

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Head of Internal Audit

To: Governance and Audit Committee, 18 October 2018

Author: Emma Hodds, Head of Internal Audit for South Holland DC

Subject: Self-Assessment of the Committee

Purpose: The Chartered Institute of Public Finance and Accountancy (CIPFA) document on “audit committees – practical guidance for local authorities and police” sets out the guidance in the function and operation of audit committees. It is good practice for audit committees to complete a regular self-assessment exercise, to be satisfied that the Committee is performing effectively.

Recommendation(s):

- 1) That Committee agree their self-assessment against best practice at Appendix 1 to this report.

1.0 BACKGROUND

- 1.1 The Chartered Institute for Public Finance and Accountancy (CIPFA) document on “audit committees – practical guidance for local authorities and police” set out the guidance on the function and operation of audit committees. It represents CIPFA’s view of best practice and incorporates the position statement previously issued. 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”.
- 1.2 The Section 151 Officer has overarching responsibility for discharging the requirement for sound financial management, and to be truly effective requires an audit committee to provide support and challenge.
- 1.3 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 and the ability to challenge when required.
- 1.4 It is therefore good practice for audit committees to complete a regular self-assessment exercise against a checklist, to be satisfied that the Committee is performing effectively.
- 1.5 In addition, the Public Sector Internal Audit Standards also call for the audit committee to assess their remit and effectiveness, in relation to Purpose, Authority and Responsibility, to facilitate the work of this Committee.
- 1.6 The Governance and Audit Committee has regularly carried out the self-assessment exercise in the past and has taken action where necessary to ensure full compliance with best practice.

1.7 The guidance provides two tools against which the Committee can assess itself, the first (self-assessment of good practice) supports an assessment against recommended best practice to inform and support the Committee. The second assessment tool (evaluating the effectiveness of the audit committee) helps Committee Members to consider where it is most effective and where there may be scope to do more. To be effective the Committee should be able to identify evidence of its impact or influence linked to specific improvements.

1.8 At the Governance and Audit Committee meeting on the 12 September 2017 the Committee reviewed the assessment tools and concluded on action points that were required. This is attached at **Appendix 1** of the report for Members to review and ensure that this is still an accurate reflection.

1.9 Members attention is drawn to the action points that were agreed at the time:

Promoting the principles of good governance and their application to decision making – it would be beneficial to have wider managers at the meetings, as appropriate.

Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks – fraud policies need updating and taking back to Committee for approval. Training to then be provided to Members on the Councils fraud policies.

2.0 **OPTIONS**

2.1 The alternative approach would be for the Committee not to complete the self-assessment exercise, however this would result in no assurance being provided that the Committee is assisting the Council in achieving good corporate governance, and is sufficiently proactive.

3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 Completion of the self-assessment provides feedback on the effectiveness of the current arrangements, and ensures that best practice is followed by the Committee, and good corporate governance is achieved.

4.0 **EXPECTED BENEFITS**

4.1 The Committee are able to demonstrate that best practice is followed and that they are proactive in helping to raise the profile of internal control, risk management and financial reporting at the Council.

5.0 **IMPLICATIONS**

5.1 In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.2 **Corporate Priorities**

5.2.1 The Committee, through its terms of reference, helps to ensure that the service areas and risks reported are working towards the efficient and effective delivery of the Council's corporate priorities.

5.3 Risk Management

5.3.1 The Committee supports the oversight of the Council's risk management framework which will in turn ensure that the Council's key risks are accurately reviewed and addressed. This is ensured by following best practice and adopting sound terms of reference.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 Not applicable.

Background papers:- None

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Key Decision: No

Exempt Decision: No

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix 1 Audit Committee Self-Assessment Checklist