

Audit and Governance Committee Self-Assessment

This provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement. 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.

Section 1 – Self Assessment of Good Practice

Good Practice Question		Yes	Partly	No	Comments/Actions
Audit Committee Purpose and Governance					
1	Does the authority have a dedicated audit committee?	✓			The Council has a dedicated Audit and Governance Committee with Terms of Reference (ToR) included in the Constitution.
2	Does the audit committee report directly to full council?	✓			The Audit and Governance Committee presents an annual report to Full Council. The 2023/24 Annual report will be presented to Full Council on 12 September 2024.
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓			ToR are broadly consistent with CIPFA Position Statement and guidance and the differences are understood and accepted. Regular review of the Committee's ToR is included in the committee's work programme and a report was recently taken to the meeting on 13 December 2023.
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓			The Annual Report provides an opportunity for all members to understand the work of the committee and to ask questions of the Chair. The terms of reference for the committee are approved by Full Council.
5	Does the audit committee provide support	✓			The Audit and Governance Committee provides independent assurance

	to the authority in meeting the requirements of good governance?			<p>to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Sefton's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.</p> <p>The Council's Code of Corporate Governance is presented to committee for comment and endorsement.</p> <p>The Committee approves the Annual Governance statement - included in the Statement of Accounts report.</p>
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?		✓	<p>The Annual Report provides an opportunity for all members to understand the work of the committee and to ask questions of the Chair.</p> <p>Consideration be given to a presentation to all Councillors prior to a Full Council meeting on the role and responsibilities of the committee - time permitting.</p>

Good Practice Question		Yes	Partly	No	Comments/Actions
Functions of the Committee					
1	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement:	✓			<p>The ToR are based on the guidance from CIPFA – Audit Committees: Practical Guidance for Local Authorities and Police and cover all of the core areas identified in CIPFA's Position Statement.</p> <p>The ToR are reviewed on an annual basis and were recently reviewed at the meeting on 13 December 2023.</p>
	Good Governance	✓			The Annual Governance statement is approved by the Committee
	Assurance framework, including partnership and collaboration arrangements	✓			The assurance framework was approved in September 2022.
	Internal audit	✓			<p>The Council has an in-sourced Internal Audit Service. There is an Audit Plan with Audit Charter that is provided to the Committee on an annual basis prior to the start of the new financial year. In addition, there is an annual Opinion from the Head of Internal Audit.</p> <p>There are also quarterly updates on the Internal Audit Plan progress provided to the Committee. The updates include progress against the audit plan, resourcing issues, outcome of audits including details of high-risk recommendation and the details of the Quality Assurance Improvement Plan.</p>
	External audit	✓			The Committee's agenda includes details on the progress of the annual audit programme with the External Auditors invited to every meeting to provide an update.
	Financial reporting	✓			Accounts are approved on an annual basis following the completion of the annual audit.
	Risk management	✓			There is a quarterly update on the Council's Risk Management

				Framework including the Corporate Risk Register. On an annual basis there is an update on the Corporate Risk Management Handbook.
	Value for money or best value	✓		The Council's external auditors, as part of their annual audit, undertake a review of the Council's arrangements for securing value for money. Their conclusions will form part of their report to Audit and Governance Committee following the conclusion of the audit.
	Counter fraud and corruption	✓		An annual fraud report is provided and the team's counter fraud activities are provided in the quarterly update to members.
	Supporting the ethical framework	✓		Committee recommends to Council the adoption of a Code of Conduct for members and through its sub-committees deals with complaints that members have breached the Code.
8	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?	✓		This is the second self-assessment undertaken by the committee and such self-assessments will now be undertaken on an annual basis.
9	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?		✓	This formed part of the review of the terms of reference which were agreed on 14th December 2022.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		Any such plans have been included in the A&G Work Plan.
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in	✓		The Committee's decision-making powers are all in line with its core purpose. e.g., approval of Financial Statements, approval of AGS, monitoring the effectiveness of the risk management arrangements.

	line with its core purpose?				The Committee has decision making powers in relation to the Members Code of Conduct.
12	Has an effective audit committee structure and composition of the committee been selected? This should include:				
	<ul style="list-style-type: none"> separation from the executive 	✓			The Committee is separate from the executive and membership is decided at The Council's AGM in May each year. Membership of the committee complies with the rules concerning political proportionality.
	<ul style="list-style-type: none"> an appropriate mix of knowledge and skills among the membership 		✓		Members receive training throughout the year, and this will be reviewed in light of the committee's self-assessment each year.
	<ul style="list-style-type: none"> a size of committee that is not unwieldy 	✓			General consensus that the current Committee size of 10 is sufficient.
	<ul style="list-style-type: none"> consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) 	✓			The revised position statement builds on the previous statement, which suggested committees should have at least one independent member, to include an explicit statement that "CIPFA recommends that each authority audit committee should include at least two co-opted independent members". An independent member has been recruited.
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by as appropriate for the organisation?	✓			
14	Does the chair of the committee have appropriate knowledge and skills?	✓			The Chair and Vice Chair have attended training provided as part of the programme of briefings prior to A&G Committee meetings but have not undertaken specific training for Chairs and Vice Chairs. The Member

				<p>Development Steering Group is liaising with the LGA regarding training for Chairs and Vice Chairs of all Council Committees.</p> <p>Chair has agenda briefings with key senior officers prior to meetings.</p>
15	Are arrangements in place to support the committee with briefings and trainings?	✓		All new members of the Council undertake induction training and there is a comprehensive training programme for all members including mandatory courses. In addition, the Committee has a training programme designed especially for its members.
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		✓	<p>Such an assessment has not been undertaken.</p> <p>The CIPFA guidance identifies the following core skills for committee members:</p> <ol style="list-style-type: none"> 1. Strategic thinking and understanding of materiality. 2. Questioning and constructive challenge 3. Focus on improvement 4. Able to balance practicality against theory 5. Clear communication skills and focus on the need of users 6. Objectivity, and 7. Meeting management skills
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	✓		<p>The Committee is regularly attended by Executive Directors, Section 151 Officer, Chief Internal Auditor, Service Manager - Finance and the Council's Monitoring Officer.</p> <p>Committee is attended by senior officers with reports on the agenda.</p>
18	Is adequate secretariat and administrative support to the committee provided?	✓		Democratic Services have a dedicated officer to provide secretariat and administrative support to the Committee.

Good Practice Question		Yes	Partly	No	Comments/Actions
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 Chair of the Audit and Governance Committee would welcome feedback.
20	Are meetings effective with a good level of discussion and engagement from all the members?	✓			The Committee interacts well and has an atmosphere in which Members feel able to ask questions. There is a good level of interaction with the Council's external auditors.
21	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?	✓			Senior Officers with reports on the agenda attend committee and the committee has the ability to ask other senior officers to attend.
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓			The committee recommends amendments to the Council's constitution to Full Council. The committee recommends amendments to the Members Code of Conduct to Full Council. The Committee has asked for Service Risk Registers to be updated on time.
23	Has the committee evaluated whether and how it is adding value to the occasion?	✓			The Annual Report of the Committee is presented to full Council and addresses the key areas where the Committee should be held to account. This includes what impact the Committee has had on the improvement of governance, risk and control within the Council. This self-assessment also evaluates where the Council is adding value.
24	Does the committee have an action plan to improve any areas of weakness?			✓	The Committee appointed an independent Member following the first self-assessment exercise conducted last year.

25	Does the committee publish an annual report to account for its performance and explain its work?	✓			

Section 2: Evaluating the effectiveness of the Audit Committee

Assessment Key

5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation examples, areas of strength and weakness	Overall assessment: 5-1 See key above
Promoting the principles of good governance and their application to decision making	Supporting the development of a local code of governance	The Audit and Governance Committee were involved in the development of the current Code of Corporate Governance	4
	Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it	The AGS and supporting evidence is provided to the Committee and a training session held for Members, prior to the Committee approving it each year	4
	Working with key members to improve their understanding of the AGS and their contribution to it		

	Supporting reviews/audits of governance arrangements		5
	Participating in self-assessment of governance arrangements	This is the second self-assessment undertaken by the Committee.	5
	Working with partner audit committees to review governance arrangements in partnerships		4
Contributing to the development of an effective control environment	Actively monitoring the implementation of recommendations from auditors	Annual report provided to the Committee on progress on the follow up of audit recommendations.	4
	Encouraging ownership of the internal control framework by appropriate managers		3
	Raising significant concerns over controls with appropriate senior managers		3
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	Reviewing risk management arrangements and their effectiveness, e.g., risk management benchmarking	The Committee receives a quarterly report on risk management. within the Council which includes the Corporate Risk Register and action being undertaken to improve risk management.	4
	Monitoring improvements		
	Raising significant concerns over controls with appropriate senior managers	Approves on behalf of Cabinet the Corporate Risk Management	

		Handbook.	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	Specifying its assurance needs, identifying gaps or overlaps in assurance	The Work Plan presented to Committee demonstrates how the assurance reports enable the Committee to meet its terms of reference.	4
	Seeking to streamline assurance gathering and reporting	The Work Plan is a standing item on each agenda and the Committee are proactive in requesting reports and assurances from the Council.	
	Reviewing the effectiveness of assurance providers, e.g., internal audit, risk management, external audit	<p>The Committee receives annual reports on the effectiveness of Internal Audit QAIP and the five-year external validation.</p> <p>There is currently no information provided to the Committee on the effectiveness of the external auditors.</p> <p>Approved an Assurance Framework for the Council in September 2022.</p>	
Supporting the quality of the internal audit activity particularly by underpinning its organisational independence	Reviewing the audit charter and functional reporting arrangements	Receives an annual report on the Audit Charter with the Annual Audit Plan to improve.	4
	Assessing the effectiveness of internal audit arrangements, providing constructive challenge,	The annual Opinion details the outcome of the QAIP.	

	and supporting improvements		
	Actively supporting the quality assurance and improvement programme of internal audit		
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	Reviewing how the governance arrangements support the achievement of sustainable outcomes	The Committee receives update reports on the work of Internal Audit including key findings, issues of concern, and action in response to the findings and recommendations. The reports include relevant information regarding Internal Audit reviews of projects and programmes	4
	Reviewing major projects and programmes to ensure that governance and assurance arrangements in place		
	Reviewing the effectiveness of performance management arrangements		
Supporting the development of robust arrangements for ensuring value for money	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee	The Committee considers the annual external audit opinion on value for money	4
	Considering how performance in value for money is evaluated as part of the AGS		
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)	The Committee receives an annual report on Counter Fraud, money laundering and whistleblowing.	4
	Reviewing fraud risks and the		

	effectiveness of the organisation's strategy to address those risks		
	Assessing the effectiveness of ethical governance arrangements for both staff and school governors		
Promoting effective public reporting the authority's stakeholders and local community and measures to improve transparency and accountability	Improving how the authority discharges its responsibilities for public reporting; for examples, better targeting at the audience, plain English	The Committee approves a number of public facing documents and reports, and as part of producing these documents considers any changes needed to improve transparency. Report authors to consider the overuse of acronyms and whether a glossary is required.	4
	Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency		4
	Publishing an annual report from the committee	The Committee produces an annual report which is approved by the Committee.	5