



## Report of the Director of Finance/Section 151 Officer

Governance and Audit Committee – 17 May 2023

### **Governance & Audit Committee – Self Assessment of Good Practice**

<b>Purpose:</b>	This report provides an update following the Audit Committee members' self assessment of good practice.
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	It is recommended that Committee discuss the proposals noted in the report to formulate any agreed actions to take forward.
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#### **1. Introduction**

- 1.1 The Audit Committee members' self assessment of the effectiveness of the Committee and its benchmarking against CIPFA good practice was completed during March and April 2023. It was facilitated this time by the S151 Officer's own staff acting independently of the internal audit function and the Governance and Audit Committee Members.
- 1.2 All committee members received the questionnaire and interactive self evaluation tool issued by CIPFA. The results are summarised in Appendix 1. A copy of the tool is reproduced in Appendix 2. As a reference point and reminder the previous review facilitated by Audit Wales from 2019 is reproduced in full **for information only** at Appendix 3.

- 1.3 11 returns were received but one was not fully completed and discounted. 10 (with only 2 very minor omissions) were analysed and summarised in this report.
- 1.4 Overall, the outcome of the self-assessment evaluation remains positive, and the view pretty consistently expressed is one of overall compliance in full, or mostly only requiring minor improvement, across the 29 questions (and sub questions) and assessments posited. There are, as should be expected, and somewhat reassuring, in an honest self assessment process, some areas identified for moderate improvement.
- 1.5 A summary of the key findings that came out of the performance review can be found in Appendix 1.

## 2. The CIPFA model and Self Assessment Results

- 2.1 The model posits 29 different questions or self assessment tests and sub questions totalling 40 components overall. It is qualitative as to judgments made by the individual members completing their scoring.
- 2.2 The overall scoring is reproduced in Appendix 1 for all 29 areas. It may be summarised as follows.

Action needed	<i>Major Improvement</i>	<i>Significant Improvement</i>	<i>Moderate Improvement</i>	<i>Minor Improvement</i>	<i>No Further Improvement</i>
<b>Summary</b>	0	0	4	50	344

Out of a maximum of 400 (NB 2 returns both did not answer Q15 which accounts for the missing 2 - when cross casting - the answered returns come to 398 out of 400)

- 2.3 The areas requiring moderate improvement should be the main are of focus, despite low numbers, (numbers scoring at this level are in the final column):

<b>12</b>	Has the committee met privately with the external auditors and head of internal audit in the last year?	1
<b>14</b>	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	2
<b>25</b>	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	1

2.4 The areas requiring minor improvement are (numbers scoring at this level in final column):

<b>3</b>	Has the committee maintained its advisory role by not taking on any decision-making powers, etc)?	2
<b>7</b>	Does the governing body hold the audit committee to account for its performance at least annually?	1
<b>8</b>	Does the committee publish an annual report in accordance with the 2022 guidance, including:	
	<ul style="list-style-type: none"> <li>Results of the annual evaluation, development work undertaken and planned improvements</li> </ul>	1
	<ul style="list-style-type: none"> <li>How it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>	1
<b>9</b>	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?	
	Governance arrangements	1
	Internal audit	1
<b>10</b>	Over the last year, has adequate consideration been given to all core areas?	3
<b>11</b>	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?	1
<b>12</b>	Has the committee met privately with the external auditors and head of internal audit in the last year?	4
<b>13</b>	Has the committee been established in accordance with the 2022 guidance as follows?	
	<ul style="list-style-type: none"> <li>A size that is not unwieldy and avoids use of substitutes</li> </ul>	1
	<ul style="list-style-type: none"> <li>Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>	1
<b>14</b>	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	3

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?	3
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	3
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	1
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	3
22	Are meetings effective with a good level of discussion and engagement from all the members?	1
23	Has the committee maintained a non-political approach to discussion throughout?	2
26	Do audit committee recommendations have traction with those in leadership roles?	3
27	Has the committee evaluated whether and how it is adding value to the organisation?	5
28	Does the committee have an action plan to improve any areas of weakness?	7
29	Has this assessment been undertaken collaboratively with the audit committee members?	2

2.5 The model questions and assessments as posited are reproduced in Appendix 2.

2.6 The assessment 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.

### **3. For Discussion**

- 3.1 The committee is invited to discuss the self assessment results and to determine what steps it would like officers and auditors to take to improve, where such improvement is identified.

### **4. Integrated Assessment Implications**

- 4.1 There are no integrated assessment implications associated with this report.

### **5. Financial Implications**

- 5.1 There are no financial implications associated with this report.

### **6. Legal Implications**

- 6.1 There are no legal implications associated with this report

**Background Papers:** None

**Appendix 1** – Results of member self-assessment

**Appendix 2** – Self Assessment Questionnaire – blank copy

**Appendix 3** - Previous Audit Wales effectiveness review reproduced for information only – it has not been reissued by Audit Wales)