

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 the CIPFA publication *"Audit Committees: Practical Guidance for Local Authorities"*. 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.

There are 40 questions/sub-questions that are scored as follows:

Does not comply (Major improvement needed)	0
Partially complies and extent of improvement needed:	
Significant improvement	1
Moderate improvement	2
Minor improvement	3
Fully complies (No further improvement needed)	5

The Maximum possible score is 200 (40 questions/sub-questions multiplied by five).

Good practice questions

Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?
- 5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

- 8 Does the committee publish an annual report in accordance with the 2022 guidance, including:
- compliance with the CIPFA Position Statement 2022
 - results of the annual evaluation, development work undertaken and planned improvements
 - how it has fulfilled its terms of reference and the key issues escalated in the year?

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?

Governance arrangements

Risk management arrangements

Internal control arrangements, including:

- financial management
- value for money
- ethics and standards
- counter fraud and corruption

Annual governance statement

Financial reporting

Assurance framework

Internal audit

External audit

- 10 Over the last year, has adequate consideration been given to all core areas?
- 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?
- 12 Has the committee met privately with the external auditors and head of internal audit in the last year?
- 13 Has the committee been established in accordance with the 2022 guidance as follows:
- Separation from executive
 - A size that is not unwieldy and avoids use of substitutes
 - Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation
- 14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?

- 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?
- 16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?
- 17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?
- 18 Is adequate secretariat and administrative support provided to the committee?
- 19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?

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?
- 21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?
- 22 Are meetings effective with a good level of discussion and engagement from all the members?
- 23 Has the committee maintained a non-political approach to discussions throughout?
- 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?
- 25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?
- 26 Do audit committee recommendations have traction with those in leadership roles?
- 27 Has the committee evaluated whether and how it is adding value to the organisation?
- 28 Does the committee have an action plan to improve any areas of weakness?
- 29 Has this assessment been undertaken collaboratively with the audit committee members?