

# Audit Committee

10<sup>th</sup> July 2025



<b>Title</b>	Self-Assessment of Audit Committee
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Terry Collier, Chief Finance Officer, and Linda Heron, Monitoring Officer
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	This item is not in the current list of Corporate Priorities but still requires a Committee decision.
<b>Recommendations</b>	<b>Committee is asked to:</b>  <i>To approve commencing a Self-Assessment review of the Committee and associated arrangements against the CIPFA Guidance and check list and broader best practice for Audit Committees.</i>
<b>Reason for Recommendation</b>	<i>The External Auditor's Annual Audit Report 2023-24 Improvement Action 3 recommended "The Council should take a self-assessment of its Audit Committee arrangements within the CIPFA guidance".</i>

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"><li>The Committee has an existing terms of reference and a set of governance arrangements</li><li>In context of recent external reviews and the External Audit Annual Report 2023-24 it is now timely to review the governance arrangements relating to the Committee</li></ul>	<ul style="list-style-type: none"><li>Undertake a facilitated self-assessment of the Audit Committee with an experienced local government audit practitioner</li><li>This will address one of the Improvement Recommendations in the Annual Audit Plan</li><li>Will address one of the actions in the Consolidated Action Plan</li></ul>

	<ul style="list-style-type: none"> <li>Will enable the Committee and the Council to identify and implement any appropriate improvements</li> </ul>
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Agree to undertake the Self Assessment</li> <li>Rob Winter to attend the Committee on the 10<sup>th</sup> July to summarise the approach to be undertaken in September</li> <li>Committee Members to digest the appended CIPFA guidance</li> <li>A self-assessment process to be facilitated in September by Rob Winter</li> <li>Report to be presented to 25<sup>th</sup> September Audit Committee</li> </ul>

1.1 This report seeks to *set out a process for undertaking a self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) 2022 Guidance for Audit Committees, and to use the CIPFA self-assessment check list.*

## 2. Key issues

2.1 As the *CIPFA Position Statement on Audit Committees in Local Authorities and Police* – Appendix A states “Audit committees are a key component of an authority’s governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee’s role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.”

2.2 The Position Statement summarises the core functions of audit committees as “to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.”

2.3 The CIPFA *The Audit Committee Member in a local authority* (Appendix B) expands on the role of Audit Committees setting out its role in broader governance arrangements “Good governance is ultimately the responsibility of the governing body (the full council or equivalent), as well as those with leadership roles and statutory responsibilities in the organisation, including the elected mayor (where applicable), chief executive, the chief financial officer (CFO) and the monitoring officer. In local government, the governing body is the full council or authority. Putting good governance into practice requires both members and officers to play their part. The audit committee should play a key role in supporting the discharge of those responsibilities by providing a high-level focus on audit, assurance and reporting. In local government, the authority sometimes delegates specific governance responsibilities, though CIPFA’s recommendation is that the audit committee should remain an advisory committee”

- 2.4 CIPFA most recently issued guidance for audit committees in 2022 with the publication *Audit Committees Practical Guidance for Audit Committees*
- 2.5 Appendix D is the CIPFA Checklist for Self-Assessment of Good Practice for Audit Committees. This provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and guidance. 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.
- 2.6 As Committee members will have noted some of the checklist questions are more subjective than others and potentially it would be challenging for the Audit Committee to be "marking its own home work". So, it is proposed that an experienced local government practitioner assists in providing an independent assessment based on input from the Committee and with a view to help the Committee to identify a number of improvement opportunities. The Council was already planning to work with Rob Winter, a very experienced former head of Internal Audit, who as will be noted from the CIPFA acknowledgements provided some input for CIPFA on the Guidance for Audit Committees. So, it is felt that Rob would be a well placed to assist the Committee in this review. Appendix E is a summary of the draft proposal for the review put forward by Rob Winter.
- 2.7 CIPFA provides further guidance in *Guiding the Audit Committee – Supplement to the Audit Committee member guidance* (Appendix C)
- 2.8 As the CIPFA *Audit Committees Practical Guidance for Audit Committees* 2022 edition - a supplement to the guidance for audit committee guidance, states "Where an authority is found to have failed in its statutory obligations to provide best value, the government has the power to intervene. The audit committee is one of the mechanisms an authority should have in place to identify, escalate and oversee the improvement of any governance weaknesses". In this context it is particularly important that the Committee address the Improvement Recommendation 3 of the External Auditor's Annual Audit Report which read "*The Council should take a self-assessment of its Audit Committee arrangements within the CIPFA guidance*". By ensuring that the Audit Committee has appropriate governance arrangements, training and support, it will be able to ensure it is best equipped to review and oversee the improvement of governance weaknesses identified in various recent external reviews. The responses to these external reviews are set out as actions in the Consolidated Action Plan which the Committee will be reviewing at every meeting of the Committee.

### **3. Options analysis and proposal**

- 3.1 Option 1 (preferred) proceed with the proposed approach to undertaking a self-assessment of the Committee's governance and support arrangements.
- 3.2 Option 2: make suggested amendments to the approach.
- 3.3 Option 3 (not recommended) – decide not to undertake any self-assessment.

### **4. Financial management comments**

- 4.1 As has been set out audit committees play a key role in ensuring effective governance in councils, and this in turns helps ensure effective governance

underpinning financial management decisions, transactions and ensuring appropriate transparency and accountability. The proposed Self-Assessment process will cost £5,000.

- 4.2 **Chief Finance Officer comments:** I fully endorse the proposal of undertaking a Self-Assessment against the CIPFA standards. This will help the Council address one of the improvement recommendations in the Annual Audit Report and help ensure that we have appropriate governance around the financial activities of the Council. We will involve the Commissioners in this review and they will be invited to participate, if they feel appropriate, in the process. I believe it will be particularly helpful to have an experienced local government audit practitioner to assist the Committee in gaining the best outcome from such a process.

## **5. Risk management comments**

- 5.1 As 2.1 highlights a core aspect of the work of audit committees is to “provide an independent and high-level focus on the adequacy of ... risk and control arrangements.”. Ensuring that the Council has an effective Audit Committee helps underpin ensuring that we have appropriate risk management arrangements in place. Rob Winter will also be providing Risk Management training for the Council.

## **6. Procurement comments**

- 6.1 Not directly applicable.

## **7. Legal comments**

- 7.1 The legal implications are contained within the report.
- 7.2 **Monitoring Officer Comments:** It is good practice for the Audit Committee to review its effectiveness periodically to satisfy itself that effective assurance arrangements are in place. The carrying out of the self-assessment the Audit Committee will meet best practice requirements within CIPFA 2022 Guidance.

## **8. Other considerations**

- 8.1 Detail any other considerations to be taken into account.

## **9. Equality and Diversity**

- 9.1 Effective, governance arrangements, of which Audit Committees are part, help support the delivery of all Council priorities including addressing equality and diversity issues.

## **10. Sustainability/Climate Change Implications**

- 10.1 Effective, governance arrangements, of which Audit Committees are part, help support the delivery of all Council priorities including addressing climate change and achieving Net Zero.

## **11. Timetable for implementation**

- 11.1 It is proposed that:
- 11.2 Rob Winter attends the Audit Committee on the 10<sup>th</sup> July to briefly summarise the suggested approach to the self-assessment process (at the same time he will also set out the proposed approach to risk management training

- 11.3 In early-mid September Rob will undertake a self assessment process working with both councillors, officers and other stakeholders such as Commissioners
- 11.4 A report with improvement recommendations to be produced for 25<sup>th</sup> September

## **12. Contact**

- 12.1 Terry Collier, Chief Finance Officer – [t.collier@spelthorne.gov.uk](mailto:t.collier@spelthorne.gov.uk); and Linda Heron, Monitoring Officer – [l.heron@spelthorne.gov.uk](mailto:l.heron@spelthorne.gov.uk)

**Please submit any material questions to the Committee Chair and Officer Contact by two days in advance of the meeting.**

**Background papers: (There are none.**

### **Appendices:**

**Appendix A** – CIPFA 2022, Position Statement on Audit Committees in local authorities and police

**Appendix B-** CIPFA 2022, The Audit Committee Member in a local authority

**Appendix C** – CIPFA 2022, *Guiding the Audit Committee – Supplement to the Audit Committee member guidance*

**Appendix D** – CIPFA 2022, Checklist for Self-Assessment of Good Practice for Audit Committees

**Appendix E**– draft proposal for Review of Audit Committee