

19 March 2025

Report of the Interim Audit Manager

Audit Committee Effectiveness

Exempt Information

None.

Purpose

To update the Audit & Governance Committee following the Committee appointed working group’s consideration of the annual self-assessment of Committee effectiveness.

Recommendations

It is recommended that:

- 1. The Committee approves the attached self-assessment checklist (Appendix 3) and endorses the actions to improve its effectiveness.**

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.

The Audit & Governance Committee initially considered the self-assessment at their meeting of 5 February 2025. The Committee appointed a working group of volunteers (Cllrs Adams, Bain, Couchman and Wells) to review the self-assessment checklist on the Committee’s behalf. The group met on 17 February 2025 and their final checklist is now detailed at **Appendix 3** for the Committee’s approval.

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

Ref	Good Practice Checklist	Proposed Action, Responsibility & Timescale
2	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?	The Committee reports to full Council as part of the Chair’s Annual Report to Council annually. Processes to enhance this reporting will be confirmed with the

Ref	Good Practice Checklist	Proposed Action, Responsibility & Timescale
		Chair prior to the next reporting period. Interim Audit Manager, April 2025
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 will be reviewed to ensure fully compliant with the CIPFA 2022 Position Statement. Interim Audit Manager, May 2025
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	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. Link below: Appendix 2 Corporate Peer Challenge Draft Action Plan.pdf In addition, for best practice and in conjunction with the above, the Committee and Chair will renew the skills matrix and training plan. Interim Audit Manager, May 2025
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	To be included in training, as 5. Interim Audit Manager, May 2025
7	Does the governing body hold the audit committee to account for its performance at least annually?	As 2.
8	Does the committee publish an annual report in accordance with the 2022 guidance, including: • compliance with the CIPFA Position Statement 2022 • results of the annual evaluation, development work undertaken and planned improvements • how it has fulfilled its terms of reference and the key issues escalated in the year?	As 2.
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	As 4.
10	Over the last year, has adequate consideration been given to all core areas?	Following 4, an analysis will be undertaken between the terms of reference and agenda to ensure assurance is received on all core areas. Interim Audit Manager, May 2025
11	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	As 10.
12	Has the committee met privately with the external auditors and head of internal audit in the last year?	Provision is made annually for a private meeting of the Committee with Internal Audit and External

Ref	Good Practice Checklist	Proposed Action, Responsibility & Timescale
		Audit. It is on the March 2025 agenda. Interim Audit Manager, March 2025
13	Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation.	Recruitment of independent member/s has been considered by the Committee previously. A link to the latest update is below: 26 July 2024 Audit Committee Report The Committee are asked to consider their current direction on this. Audit & Governance Committee, March 2025
14-17	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled? Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years? 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?	As 5.
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	To be addressed at the March 2025 meeting and it is suggested that feedback is included within the Chair's Annual Report to Council. Chair of Audit & Governance, May 2025
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	As 19.
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	To be included in training, as 5. Interim Audit Manager, May 2025
22	Are meetings effective with a good level of discussion and engagement from all the members?	To be included in training, as 5. Interim Audit Manager, May 2025
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	To be included in training, as 5. Interim Audit Manager, May 2025
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	To be included in training, as 5. Interim Audit Manager, May 2025
26	Do audit committee recommendations have traction with those in leadership roles?	As 19.

Ref	Good Practice Checklist	Proposed Action, Responsibility & Timescale
27	Has the committee evaluated whether and how it is adding value to the organisation?	As 2, 4, 10.
28	Does the committee have an action plan to improve any areas of weakness?	This report and action plan satisfy this requirement. Internal Audit Manager, March 2025
29	Has this assessment been undertaken collaboratively with the audit committee members?	Committee's consideration of this report, satisfy this requirement. Audit & Governance Committee, March 2025.

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

Rebecca Neill – Interim Audit Manager
Rebecca-Neill@tamworth.gov.uk

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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