

Appendix A

Harlow Audit and Standards Committee self-assessment of good practice: This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police and this publication. This guidance was updated in 2018 and changes in the checklist since it was last used by the Committee in 2016 can be seen as **bold underlined** narrative.

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 the essential factors in developing an effective audit committee. A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

| Good Practice Questions | | Yes | Partly | No |
|---|---|--|--------|----|
| Audit committee purpose and governance | | | | |
| 1 | Does the authority have a dedicated audit committee? | The Committee meets 4 times a year. | | |
| 2 | Does the audit committee report directly to full council? | Council receives all minutes from the Audit and Standards Committee. | | |
| 3 | Do the terms of reference (ToR) clearly set out the purpose of the committee in accordance with CIPFA's Position Statement? | The Committee's current ToR was reviewed against CIPFA guidance in November 2018 and found to be fit for purpose. | | |
| 4 | Is the role and purpose of the audit committee understood and accepted across the authority? | The Audit and Standards Committee forms part of the Council's committee structure. Its role and function is set out in the Council's Constitution. | | |

| Good Practice Questions | | Yes | Partly | No |
|-----------------------------------|---|---|--------|----|
| 5 | Does the audit committee provide support to the authority in meeting the requirements of good governance? | Through its Terms of Reference, reports it receives, member training, review and challenge of the Annual Governance Statement (AGS), annual accounts, representation by members and officers. | | |
| 6 | Are the arrangements to hold the committee to account for its performance operating satisfactorily? | There are arrangements for holding the Committee to account through its reporting to Council (including annual report and effectiveness). For a more independent view consider the role of the Scrutiny Committee in assessing the performance of the Audit and Standards Committee. | | |
| Functions of the committee | | | | |
| 7 | Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement: <ul style="list-style-type: none"> • good governance • assurance framework including partnerships and collaboration arrangements • Internal and external audit • financial reporting • risk management | These are covered in the Committee's ToR and review of the Annual Governance Statement. | | |

| Good Practice Questions | | Yes | Partly | No |
|-------------------------|---|--|--------|----|
| | <ul style="list-style-type: none"> • value for money or best value • counter fraud and corruption • <u>supporting the ethical framework</u> | | | |
| 8 | <p>Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?</p> | The Committee produces an annual report, reviews its Terms of Reference and effectiveness review. | | |
| 9 | <p>Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?</p> <p><i>Note: CIPFA guidance states that Audit Committees can also support their authorities by undertaking a wider role in other areas including:</i></p> <ul style="list-style-type: none"> • <i>considering governance, risk or control matters at the request of other committees or statutory officers</i> • <i>working with the local standards <u>and ethics</u> committees to support ethical values</i> • <i>reviewing and monitoring treasury management arrangements</i> • <i>providing oversight of other public reports, such as the annual report.</i> | <p>The Committee includes the Standards Committee as evidenced in their Terms of Reference.</p> <p>Other roles as suggested by CIPFA are adequately covered by other committees, Cabinet and the full Council.</p> | | |
| 10 | <p>Where coverage of core areas has been found to be limited, are plans in place to address this?</p> | <p>Various reports received by the Committee throughout the year ensure the majority of core areas are covered. This includes the Annual Governance Statement (AGS), Internal Audit's</p> | | |

| Good Practice Questions | | Yes | Partly | No |
|-------------------------------|--|--|--------|----|
| | | annual report and its regular progress reports, External Audit reports (including the Statement of Accounts), and risk management reports. | | |
| 11 | Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose? | Yes. | | |
| Membership and support | | | | |
| 12 | <p>Has an effective audit committee structure and composition of the committee been selected? This should include:</p> <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • where independent members are used, that they have been appointed using an appropriate process. • <u>consideration has been given to the inclusion of at least one independent member</u> | <p>Ten councillors sit on the Committee, with the main political parties represented, who bring to the Committee a range of experiences and skills. This is supplemented with periodic member training.</p> <p>There are no independent members.</p> | | |
| <u>13</u> | <u>Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council as appropriate for the organization?</u> | Not applicable | | |
| 14 | Does the chairman of the committee have appropriate | Yes. | | |

| Good Practice Questions | | Yes | Partly | No |
|-------------------------|---|--|--------|----|
| | knowledge and skills? | | | |
| 15 | Are arrangements in place to support the committee with briefings and training? | The formal work programme for the Committee is reviewed at each meeting. Periodic training opportunities (internal and external) made available to members including joint events with Broxbourne and Epping Forest Councils. | | |
| 16 | Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory? | Member requirements and core knowledge and skills framework taken into account when developing the training programme. A formal knowledge and skills analysis was undertaken and reported to the September 2017 Audit and Standards Committee meeting. Consideration should be given to repeating the exercise as membership of the committee has recently changed. | | |
| 17 | Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer? | The Head of Finance (Section 151 Officer) and the Internal Audit Manager agree that this is the case. | | |

| Good Practice Questions | | Yes | Partly | No |
|---------------------------------------|---|--|--|-----------|
| 18 | Is adequate secretariat and administrative support to the committee provided? | Yes. | | |
| Effectiveness of the committee | | | | |
| 19 | Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work? | The Chairman meets regularly with the Internal Audit Manager and Head of Finance and has access to External Audit. The Committee's annual report is approved by Council. | | |
| <u>20</u> | <u>Are meetings effective with a good level of discussion and engagement from all the members?</u> | Yes. Attendance levels are high; discussion and debate actively encouraged by the Chair. | | |
| <u>21</u> | <u>Does the committee engage with a wider range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?</u> | | Officers are held to account through the committee's review of audit reports (internal and external) and progress being made to implement recommendations, monitoring risk registers and other key strategies. The Committee has in the past requested Officers to attend where appropriate. | |

| Good Practice Questions | | Yes | Partly | No |
|-------------------------|---|---|--------|----|
| <u>22</u> | <u>Does the committee make recommendations for the improvement of governance, risk and are these acted on?</u> | This is undertaken through the Committee's work programme. | | |
| 23 | Has the committee evaluated whether and how it is adding value to the organisation? | The Committee looks at itself by way of assessing its effectiveness and governance arrangements. The annual report assists with the process. In addition, the Committee adds value by ensuring audit recommendations are acted upon which assist Officers to spend more time on audits. | | |
| 24 | Does the committee have an action plan to improve any areas of weakness? | An action plan to address relevant issues is reported to the Committee as part of the review of effectiveness. | | |
| <u>25</u> | <u>Does the committee publish an annual report to account for its performance and explain it works?</u> | Yes, and is approved by Council. | | |