

## Appendix A

### Audit Committee Self-Assessment – checklist from the CIPFA publication *audit committees – practical guidance for Local Authorities, 2018 edition*

	Self-Assessment Questions	Yes	Partly	No	Comment
<b>Audit committee purpose and governance</b>					
1	Does the authority have a dedicated audit committee?	Y			
2	Does the audit committee report directly to Full Council?			N	Annual Report to Full Council be introduced from 2022 and periodic updates from the AC Chair to all members as appropriate.
3	Do the Terms of Reference clearly set out the purpose of the committee in accordance with CIPFA's position statement?	y			
4	Is the role and purpose of the audit committee understood and accepted across the authority?	y			
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	y			
6	Are arrangements to hold the committee to account for its performance operating satisfactorily?		Y		An Annual Report to full Council is to be completed. There are periodic updates to members together with External Audit reviews, input from Internal Audit. Benchmarking best practice comparisons and the self-assessment process will contribute to accounting for the performance of the Audit Committee.
<b>Functions of the committee</b>					
7	Do the committee's terms of reference explicitly address the following:				
	<ul style="list-style-type: none"> <li>• Good governance</li> </ul>	y			
	<ul style="list-style-type: none"> <li>• Assurance Framework</li> </ul>		y		MBC is a small council with limited administration resources and has not adopted formal assurance framework documentation detailing all risks with the mapping of all controls to risks and related collection of evidence. A satisfactory framework is in place with the risk assessment process and related audit assurances. Other significant assurances, independent or from within are considered by Officers for inclusion

					in the Annual governance Statement. No further action.
	<ul style="list-style-type: none"> <li>Internal Audit</li> </ul>	y			
	<ul style="list-style-type: none"> <li>External Audit</li> </ul>	y			
	<ul style="list-style-type: none"> <li>Financial reporting</li> </ul>	y			The AC receives Internal Audit reports on budgetary control and accounting processes. The Annual accounts are also reviewed by the Audit Committee as are related External Audit Reports. The regular monitoring of financial performance is undertaken by the Cabinet. Training sessions are provided for AC members on understanding the Annual Financial Statements.
	<ul style="list-style-type: none"> <li>Risk management</li> </ul>		y		The AC needs to develop more understanding of risk and the role of the AC. A training session was provided in July 2022. From September 2022 risk management issues will be a more regular agenda item.
	<ul style="list-style-type: none"> <li>Value for money and best value</li> </ul>		y		The Council publishes a Value for Money Statement, the latest in October 2021. This embraces best value. This Statement details the activities at the Council to achieve value for money. When this Statement is to be due to be updated the draft Statement will be reviewed by the AC.
	<ul style="list-style-type: none"> <li>Counter Fraud and Corruption</li> </ul>		y		Counter fraud and corruption work is reported to the AC. A Bribery Act 2010 risk assessment is required to be completed and presented to the AC during 2022. The AC Chair as the nominated counter fraud champion to lead on publicity during the November 2022 International Fraud Awareness week.
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?	Y			This is the first evaluation and will be completed each year in future.

9	Where coverage of core areas has been found to be limited, are plans in place to address this?	Y			The AC to develop its role in risk management. Training was provided in July 2022. Risk management to feature more often as an agenda item. Potential significant risk item is Projects/ventures. Most of the headline council failures in the national media have been on ventures. Whilst MBC as a small limited resources Council is relatively low risk the risks are growing as the council makes and receives funding bids and is involved in the local economy such as town centre, tourism and as the asset development programme. The requirement for MBC to obtain assurance to mitigate related adverse risks whilst taking opportunities is to be referred to the Council Leader and Chair of the Scrutiny Committee. Some project risks are included in Internal Audit Workplans.
10	Has the audit committee considered the 'wider areas' identified in the CIPFA Position Statement (as outlined below) and whether it would be appropriate for the committee to undertake them?  Wider areas identified: <ul style="list-style-type: none"> <li>Considering governance, risk or control matters at the request of other committees or statutory officers.</li> <li>Working with local standards committees to support ethical values and reviewing the arrangements to achieve those values.</li> <li>Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.3</li> <li>Providing oversight of other public reports, such as the annual report.</li> </ul>		y		There is a Local Code of Governance and also a documented <i>performance and risk management framework</i> approved by full Council. This refers to some documents being presented direct to Council such as Treasury Management not through the AC. Full Council cannot devote time to detailed checking. Following the training session on risk management roles throughout the organisation the performance and risk management framework is to be reviewed by the AC chair. Any recommendations to amend will be reported to the Director of Corporate Services and or Monitoring Officer for consideration. The AC is also the Standards Committee.
11	Has the committee maintained its non-advisory role by not taking any decision making powers that are not in line with its core purpose?	y			

<b>Membership and support</b>					
12	Has an effective audit committee structure and composition of the committee been selected? This should include:				
	<ul style="list-style-type: none"> <li>Separation from the executive</li> </ul>	y			
	<ul style="list-style-type: none"> <li>An appropriate mix of knowledge and skills among the membership</li> </ul>		no		Like many Local Authority ACs the MBC AC membership is 100% local Councillors. This does not necessarily always provide an appropriate or consistent skill mix over the four years of a Council. This is consistent with the reported findings of the 2016 CIPFA Survey of Local Authority Audit Committees.
	<ul style="list-style-type: none"> <li>A size of the committee is unwieldy</li> </ul>		y		At 10 members this is higher than the Private Sector average 4-5 number. The 2016 CIPFA research pointed to smaller relatively skilled Committees being more appropriate. Membership from next Council starting in May 2023 is to be reviewed concurrent with the appointment of independent member(s). See below.
	<ul style="list-style-type: none"> <li>Where independent members are used, that they have been appointed using an appropriate process</li> </ul>		y		The principle of appointing independent member(s) as recommended in the CIPFA Position Statement has been agreed with the Council Leader. Information is that the Government is in the process of reviewing the regulations for Local Authority Audit and it is expected that the appointment of independent member(s) will be compulsory. When the Regulations are published with any associated appointment process or advice the Council will promptly undertake an appointment process.
13	Does the Chair of the Committee have appropriate knowledge and skills?	Y			
14	Are arrangements in place to support the committee with briefings and training?	Y			

15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	y			Assessed yes and assessment provided at number 12 above.
16	Does the committee have good working relations with key people and organisations, including internal audit, external audit and the chief financial officer?	Y			
17	Is adequate secretariat and administrative support to the committee provided?	Y			
<b>Effectiveness of the committee</b>					
18	Has the committee obtained feedback on its performance from those interacting with the committee and relying on its work?			No	See 2. For the introduction of annual and periodic reports. This will be a prompt for feedback. The working relationship between the Chair of the Scrutiny Committee and Chair of the AC is developing.
19	Has the committee evaluated whether and how it is adding value to the organisation?	y			Informally and this has contributed to 2022/23 AC priorities, see 20. This formal self-evaluation contributes and also the debate at AC when the Annual Report of performance is presented.
20	Does the committee have an action plan to address any weaknesses?	y			For 2022/23 prior to completing the self-assessment; <ul style="list-style-type: none"> <li>• Develop members input and AC approval of the 2022/23 and 2023/24 Internal Audit Plans,</li> <li>• Develop the clarity of Internal Audit Reports,</li> <li>• Develop the AC responsibility for risk management,</li> <li>• AC Chair to develop operational communications with Officers to ensure the professional conduct of public AC meetings.</li> <li>• AC Chair to follow up when appropriate to ensure actions requested by members are completed,</li> </ul>

					<ul style="list-style-type: none"> <li>• Pursue the principle of agreement and recruitment of independent persons.</li> </ul> <p><b>Additions resulting from the self-assessment;</b></p> <ul style="list-style-type: none"> <li>• AC Chair to provide annual AC performance reports to full Council,</li> <li>• AC to review updates when appropriate to the Value for Money Statement,</li> <li>• AC Chair to refer the requirement for assurance on all material project and venture risks to the Leader and Chair of Scrutiny Committee,</li> <li>• AC Chair to review the Performance and Risk Management Framework and report suggested amendments to the Director of Corporate Services and or Monitoring Officer,</li> <li>• Officers to complete Bribery Act 2010 risk assessment.</li> </ul>
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