

Thursday, 8 February 2024

**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 notes the current position in relation to appointment of 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 (Position Statement) was updated in 2022 and 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 Committee 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 principles set out in CIPFA's Position Statement and has been completed by the Audit Manager, this 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 to inform it's Annual Report. A full training review was completed in the early Municipal Year and specific training is being developed on the following areas; Local Authority Finance, Role of External Audit, Treasury Management and

Internal Audit/Counter Fraud. Training has been provided during the early part of the year on both the Role of Internal Audit and Risk Management.

During May/June 2024 it is proposed that a skills audit of the committee's membership would be undertaken and a further updated training plan developed for the period 2024/2025.

## **APPOINTMENT OF INDEPENDENT MEMBER/S TO COMMITTEE**

Members will be aware that it was agreed to recruit an independent member/s to the Committee. Following committee's agreement, the role was advertised on WM Jobs. Unfortunately, there were no respondents to this advert. The Audit Manager is considering the next steps available which include remuneration of the role (in excess of out-of-pocket expenses) and whether a joint working approach between other Staffordshire Authorities would be a possibility. The Audit Manager will keep the Chair of the Committee and other committee members aware of further developments.

### **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.

### **Report Author**

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### **List of Background Papers**

#### **Appendices**

Appendix 1 – CIPFA Position Statement on Audit Committees (2022)

Appendix 2 – CIPFA Guidance on Audit Committees (2022)

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