 (No Improvement Required), with the following results:

Areas of Evaluation	Assessment (0-4)	Strengths & Areas for Development
Promoting the principles of good governance and their application to decision making	3	The Committee responds to recommendations and makes changes to process where required. It provides robust review of the Annual Governance Statement and the Internal Audit Opinion. Internal Audit reviews annual audit on Governance arrangements. Self-assessment undertaken annually to evaluate effectiveness.

Contributing to the development of an effective control environment	3	Annual follow up reports on internal audit recommendations. The Committee reviews and endorses relevant policies that strengthen the control framework. They review authority levels used for decision making and review the Treasury management strategy.
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	3	Responsibility for oversight of risk management rests with the committee. Regular review of the strategic risk register. The risk management strategy/framework has been approved by the Committee. All internal audits are risk-based, providing assurance that key risks are being managed appropriately.
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	3	Assurance provided through internal audit reports and through the Value for Money statement from External Auditors. The Annual Governance Statement is reviewed and endorsed. The Committee has ensured financial information is accessible by all members. The Committee approves both Internal and External plans, ensuring coverage is adequate over key risks.
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	3	The Audit Charter covers reporting requirements. The Head of Internal Audit has direct reporting access to key personnel. Effectiveness of internal audit is assessed through the Annual Opinion, particularly the Quality Assurance & Improvement Programme.
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	3	This is covered in audit review scopes. The annual audit plan ensures assurance requirements are covered. Regular reports on audit recommendation implementation are provided.

Supporting the development of robust arrangements for ensuring value for money	5	The External Auditor reports on this objectively and provides a conclusion on value for money. The Committee supports debt recovery efforts and was involved in benchmarking exercises to establish costs across National Parks. The Committee also supports joint functions across National Parks.
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	4	The Committee receives and scrutinises regular reports on anti-fraud arrangements. Fraud-related recommendations would be reported to the Committee (none reported in the assessment period).

Training Delivered

The following training program was delivered for the Audit and Governance Committee 2024/25 and included the following topics -

- The importance of an Audit and Governance Committee
- Independence, objectivity and understanding
- Case studies: The effective Audit and Governance Committee
- Following up audit recommendations
- Mechanics of Committee business
- Information requirements of the Committee
- Financial reporting and internal controls
- Anti-fraud and whistleblowing
- Review and approval of key policies
- Relationship Between the Audit & Governance Committee and Key Stakeholders
- The Committee and Risk Management
- The Effectiveness of the Committee

Conclusion

The self-assessment demonstrates that the Audit and Governance Committee is operating effectively and in compliance with CIPFA guidance. The committee demonstrates good practice across all areas assessed, with particularly strong performance in supporting value for money arrangements. The planned training program will further strengthen the committee's capabilities and ensure it continues to add value to the organisation's governance framework.

Recommendations

Based on the self-assessment results, the Committee is requested to:

1. Note the findings of the self-assessment
2. Confirm that full compliance has been recognised in relation to each of the areas subject to scrutiny.