

THURSDAY, 28 MARCH 2019

**REPORT OF THE HEAD OF AUDIT & GOVERNANCE**

**AUDIT & GOVERNANCE COMMITTEE SELF ASSESSMENT**

**EXEMPT INFORMATION**

None

**PURPOSE**

To complete a self-assessment of good practice for the Audit & Governance Committee and produce an improvement action plan if required.

**RECOMMENDATIONS**

It is recommended that:

- 1 Members of the Committee complete the self-assessment checklist at Appendix A in order to formulate an improvement plan if required.

**EXECUTIVE SUMMARY**

CIPFA have published guidance on the function and operation of audit committees in local authorities and police bodies and this represents good practice for audit committees. The guidance was updated in 2018 and incorporates *CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018)* (the Position Statement), which sets out CIPFA's views on the role and functions of an audit committee.

The Position Statement emphasises the importance of audit committees being in place in all principal local authorities and it also recognises that audit committees are a key component of governance. Audit Committees are an important source of assurance about an organisation's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.

Audit committees in local authorities are necessary to satisfy the wider requirements for sound financial management and internal control. In England, the Accounts & Audit (England) Regulations 2015 state that a local authority is responsible "for a sound system on internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangement for the management of risk". In addition, Section 151 of the Local Government Act 1972 requires every local authority to "make arrangements for the proper administration of its financial affairs".

The CIPFA guidance provides a template for a self-assessment of good practice for audit committees to complete. The self-assessment can be found at Appendix A. Where an audit committee has a high degree of performance against good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. This self-assessment can also be used to support the planning of the audit committee work programme and training programme. The completion of the self-assessment also feeds into the Annual Governance Statement as a source of assurance over the governance arrangements.

**RESOURCE IMPLICATIONS**

None

**LEGAL/RISK IMPLICATIONS BACKGROUND**

None

**EQUALITIES IMPLICATIONS**

None

**SUSTAINABILITY IMPLICATIONS**

None

**BACKGROUND INFORMATION**

None

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**LIST OF BACKGROUND PAPERS**

None

**APPENDICES**

Appendix A – Self-assessment of good practice for audit committees