

Appendix 1 : Huntingdonshire District Council: Corporate Governance Committee Self-Assessment Exercise
September 2023 (first session of 5 members & Internal Audit Manager)
November 2023 (second session of 11 members with CEO, Dir Finance & Internal Audit Manager present)

CIPFA's Audit Committees: practical guidance for local authorities and police (2022 edition)

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, 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 should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

No	Good practice questions	Yes	Partly	No	Score 1,2,3,or 5	Evidence/ Comment	Improvement Action
AUDIT COMMITTEE PURPOSE AND GOVERNANCE							
1	Does the authority have a dedicated audit committee (that is not combined with other function seg standards, ethics, scrutiny)?	✓			5	No further improvement HDC a Corporate Governance Committee (CGC) with discrete responsibilities of an audit committee.	-
2	Does the audit committee report directly to full Council? (applicable to local government only)	✓			5	No further improvement CGC has delegated responsibility from Council to act as an audit committee and it reports back to Council on recommended decisions in this capacity.	-
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	✓			5	No further improvement None of the CGC Members are on the executive. Decisions are taken by way of CGC recommendation to Council (eg to approve the appointment of an independent member).	-
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's (2022) Position Statement?	-	-	-	Not scored as not yet reviewed	The position statement has been circulated to CGC Members and the it has been agreed that their Terms of Reference/list of responsibilities within the Constitution will be reviewed to ensure coverage is still appropriate. The Democratic Services Manager has advised that the ToR is reviewed annually by the Monitoring Officer to ensure it remains current and takes into account any changes needed.	The Committee's Terms of Reference are to be reviewed. This will include the purpose of the Committee, and also inclusion of core areas as defined within the position statement.

5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?		✓		2	Moderate Members felt there could be better understanding by Cabinet of the role of an audit committee, followed by better engagement with Cabinet.	Suggested that training for Cabinet Members could be undertaken and would be useful for enhancing an understanding of roles. Also to consider that this training be provided on a broader basis to all Members and act as a refresh to CGC members.
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?		✓		3	Minor	Dem Services to record (as directed by Chair) in minutes any relevant/significant question or issue raised during the CGC meeting. This can be fed in as evidence in Committee's annual report.
7	Does the governing body hold the audit committee to account for its performance at least annually?	✓			3	Minor Chair gives presentation of reports including Committee's Annual Report to Council. Committee is held to account by questions session from Cabinet/Council. Technically Council has opportunity at every meeting to hold Committee to account. Linking to point 5 above, further training for Cabinet Members to get them trained so that they understand how to challenge and ask questions.	Training at 2 above.
8	Does the committee publish the annual report in accordance with the 2022 guidance, including: <ul style="list-style-type: none"> Compliance with the CIPFA position statement 2022 		✓		3	Minor An annual report is produced but it is prepared by the Internal Audit Manager and serves the purpose of documenting	All CGC Members requested to read the Position Statement 2022 and review how the annual report can be improved.

	<ul style="list-style-type: none"> Results of the annual evaluation, development work undertaken and planned improvements How it has fulfilled its terms of reference and the key issues escalated 					<p>what core areas the committee covered in-year. It does not reflect evidence of added value, challenges or recommendations made by committee during the year.</p>	<p>Suggested assurance mapping be demonstrated within the AGS document.</p> <p>Better and more regular engagement with the External Auditor.</p> <p>An Anti-fraud and corruption plan is shared?</p> <p>More detail on challenges and demonstration of added value will be included in future annual reports.</p> <p>The report needs to be written (perhaps collaboratively) with committee members to achieve their own evidence and perceptions.</p> <p>IAM will draft the basic annual report for practical reasons and will circulate to CGC members for their wider consideration, comment and insertions to make the report their own.</p>
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FUNCTIONS OF THE COMMITTEE							
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9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? - Governance arrangements	-	-	-	Not yet reviewed	TOR STILL TO BE REVIEWED	Terms of reference to be reviewed to ensure all core areas as suggested in the CIPFA position statement are
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	<ul style="list-style-type: none"> - Risk management arrangements - Internal Control arrangements including: <ul style="list-style-type: none"> Financial mgt Value for money Ethics and standards Counter fraud and corruption - Annual governance statement - Financial reporting - Assurance framework - Internal Audit - External Audit 						included in its list of responsibilities.
10	Over the last year, has adequate consideration been given to all core areas?	✓			3	Believed that all the core areas were covered across the meetings. However, also felt that agendas appear to be officer-led and therefore committee might take a stronger influence over what items and areas it wishes to discuss/call in.	Committee to take more control over what items are included in future agendas. Forward plan to be designed.
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?		✓		2	Core items are on the CGC agenda. CGC needs to review against the PS 2022. Risk Management is the exception. Felt they should have more control over the agenda and less officer-led.	As above. More areas will be considered for wider discussion.
12	Has the committee met privately with the external auditors and head of internal audit in the last year?		✓		3	The Chair and Vice-Chair meet regularly with the Internal Audit Manager. Private meetings with the external auditors has only happened immediately before the CGC meeting where the accounts were due to be presented.	Private meetings with external audit should resume. This should allow a less-guarded conversation and be an opportunity to get more feedback and colour on what is happening within the organisation.

							Committee to consider whether it also wants to have private meetings with each of the three statutory officers to obtain further insight.
MEMBERSHIP AND SUPPORT							
13	<p>Has the committee been established in accordance with the 2022 guidance a follows?</p> <ul style="list-style-type: none"> • separation from the executive 	✓			5	<p>No further improvement.</p> <p>Although noted that one member also sits on Cabinet. Whilst this is not prohibited it is not recommended.</p>	
	<ul style="list-style-type: none"> • A size that is not unwieldy and avoids use of substitutes 	✓			2 or 3 ?	<p>The size of the committee was raised as perhaps an issue – felt 12 was too many, and experience has taught that less allows it to be more focussed. If a further 1 or 2 members are added as independent members this may create to large a committee.</p> <p>Substitutes are not used.</p>	<p>Further thoughts of wider committee sought as to size of committee.</p> <p>Options to be presented to committee at the next meeting.</p> <p>Benchmark with other councils to the size of their audit committees.</p>
	<ul style="list-style-type: none"> • Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation: <i>recommended two, at least one independent member (where it is not already a mandatory requirement)</i> 		✓		2	<p>CGC recommended and Council approved that up to 2 independent members can be appointed to sit on CGC. Initially, the intention is that only one will be appointed with a possible second appointment later.</p>	<p>An independent member will be appointed to complement the existing Committee.</p>

	<ul style="list-style-type: none"> an appropriate mix of knowledge and skills among the membership 				3	<p>Minor</p> <p>Discussion amongst the members present evidenced that they each had a professional background and experience that aligned well with an audit committee's responsibilities.</p>	<p>All committee members invited to contribute their professional skillsets and experience in order to create a skills matrix (maybe by core areas?) for committee and at the same time identify any gaps that training or an independent member might fill.</p> <p>Considered that the independent person would have a 4 year term with a term renewable to a max of 2 terms – To be decided.</p>
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?		✓		3 or maybe 5?	<p>Minor</p> <p>Discussion amongst the group showed that they each had professional qualification/knowledge or experience that suited an audit committee. There was previously no knowledge as to how they had been selected for CGC. Wider committee members to be established.</p>	As above.
15	Has an evaluation of knowledge, skills and the training needs of the Chair and committee members been carried out within the last two years?		✓		2	<p>Members still agreed that a matrix of core areas and experience required would be useful / needed and would help determine how the independent member would slot in to cover any areas of weakness.</p>	<p>As above. Skills assessment to be provided by all members.</p> <p>This will also capture training requirements and preferences.</p>

16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?		✓		3	Minor Members have been offered and provided various training events. Record of training attended has been noted in the last annual report of committee.	Members to consider and request any training needs – as individuals and committee as whole.
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?					TBC	TBC
18	Is adequate secretariat and administrative support provided to the committee?	✓			5	No further improvement	-
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?		✓		2	Moderate The Chair and Vice both meet with the IAM on a regular basis. Meetings with external audit have only been immediately prior to CGC meeting where accounts being presented. No meetings with Chief Finance Officer yet. No interaction with the Monitoring Officer. Consideration in peer review as to whether they should be presenting the AGS to CGC.	Consideration of closed sessions. External audit engagement should be introduced eg meeting with EA prior to the audited accounts being presented at CGC. Generally more interaction may be needed with parties outside of the CGC meetings. MO to present AGS and other governance issues?
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?			✓	0	No feedback has been requested or received by CGC. There have been some comments when CGC's Annual Report is taken to full Council.	Performance feedback should be obtained. Consider getting validation as to performance from Officers who

							have interacted with Committee?
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	✓			5	No further improvement	-
22	Are meetings effective with a good level of discussion and engagement from all the members?	✓			3	No further improvement There is an expectation that this will develop with maturity of the committee.	Training will help Members to develop their challenge and questioning.
23	has the committee maintained a non-political approach to discussions throughout?	✓			5	No further improvement	-
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?		✓		2	Moderate	<p>Consideration to be given to calling in officers to attend CGC, when a relevant paper is being presented so they can be asked questions as necessary.</p> <p>Consider whether to decide how long/how many months before calling an officer in if a response has not been provided to a request.</p> <p>Use of Executive Members to follow up on actions and engagement, and link to performance feedback.</p>

							Take opportunity to invite officers to Committee to give a presentation on their areas (eg as has been done recently with a Cyber Security presentation).
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	✓	✓		3	Minor Felt that by challenge and further questioning, committee discuss these areas as they are reported. Decided that internal audit reports will be sent to Committee members for their consideration.	Committee to bear this in mind that it has remit to provide recommendations for improvement.
26	Do audit committee recommendations have traction with those leadership roles?				SCORE NEEDED	Committee has made recommendations to have items brought to them, has challenged information and requested further update. Further assessment needs to be made on this at next review once more maturity of committee.	
27	Has the committee evaluated whether and how it is adding value to the organisation?			✓	2	Adding value has not been evaluated nor included in the annual report.	Closed/informal sessions together as a Committee after a meeting twice a year to allow more informal discussion and assessment, review of performance, Terms of reference etc. This will provide opportunity to discuss evidence and contribution to the annual report before it is taken to public meeting.

							Officers on notice to attend CGC meeting.
28	Does the committee have an action plan to improve any areas of weakness?			✓	2	An action plan will be produced from this self-assessment.	
29	Has this assessment been undertaken collaboratively with the audit committee members?	✓			5	Only 5 members could attend the initial self-assessment session in September. A further informal closed session was held in November to capture the discussion and comments of the wider committee (11 out of 12 members present).	The self-assessment record to be sent to all CGC members for their own individual thoughts and suggestions to be added in private. An action plan will be drafted and circulated at a future meeting of Committee.

Self-Assessment against best practice questions undertaken by Corporate Governance Committee Members:

Date: 21st September & 29th November 2023

Signed by: Nic Wells, Chair of Corporate Governance Committee

Approved by: Corporate Governance Committee 29th January 2024

Appendix 2: Improvements Action Plan

	Improvement	Date
1	The Committee's Terms of Reference to be reviewed against the 2022 Position Statement. This will include inclusion of Purpose. Terms of reference to be reviewed to ensure all core areas are included in its list of responsibilities.	
2	Training to be provided to Cabinet on the role of an audit committee, followed by better engagement with Cabinet.	
3	Democratic Services to record (as directed by Chair) in minutes any relevant/significant question or issue raised during the CGC meeting.	
4	All CGC Members requested to read the Position Statement 2022 and review how their Annual Report can be improved.	
5	Suggested that assurance mapping be demonstrated within the AGS document.	AGS 23/24
6	Better and more regular engagement with the External Auditor. Private meetings with the external auditor are to be reinstated.	
7	More evidence detail on challenges and demonstration of added value will be included in future annual reports of the committee.	
8	The annual report to be written collaboratively with committee members to achieve their own evidence and perceptions.	Annual Report 2023/24
9	Committee to take more control over what items are included in future agendas. More areas will be considered for wider discussion.	

10	Further consideration of the wider committee will be sought as to the size of committee and whether it is felt appropriate or needs to change.	
11	<p>An independent member will be appointed to complement the existing committee.</p> <p>Considered that the independent person would have a 4 year term with a term renewable to a max of 2 terms – To be decided.</p>	<p>As soon as practical</p> <p>Mar 2024</p>
12	<p>All committee members will be invited to contribute their professional skillsets and experience in order to create a skills matrix (maybe by core areas?) for committee and at the same time identify any gaps that training or an independent member might fill.</p> <p>Internal Audit Manager to prepare a skills matrix for completion by Members. Skills assessment to be provided by all members. Members to consider and request any training needs – as individuals and committee as whole.</p> <p>Democratic Services to help prepare a training programme for committee.</p>	
13	<p>Committee to consider and decide on the following:</p> <ul style="list-style-type: none"> • Closed sessions together as a committee after a meeting twice a year to allow more informal discussion and assessment of its effectiveness. • Officers on notice to attend CGC meeting. • External audit engagement should be introduced eg meeting with EA prior to the audited accounts being presented at CGC. • Generally more interaction may be needed with parties outside of the CGC meetings. • Monitoring Officer to present the Annual Governance Statement and other governance issues 	

14	Performance feedback should be obtained from statutory and other officers, and elsewhere as appropriate.	
15	Consideration to be given to calling in officers to attend CGC, when a relevant paper is being presented so they can be asked questions as necessary.	Immediate
16	Committee to bear in mind the need for recommendations for improvement in controls, governance and risk.	Immediate
17	Committee to undertake the larger interactive effectiveness toolkit questions from CIPFA to assess evidence of its effectiveness.	