

**REPORT TO: SCRUTINY COMMITTEE 24 APRIL 2024**

**REPORT ON: INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT**

**REPORT BY: CHIEF INTERNAL AUDITOR**

**REPORT NO: 107-2024**

## **1.0 PURPOSE OF REPORT**

To submit to Members of the Scrutiny Committee an update on the progress towards delivering the 2023/24 Internal Audit Plan; the audits from previous years' plans that were not complete in June 2023; and information about the number of open internal audit recommendations. The report also includes information about proposed self-assessment activity for the Committee.

## **2.0 RECOMMENDATIONS**

It is recommended that the Committee:

- i. note the progress with the Internal Audit Plan;
- ii. approve changes to the plan;
- iii. note progress with the implementation of agreed internal audit recommendations; and
- iv. agree to undertake the annual self-assessment and report for the Committee as proposed in 5.2 below.

## **3.0 FINANCIAL IMPLICATIONS**

None.

## **4.0 AUDIT PROGRESS**

- 4.1 Appendix one notes the current stage of progress with implementing the 2023/24 Internal Audit Plan and the outstanding items brought forward from the 2021/22 and 2022/23 Plans (the plan). All 2021/22 and 2022/23 work is substantially progressed.
- 4.2 The impact of staffing availability on the pace of delivery of the plan has been reported previously. Both vacant Internal Auditor posts have been filled and the new team members started work at the beginning of March.
- 4.3 It is anticipated that the majority of work in progress will be completed for reporting to the June committee although some items may not be completed. The Chief Internal Auditor anticipates that sufficient work will be complete to allow the annual opinion to be provided.
- 4.4 Appendix 1 notes a few proposed changes to the plan.
  - The plan includes an audit on workforce and succession planning. Audit Scotland is currently undertaking thematic best value work around workforce innovation. There is overlap between the briefs for both audits, so it is proposed to remove the audit from the Internal Audit Plan.
  - The Insurance Audit is due to be undertaken by the contractor to avoid conflict of interest because the Senior Manager Internal Audit has responsibility for Insurance. The manager also has responsibility for risk management. Both of these services have temporary reduced capacity which is impacting the manager's availability for audit work. If the Insurance Audit goes ahead the manager will need to be heavily involved. It is therefore proposed to take this audit into 2024/25 to allow the manager to use that time to progress other internal audits for 2023/24.
  - The 2021/22 IT audits were completed recently, 2022/23 audits are being undertaken now and IT audits are included in the 2024/25 audit plan. Given that the key IT risks are being covered by this work it is not proposed to identify any further IT audits for 2023/24.

4.5 Appendix 2 shows the open internal audit recommendations by service, audit year and risk priority. Progress has continued to implement actions, with seven actions closed since this was last reported in February 2024. The majority of actions still require a revised completion date.

## **5.0 COMMITTEE SELF\_ASSESSMENT AND ANNUAL REPORT**

5.1 Cipfa's Position Statement: Audit Committees in Local Authorities and Police 2022 (Appendix 3) and related guidance recommends that audit committees should undertake a self-assessment of their performance and knowledge and skills, and that an annual report should be prepared from the committee to the Council. Cipfa has provided a self-assessment questionnaire for self-assessment (Appendix 4) and guidance about what the annual report should contain.

5.2 To comply with the position statement, it is proposed that:

- officers provide background information to the members of the Scrutiny Committee to enable them to complete the Cipfa self-assessment questionnaire, supplemented by questions about knowledge and skills. The information will then be used to identify any actions or training required for the Committee and its members;
- an annual report following the content recommended by Cipfa should be drafted for consideration and agreement by the Committee for reporting to the Council; and
- the timeframe for this will enable the results from the self-assessment and the draft annual report to be brought to the June 2024 meeting of the Scrutiny Committee.

## **6.0 POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

## **7.0 CONSULTATIONS**

The Council Leadership Team have been consulted in the preparation of this report.

## **8.0 BACKGROUND PAPERS**

None.

Appendix 1 - 2021/22, 2022/23 and 2023/24 Internal Audit Plan update

Appendix 2 - Outstanding Internal Audit Agreed Actions

Appendix 3 - Cipfa Position Statement 2022

Appendix 4 - Proposed self-assessment questionnaire

**CATHIE WYLLIE, CHIEF INTERNAL AUDITOR**

**DATE: 29 MARCH 2024**

2021/22 Internal Audit Plan – Progress Report (Audits completed after June 2023)

Completed items

The IJB Auditor is the Head of Audit of FTF. FTF’s “Reasonable Assurance” definition equates to our “Substantial Assurance” level

2021/22 INTERNAL AUDIT PLAN	Proposed Coverage	Status	Assurance Level
<b>Governance Reviews</b>			
Dundee Integration Joint Board – Viability of External Providers	To support the Dundee Integration Joint Board (IJB) Chief Internal Auditor through the provision of internal audit reviews on the IJB Internal Audit Plan.	SC 6/12/23	FTF Reasonable Assurance
<b>ICT Reviews</b>			
Cyber Security	Further review of key elements of the Council’s cyber security arrangements, in place to ensure that cyber-crime and other associated security risks are appropriately mitigated.	City Governance	Substantial

## 2022/23 Internal Audit Plan – Progress Report (Audits completed after June 2023)

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
<b>Governance Reviews</b>			
Dundee Integration Joint Board	To support the Dundee Integration Joint Board (IJB) Chief Internal Auditor through the provision of internal audit reviews on the IJB Internal Audit Plan.	SC 7/2/24	FTF Reasonable Assurance
Tay Cities Deal	High level review of progress with Tay Cities Deal projects and compliance with grant offer guidance.	SC 27/9/23	Substantial
Staff Wellbeing/Absence Management	Review of the governance arrangements in place throughout the Council to promote and support staff wellbeing. The scope of this audit will pick up some elements of the absence management audit removed from the plan.	In Progress (Contractor) Planned reporting June 2024	
Financial Sustainability	Review of the arrangements for the continued financial sustainability of Leisure and Culture Dundee following the COVID-19 pandemic.	Draft report issued Further work required	
Planning (Scotland) Act 2019	Review of the arrangements to implement and comply with the new duties arising from the Planning (Scotland) Act 2019 in relation to the Planning System.	SC 24/4/24	Comprehensive
<b>ICT Reviews</b>			
Microsoft Office 365	Review of access permissions and licensing arrangements for Office 365 including linking to management of network access.	In Progress (Contractor) Planned reporting June 2024	
Civica CX	Review of the arrangements for the implementation of Phase 1 of Civica CX incorporating Housing Rent collection and recording of Housing Benefit/Universal Credit housing costs.	Planned Reporting after June 2024	

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
User Access Controls	High level review of the appropriateness of user access levels and associated permissions for a number of the Council's key IT systems including any arrangements put in place during working from home.	Planned (Contractor) Planned reporting June 2024	
<b>Systems Reviews</b>			
Health and Safety – Incident Reports	Review of the Council's arrangements for the recording and reporting of Incident Reports.	In Progress Expect draft report by June	
Adaptations for People with Disabilities	Review of the arrangements in place within Dundee Health and Social Care Partnership and Neighbourhood Services for the assessment and provision of equipment and adaptations for people with disabilities.	Draft report issued Planned reporting June 2024	
General Ledger	Review of the arrangements in place for the use of General Ledger in developing the budget process, financial monitoring and outturn information and the identification of potential opportunities to make improvements.	SC 27/9/23	Limited
Compliance with Telematics Policy	Review of implementation of and compliance with Telematics Policy in Construction Services. (Added to plan March 2023)	SC 27/9/23	Substantial
<b>Procurement / Contract Reviews</b>			

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Social Work Contracts and Payments	Review of contract management and commissioning arrangements, including payments, within Dundee Health and Social Care Partnership to assess their adequacy and effectiveness.	In Progress Expect to report after June	
Procurement	Compliance with Tendering Arrangements including review of the arrangements for Contract Waivers.	In Review Planned reporting June 2024	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
<b>Governance Reviews</b>			
Absence management	Review the arrangements in place within the Council to mitigate long term and future absence arising from sickness absences.	Joint with Staff Wellbeing above	
Corporate Governance	Review of elements of the Annual Corporate Governance checklist with service areas to demonstrate evidence of compliance.	In Progress Planned reporting June 2024	
Monitoring of Contractors	High level review of the monitoring of Contractors and contract management in relation to construction and maintenance work.	Planning Planned reporting after June 2024	
Service Design and Business Improvement	To review the processes for the development and implementation of the sixth phase of the Council's transformation plan, as a component of the Council Plan 2022-27, including consideration of lessons identified from previous phases of the programme.	In Review Planned reporting June 2024	
Workforce and Succession Planning	Assess the extent to which individual services and the Council as a whole have prepared strategic workforce plans which compare current staffing establishment with that required to deliver services, including the assessment of key person risk and its mitigation through effective succession planning.	Proposed to remove from plan April 2024. Note 1	Audit Scotland Thematic BV work will provide alternative assurance
<b>ICT Reviews</b>			
	2022/23 audits being carried out March/April 2024, with 2024/25 plan also agreed, therefore no 2023/24 items identified	Proposed to remove from plan – see Note 3	
<b>Financial Reviews</b>			
Corporate Debt Recovery Arrangements	Corporate wide review of the Council's debt management and debt recovery arrangements.	Planning	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Financial Forecasting	High level review of the control framework in place to support the development of financial forecasting corporately and within service areas.	In Progress (Contractor) Planned reporting June 2024	
Insurance	Review of the Council's Insurance arrangements including the approach to risk, self-assurance arrangements and review of the controls in place around claim handling processes.	To be undertaken by Contractor but carried forward to 2024/25 Note 2	
<b>Procurement / Contract Reviews</b>			
SLAs with External Bodies	Assess the extent to which the Council has adequate service level agreements in place where Council responsibilities are delivered by external bodies. To include an assessment of arrangements to ensure satisfactory service delivery and value for money.	Planning Reporting after June 2024	
<b>System Reviews</b>			
Health and Safety Risk Assessments and Incident Management in Schools	Review of the arrangements in place within schools to ensure completion of health and safety risk assessments for activities including determination of roles and responsibilities.	In Progress Expect draft report by June 2024	
Section 75 Planning Obligations	Review of the arrangements in place for the recording, receipt, and monitoring of Section 75 payments/planning obligations from Developers.	In Progress (Contractor) Planned reporting June 2024	
Fleet Minimum Service Levels / Provision	Review of the arrangements in place within Fleet Services to provide vehicles to other service areas including contingency arrangements in the event of planned maintenance. and breakdown.	Complete	Substantial



2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Security Alarm Response Centre	To assess the arrangements for the operation of the Security Alarm Response Centre (SARC) in line with the Council's Resilience and Community Safety plans.	Planned Expect draft report by June 2024	
Pentana	Review of the Council's Performance and Risk Management system in terms of management reporting and efficiencies.	In Progress Expect reporting after June 2024	
Permanence	High level review of the arrangements in place to support the decision-making process surrounding children being placed in permanent care and ensure compliance with relevant legislation.	Planned Expect reporting after June 2024	
Establishment Changes	Review of the processes to ensure that information relating to new starts, leavers, and changes in role are adequately communicated to stakeholders.	Removed from plan 6/12/23	N/A
Recruitment	Review of the Council's Recruitment and Selection approach, including reporting and analysis of effectiveness, and identification of actions where required.	In Progress (Contractor) Planned reporting June 2024	
Permit Applications and Billing	Review of the arrangements for handling applications and invoicing for chargeable permits, such as waste, scaffolding, and placement of skips.	Removed from plan 6/12/23	N/A
Complaints Processes in Schools	Review of the consistency and effectiveness of Complaints processes within schools, including consideration of how these processes interact with the Council's arrangements for handling Corporate Complaints.	Removed from plan 6/12/23	N/A
Young People in Residential Care – Missing Persons Processes	Review of the arrangements for risk assessment, planning for, and prevention of young people going missing from Residential Care. To include review of processes for identifying, recording, and responding to such instances.	Planning Expect reporting after June 2024	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Community Justice liaison with COPFS and Courts	Review of the processes by which Community Justice Services liaise with the Crown Office Procurator Fiscal Service and the Courts Service where supervision of individuals is required, including Statutory Orders, Community Payback Orders, and supervision following release from custody.	In Progress Expect reporting in June 2024	
<b>Other Work</b>			
Follow Up	Review of progress with the implementation of prior internal audit actions agreed by the Council, for the purpose of providing assurance to Elected Members that identified issues are addressed on a timely basis, and that management attention is appropriately directed towards issues which expose the Council to higher degrees of risk.	On-Going Update to each SC meeting	
Technical Development	Planning and Scoping work for review and update of the Council's Internal Audit Methodology, including the introduction of Continuous Auditing and Data Analytics in future plans.	Partially complete, with some areas in progress or awaiting revised Internal Audit Standards	N/A
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control. This will include the ongoing provision of advice and guidance surrounding the development of new or changed systems and processes established, including any further grant payments arising from post Covid-19 activity and other support payments such as fuel costs/energy mitigations, etc.	Ongoing	N/A
External Quality Assessment Process	As part of the peer review process developed to ensure conformance with the PSIAS, prepare for and undergo External Quality Assessment (EQA) of the Council's Internal	Review in progress	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
	Audit Service. This work is planned for the external input in October and November 2023.		
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption, or malpractice.	On-going as required	N/A
Internal Audit Tender Exercise	Specification of need for 2023/24 onwards and tender evaluation, including presentations if required, and award.	Tender complete. Appointment made	N/A

Note 1. Workforce and Succession Planning was removed from the plan due to overlap with the audit remit for work planned by Audit Scotland as part of the Best Value thematic audit programme. Their report will form part of their 2023/24 audit reporting. The Staff Wellbeing and Absence Management audit will now be carried out by the contractor in its place.

Note 2 It is proposed to carry the Insurance review forward to 2024/25 to allow completion of other Internal Audit work to be prioritised by the Senior Manager Internal Audit.

Note 3 The 2021/22 IT audits were completed recently, 2022/23 audits are being undertaken now and IT audits are included in the 2024/25 audit plan. Given that the key IT risks are being covered by this work it is not proposed to identify any further IT audits for 2023/24.

Definitions of Levels of Assurance

Comprehensive Assurance	The system of controls is essentially sound and supports the achievement of objectives and management of risk. Controls are consistently applied. Some improvement in relatively minor areas may be identified.
Substantial Assurance	Systems of control are generally sound, however there are instances in which controls can be strengthened, or where controls have not been effectively applied giving rise to increased risk.
Limited Assurance	Some satisfactory elements of control are present; however, weaknesses exist in the system of control, and / or their application, which give rise to significant risk.
No Assurance	Minimal or no satisfactory elements of control are present. Major weaknesses or gaps exist in the system of control, and/or the implementation of established controls, resulting in areas of unmanaged risk.

## Appendix 2 Outstanding Internal Audit Agreed Actions

Agreed actions from Internal Audit recommendations are recorded in Pentana and implementation is monitored by Services and the Risk and Assurance Board. Implementation of the agreed action is the responsibility of the service area and the risk exposure identified in the audit remains in place until the action has been completed. New dates should be agreed for actions that were not complete by their original due date.

The numbers of outstanding actions in Pentana for each Service, by audit year, on 31 March 2024 are summarised in the following tables.

- Table 1 – shows actions that have not yet reached their original agreed due date.
- Table 2 – shows actions that have had their due dates extended,
- Table 3 – shows actions overdue from their agreed due date, and which require a new date to be agreed.

At 31 March 2024 there were 45 open actions, compared to 48 at 16 January 2024. None are critical. This represents the closure of 7 actions including ones that have been added since the last report. New dates for completion of overdue actions are required for the actions in Table 3. There is still work to be done to close off older actions, the majority of which have a high level of completion but still require a little more work to complete fully.

**Table 1 Actions not yet reached original agreed due date**

<b>Service</b>	<b>Audit Year</b>	<b>Critical No.</b>	<b>High No.</b>	<b>Medium No.</b>	<b>Low No.</b>	<b>Total No.</b>
City Development	2021/22	-	-	-	1	1
	2022/23	-	1	-	-	1
Corporate Services	2021/22	-	-	-	1	1
	2022/23	-	2	2	3	7
Neighbourhood Services	2021/22	-	1			1
<b>Totals</b>		<b>-</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>11</b>

Table 2 Actions with due date extended from original due date

Service	Audit Year	Critical No.	High No.	Medium No.	Low No.	Total No.
City Development	2018/19	-	1	-	1	2
	2022/23	-	1	-	1	2
Corporate Services	2021/22	-	1	-	-	1
Neighbourhood Services	2022/23	-	-	-	2	2
<b>Totals</b>		-	<b>3</b>	-	<b>4</b>	<b>7</b>

Table 3 Actions overdue from agreed due date

Service	Audit Year	Critical No	High No	Medium No.	Low No	Total No
Children and Families	2020/21	-	2	-	-	2
	2021/22	-	2	-	-	2
	2022/23	-	-	-	2	2
City Development	2019/20	-	1	-	-	1
	2021/22	-		-	1	1
Corporate Services	2018/19	-	3	-	-	3
	2020/21	-	1		-	1
	2021/22	-	2	-	5	7
	2022/23	-	1	1	-	2
Neighbourhood Services	2016/17	-	1	-	-	1
	2017/18	-	1	-	-	1
	2020/21	-	2	-	-	2
	2021/22	-	2	-	-	2
<b>Totals</b>		-	<b>18</b>	<b>1</b>	<b>8</b>	<b>27</b>

## Definitions of Action Priority

Critical	<b>Very high-risk exposure to potentially major negative impact</b> on resources, security, records, compliance, or reputation from absence of or failure of a fundamental control. Immediate attention is required.
High	<b>High risk exposure to potentially significant negative impact</b> on resources, security, records, compliance, or reputation from absence of or non-compliance with a key control. Prompt attention is required.
Medium	<b>Moderate risk exposure to potentially medium negative impact</b> on resources, security, records, compliance or reputation from absence or non-compliance with an important supporting control, or isolated non-compliance with a key control. Attention is required within a reasonable timescale.
Low	<b>Low risk exposure to potentially minor negative impact</b> on resources, security, records, compliance, or reputation from absence of or non-compliance with a lower-level control, <b>or areas without risk exposure but which are inefficient, or inconsistent with best practice.</b> Attention is required within a reasonable timescale.

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## CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

### Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

### Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

**The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.**

## CIPFA's Position Statement 2022: Audit committees in local authorities and police

### Purpose of the audit committee

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.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

### Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

## Core functions

The core functions of the audit committee are 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.

The specific responsibilities include:

### Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

### Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

### Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
  - oversee its independence, objectivity, performance and conformance to professional standards
  - support effective arrangements for internal audit
  - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

### Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
  - promoting apolitical open discussion
  - managing meetings to cover all business and encouraging a candid approach from all participants
  - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

## Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

## Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

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## APPENDIX E

# 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				Fully complies
	Partially complies and extent of improvement needed*				
	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"> <li>compliance with the CIPFA Position Statement 2022</li> </ul>																									
<ul style="list-style-type: none"> <li>results of the annual evaluation, development work undertaken and planned improvements</li> </ul>																									
<ul style="list-style-type: none"> <li>how it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>																									
<b>Functions of the committee</b>																									
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"> <li>financial management</li> <li>value for money</li> <li>ethics and standards</li> <li>counter fraud and corruption</li> </ul>																									
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

<p><b>13</b> Has the committee been established in accordance with the 2022 guidance as follows?</p> <ul style="list-style-type: none"> <li>• Separation from executive</li> <li>• A size that is not unwieldy and avoids use of substitutes</li> <li>• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>									
<b>14</b> Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?									
<b>15</b> Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?									
<b>16</b> Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?									
<b>17</b> Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?									
<b>18</b> Is adequate secretariat and administrative support provided to the committee?									
<b>19</b> Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?									

### Effectiveness of the committee

<b>20</b> Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?									
<b>21</b> Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?									
<b>22</b> Are meetings effective with a good level of discussion and engagement from all the members?									
<b>23</b> 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?						
<b>Subtotal score</b>						
<b>Total score</b>						
<b>Maximum possible score</b>						<b>200**</b>

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