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<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE</b>	<b>AGENDA ITEM: 9</b>
<b>DATE OF MEETING:</b>	<b>19 JUNE 2024</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>EXECUTIVE DIRECTOR – RESOURCES AND TRANSFORMATION</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>CHARLOTTE JACKSON</b> <a href="mailto:Charlotte.jackson@southderbyshire.gov.uk">Charlotte.jackson@southderbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>OUTCOME OF THE AUDIT COMMITTEE SELF-ASSESSMENT</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

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## **1.0 Recommendations**

1.1 That the Committee:

- A) note the outcome of and actions arising from the informal member working group review;
- B) note that this will be reported to the Finance and Management Committee; and
- C) note that this will also be reported to Council in a forthcoming annual report, with a recommendation that where actions require changes to the Council's Constitution, that these are fed into a future governance review.

## **2.0 Purpose of Report**

2.1 To share the outcome of the self-assessment of the Audit Sub-Committee against the Chartered Institute of Public Finance and Accountancy's (CIPFA) guide for local authorities.

## **3.0 Detail**

### **Background**

3.1 In 2022, the Chartered Institute of Public Finance & Accountancy (CIPFA) published a revised and updated edition of the document 'Audit Committees: Practical Guidance for Local Authorities and Police'.

3.2 Building on the previous 2018 version, the revised guidance aimed to better focus the guidance for the most appropriate audience and for the first time has been produced in two sections.

3.3 The guidance documents themselves constitute the following and were shared with the Sub-Committee in the report on [6 September 2023](#).

- **The audit committee member in a local authority** - specifically targeted towards members of an audit committee.

- **Guiding the audit committee – supplement to the audit committee member guidance.** This is a supplement to the member guidance and is designed for officers responsible for guiding and supporting audit committees and contains references to relevant resources with weblinks, additional information for officers to help ensure operations meet appropriate legislation and good practice and refers to relevant recommendations from the Redmond Review.
- **CIPFA Audit Committees Position Statement 2022** - this sets out roles and responsibilities and good practice principles for audit committees. CIPFA is clear that Audit Committees are a key component of an authority's governance framework, their purpose being to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements.
- Two interactive documents to self-assess and evaluate the committee arrangements against good practice. These set out key areas for self-assessment and evaluation including Audit Committee Purpose and Governance; Functions of the Audit Committee; Membership and Support; and Effectiveness of the audit committee.

3.4 It is important that the Council's Audit Committee demonstrates a high level of compliance with best practice guidance on Audit Committees to ensure that it can evidence its effectiveness as a scrutiny body and as a foundation for strong corporate governance. CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective Audit Committee arrangements.

3.5 It is recommended that Members note the updated guidance as set out and agree to meet informally to complete the self-assessment, the results of which will, together with officers' review of the updated guidance, inform an action plan for subsequent consideration and approval.

### **Self-assessment process and outcome**

3.6 At its meeting on 6 September 2023, the Audit Sub-Committee resolved to form an informal member working group to undertake a self-assessment of good practice and report back to a future Audit Sub-Committee meeting.

3.7 Since the meeting, all 2023/24 members of the Audit Sub-Committee, Councillors Amy Wheelton, David Shepherd, Alan Jones, Alistair Tilley and Neil Atkin, met with the Executive Director – Resources and Transformation and Head of Finance over the course of 3 in-person meetings between February and April 2024, to review the current arrangements against the CIPFA guidance.

3.8 A summary of the self-assessment reviews can be found in appendices F and G.

### **3.9 Appendix A – Self-assessment of the impact and effectiveness of the Audit-Sub Committee: South Derbyshire District Council.**

3.10 The evaluation has been completed with commentary added to the far right column of the document.

3.11 A number of proposed actions are detailed in this self-assessment:

- That an Annual Report should be published by the Committee Publish an annual report
- That an update on the Committee's engagement on fraud should be included as part of the of the Committee's Annual Report
- That an update on the Committee's review of the Local Code of Corporate Governance should be included as part of the Committee's Annual Report
- That the Executive Director – Resources and Transformation (formally the Strategic Director [Corporate Resources]) undertakes a review of Internal Audit provision in the future.

### **3.12 Appendix B – Self-assessment of good practice: South Derbyshire District Council – Audit Sub-Committee.**

3.13 The self-assessment shows compliance by way of “x” as either:

- Does not comply; or
- Partially complies and requires:
  - Significant improvement;
  - Moderate improvement; or
  - Minor improvement; or
- No further improvement.

3.14 Where commentary has been added to the document, this is highlighted in yellow.

3.15 A number of areas were identifying as not complying or requiring improvement.

### **3.16 Appendix C**

3.17 Actions to be taken forward are set out in Appendix C, along with proposed timescales. Where actions require changes to the Council's Constitution, it is proposed that these are fed into a future governance review.

## **Conclusion**

3.16 The outcome of the working group has identified several areas that require further attention to be in line with the CIPFA guidance. These matters will be reported to the Finance and Management Committee at its next meeting on 20 June 2024.

3.17 It is proposed that actions are taken forward as outlined in Appendix C, and with actions requiring changes to the Constitution to be fed into a future governance review which is currently being scoped and timetabled by the Executive Director – Law and People.

## **4.0 Financial Implications**

4.1 None

## **5.0 Corporate Implications**

5.1 None directly

## **6.0 Community Implications**

6.1 None directly

7.0 **Background Papers**

7.1 [Audit Committee Self-Assessment, 6 September 2023.](#)