

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 |

Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 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?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

| 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 | | | | |
| 8 Does the committee publish an annual report in accordance with the 2022 guidance, including: | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? | | | | | | | | | | | | | | | | | | | | | | | | | |
| Functions of the committee | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows? | | | | | | | | | | | | | | | | | | | | | | | | | |
| Governance arrangements | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk management arrangements | | | | | | | | | | | | | | | | | | | | | | | | | |
| Internal control arrangements, including: | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption | | | | | | | | | | | | | | | | | | | | | | | | | |
| Annual governance statement | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial reporting | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assurance framework | | | | | | | | | | | | | | | | | | | | | | | | | |
| Internal audit | | | | | | | | | | | | | | | | | | | | | | | | | |
| External audit | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 Over the last year, has adequate consideration been given to all core areas? | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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? | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 Has the committee met privately with the external auditors and head of internal audit in the last year? | | | | | | | | | | | | | | | | | | | | | | | | | |

| 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 | | | | |

Membership and support

| | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 13 Has the committee been established in accordance with the 2022 guidance as follows? | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Separation from executive | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation | | | | | | | | | | | | | | | | | | | | |
| 14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled? | | | | | | | | | | | | | | | | | | | | |
| 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? | | | | | | | | | | | | | | | | | | | | |
| 16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance? | | | | | | | | | | | | | | | | | | | | |
| 17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance? | | | | | | | | | | | | | | | | | | | | |
| 18 Is adequate secretariat and administrative support provided to the committee? | | | | | | | | | | | | | | | | | | | | |
| 19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO? | | | | | | | | | | | | | | | | | | | | |

Effectiveness of the committee

| | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work? | | | | | | | | | | | | | | | | | | | | |
| 21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement? | | | | | | | | | | | | | | | | | | | | |
| 22 Are meetings effective with a good level of discussion and engagement from all the members? | | | | | | | | | | | | | | | | | | | | |
| 23 Has the committee maintained a non-political approach to discussions throughout? | | | | | | | | | | | | | | | | | | | | |

| Good practice questions | Partially complies and extent of improvement needed | | | | Fully complies | |
|---|---|-------------------|-------------------------|----------------------|-------------------|------------------------|
| | Does not comply | Major improvement | Significant improvement | Moderate improvement | Minor improvement | No further improvement |
| Weighting of answers | 0 | 1 | 2 | 3 | 5 | |
| 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? | | | | | | |
| 25 Does the committee make recommendations for the improvement of governance, risk and control arrangements? | | | | | | |
| 26 Do audit committee recommendations have traction with those in leadership roles? | | | | | | |
| 27 Has the committee evaluated whether and how it is adding value to the organisation? | | | | | | |
| 28 Does the committee have an action plan to improve any areas of weakness? | | | | | | |
| 29 Has this assessment been undertaken collaboratively with the audit committee members? | | | | | | |
| Subtotal score | | | | | | |
| Total score | | | | | | |
| Maximum possible score | | | | | | 200** |

** 40 questions/sub-questions multiplied by five.