

Thursday, 9 February 2023

Report of the Audit Manager

Audit Committee Effectiveness

Exempt Information

None.

Purpose

To undertake the annual self-assessment of Audit & Governance Committee effectiveness and provide an update in relation to the appointment of independent member/s to the Committee.

Recommendations

It is recommended that:

- 1. The Committee considers the attached self-assessment checklist (Appendix 3) and endorses any actions to improve its effectiveness as appropriate.**
- 2. The Committee considers and ratifies the approach to be taken in respect of appointing an Independent Member to the Committee.**

Executive Summary

CIPFA 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 updated in 2022 and incorporates *CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2022)* (the Position Statement) is attached as **Appendix 1**. Additional guidance has been issued in conjunction with the Position Statement and this is attached as **Appendix 2**.

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.

Appendix 3 provides a high-level review that incorporates the key principals set out in CIPFA's Position Statement and has been completed by the Audit Manager and is circulated to members for their comments and observations. Where an Audit Committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are 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 places; and inform the annual report. As part of this year's self-assessment members were circulated, prior to this meeting, a 'knowledge and skills' self-

assessment (**Appendix 4**), the results of which will be fed into the training provision in 2023/24. Members are requested to complete the attached at the earliest opportunity and return to the Audit Manager so a training plan for 2023/24 can be developed.

APPOINTMENT OF INDEPENDENT MEMBER/S TO COMMITTEE

Members will be aware that it was previously agreed to recruit an independent member to the Committee. The position was advertised locally and we received one application. On review of this application the individual concerned did not meet the criteria required to be Independent Member.

As there were no specific candidates the Audit Manager has spoken to other Chief Auditors within Staffordshire to obtain sector wide views regarding the appointment of Independent Members to Audit Committees. It appears from these discussions that there are issues where the position is unremunerated and other Councils have reported the lack of potential applicants.

It is therefore proposed to review the current arrangements and firstly confirm that the Committee wishes to appoint an Independent Member and secondly undertake further investigation into this position being readvertised.

Options Considered

None.

Resource Implications

None.

Legal/Risk Implications Background

None.

Equalities Implications

None.

Environment and Sustainability Implications (including climate change)

None.

Background Information

None.

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List of Background Papers

Appendices

Appendix 1 CIPFA Position Statement on Audit Committees (2022)

Appendix 2 CIPFA Guidance to Audit Committees (2022)

Appendix 3 Audit Committee Self-Assessment of Compliance with Good Practice

Appendix 4 Skills & Knowledge Self-Assessment

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