

Wednesday, 5 February 2025

**Report of the Interim Audit Manager**

**Audit Committee Effectiveness**

**Exempt Information**

None.

**Purpose**

To undertake the annual self-assessment of Audit & Governance Committee effectiveness.

**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.**

**Executive Summary**

CIPFA published guidance on the function and operation of Audit Committees in local authorities and police bodies in 2022 and this represents good practice for audit committees (**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** details a draft self-assessment based on the key principles set out in CIPFA's Position Statement for the Committee's consideration. This self-assessment has been circulated to Committee members in advance, for their comments and observations.

A proposed action plan where potential improvements have been initially identified within the self-assessment is detailed below for the Committee's endorsement:

<b>Ref</b>	<b>Good Practice Checklist</b>	<b>Proposed Action, Responsibility &amp; Timescale</b>
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	The Committee's terms of reference to be updated to clearly set out the purpose of the Committee in accordance with CIPFA's Position Statement.  Interim Audit Manager, May 2025

Ref	Good Practice Checklist	Proposed Action, Responsibility & Timescale
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	<p>The Council's recent Peer Review has highlighted increased training and awareness of audit, governance and risk management as an improvement and this action is detailed within the Peer Challenge Action Plan.</p> <p>Link below: <a href="#">Appendix 2 Corporate Peer Challenge Draft Action Plan.pdf</a></p> <p>In addition, for best practice and in conjunction with the above, the Committee will renew its skills matrix and training plan.</p> <p>Interim Audit Manager, March 2025</p>
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	<p>Financial management / reporting, VFM, counter fraud and corruption, AGS, assurance framework to be more explicitly referenced in the update of the Committee's terms of reference.</p> <p>Interim Audit Manager, May 2025</p>
13	Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation.	<p>Recruitment of independent member/s has been considered by the Committee previously. A link to the latest update is below: <a href="#">26 July 2024 Audit Committee Report</a></p> <p>The Committee are asked to consider their current direction on this.</p> <p>Audit &amp; Governance Committee, February 2025</p>
16, 17	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance? Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	See Ref 5 above.
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	<p>To be addressed at the meeting and it is suggested that feedback be obtained from Council on consideration of the Chair's Annual Report to Council.</p> <p>Chair of Audit &amp; Governance, June 2025</p>

## **Options Considered**

Not applicable.

## **Resource Implications**

None.

## **Legal/Risk Implications Background**

Audit Committee's are a key component of a Council's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and internal control arrangements. Undertaking an annual self-assessment of effectiveness, supports the Committee's role in ensuring that there is sufficient assurance in these areas which gives further confidence to those charged with governance that such arrangements are effective.

A significant aspect of the Audit Committee's remit is risk management. The Committee's review of the effectiveness in this area provides further assurance and confidence that the Council's most significant / material risks are being managed appropriately.

## **Equalities Implications**

Equality, Social Inclusion and Health Impact Assessment (ESHIA) completed at **Appendix 4**.

## **Environment and Sustainability Implications (including climate change)**

None.

## **Background Information**

None otherwise appended or linked within this report.

## **Report Author**

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## **List of Background Papers**

None, otherwise referenced above.

## **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

Appendix 4 – ESHIA

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