

ISLE OF ANGLESEY COUNTY COUNCIL	
Adroddiad i: Report to:	Governance and Audit Committee
Dyddiad: Date:	19 April 2022
Pwnc: Subject:	Governance and Audit Committee Self-Assessment of Good Practice
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Natur a Rheswm dros Adrodd / Nature and Reason for Reporting: In accordance with CIPFA, to discharge its responsibilities effectively the committee should report regularly on its work to those charged with governance, and report an assessment of its performance. This self-assessment contributes to that requirement.	

1. INTRODUCTION

- 1.1 In 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Position Statement and Practical Guidance for Local Authorities and Police.
- 1.2 It sets out CIPFA's position on the function and operation of audit committees in local authorities and police bodies, and represents best practice for audit committees in local authorities throughout the UK and for police audit committees in England and Wales.
- 1.3 It recommends that to effectively discharge its responsibilities the committee should report regularly on its work to those charged with governance, and report an assessment of its performance. An annual public report should demonstrate how the committee has discharged its responsibilities.
- 1.4 The Governance and Audit Committee Chair's Annual Report meets this requirement. It is written after the end of the annual cycle and approved by this Committee before being submitted to full Council.
- 1.5 CIPFA's guidance also includes a self-assessment checklist that provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and supporting guidance. Its completion can inform the annual report.

- 1.6 The self-assessment can also be used to support the planning of the audit committee work programme and training plans.
- 1.7 A panel consisting of the Chair, Vice-Chair and lay member of the Committee, along with the Head of Audit & Risk and Principal Auditor, conducted a self-assessment on 16 March 2020, a week prior to lockdown. Due to the implementation of the Council's 'Strategy for Committee Meetings' during the emergency, the self-assessment was not shared with the Committee at that time.
- 1.8 The Head of Audit & Risk has reviewed and refreshed the self-assessment to ensure it remains accurate, and the outcome follows.

2. RECOMMENDATION

- 2.1 That the Governance and Audit Committee:
 - notes the reviewed and refreshed self-assessment, and
 - approves the improvements suggested.



GOVERNANCE & AUDIT COMMITTEE – SELF-ASSESSMENT OF GOOD PRACTICE APRIL 2022

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INTRODUCTION

1. This self-assessment of good practice was undertaken in March 2020 by a panel consisting of the Chair and Vice Chair of the Governance and Audit Committee, a lay member, the Head of Audit and Risk and the Principal Auditor, and refreshed in March 2022 by the Head of Audit and Risk.
2. It provides a high-level review that incorporates the key principles set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Position Statement and the associated guidance.
3. Where an audit committee has a high degree of performance against the good practice principles, then 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.
4. The outcome of the self-assessment has also been used to support the planning of the Governance and Audit Committee's work programme and training plans.
5. It will also inform the Governance and Audit Committee Chair's Annual Report.

SELF-ASSESSMENT OF GOOD PRACTICE FINDINGS

Audit committee purpose and governance

6. The Council has a dedicated audit committee. The terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement, which are included within the Council's Constitution, demonstrating that the role and purpose of the audit committee is understood and accepted across the authority.
7. The Committee provides effective support to the authority in meeting the requirements of good governance, in accordance with CIPFA's 'Delivering Good Governance in Local Government: Framework' (CIPFA/Solace, 2016).¹
8. The Committee reports to full Council through its Annual Chair's Report, which is submitted to the Committee for comments and approval and to full Council in September each year. These arrangements to hold the committee to account for its performance are operating satisfactorily, but could be improved by conducting a more widespread assessment of its performance, and by asking individual members to assess the Committee's performance and that of themselves.

Improvement Area 1:

A qualitative self-assessment will be conducted during 2022-23 to obtain feedback on the Committee's performance with those interacting with the Committee or relying on its work, including senior management and members of the Committee, to evaluate whether and how it is adding value to the organisation.

The core functions of an audit committee

9. The Committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement. An annual evaluation, in the form of the Annual Chair's Report, is undertaken to assess whether the Committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas. As above, this could be improved by undertaking a more widespread assessment of its performance.
10. The Committee has considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the Committee to undertake them. These are included in the Committee's terms of reference and include areas such as treasury management.

¹ <https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

11. The committee has maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose.

Membership and support

12. The Committee has an effective structure and composition, comprised of eight elected members and one lay member, meaning that it is not unwieldy in size. It is a non-executive body established under the requirements of the Local Government (Wales) Measure 2011² and is a fully constituted committee of the Council operating at a strategic level. The Committee conducts its business non-politically and abides by the rules concerning political balance, in accordance with the Local Government and Housing Act 1989³.
13. Although the Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee, they are not a member of the Committee, which could deter the Committee from being able to challenge or hold to account the Executive on governance, risk and control matters.
14. More recently, in accordance with the new composition requirements of the Local Government and Elections (Wales) Act 2021, from May 2022, one-third of the Committee members will be lay persons and two-thirds will be members of the Council. Lay members were recruited in an open and transparent way and full Council is due to approve their selection and appointment on 25 April 2022.
15. The lay members appointed to the committee ensure an appropriate mix of knowledge and skills among the membership. However, the membership of the Committee has not been formally assessed against the core knowledge and skills framework.

Improvement Area 2:

A qualitative self-assessment will be conducted during 2022-23 with individual members of the Committee to assess their own effectiveness and to identify whether there are any areas for development and training.

16. Arrangements are in place to support the Committee with briefings and training as part of the Council's overall induction programme, and good working relations exist with key people and organisations, including external audit, internal audit and the Section 151 Officer.
17. The Committee has dedicated secretariat support. However, in contrast to the Council's scrutiny committees, it does not benefit from a dedicated Democratic Services officer assigned to it, and this should be explored.

² <https://www.legislation.gov.uk/mwa/2011/4/contents>

³ <https://www.legislation.gov.uk/ukpga/1989/42/contents>

Improvement Area 3:

The Council should explore whether the Governance and Audit Committee would benefit from having a dedicated Democratic Services officer assigned to it.

Effectiveness of the committee

18. The Committee has not obtained feedback on its performance from those interacting with the Committee or relying on its work, or evaluated whether and how it is adding value to the organisation. This area could be improved. (See [Improvement Area 1](#))
19. Meetings include a good level of discussion and engagement from all the members, along with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers.
20. The Committee makes recommendations for the improvement of governance, risk and control, which the Internal Audit team monitors on its behalf.
21. The Committee publishes an annual report to account for its performance and to explain its work. (See [Audit committee purpose and governance](#))

CONCLUSION AND AREAS IDENTIFIED FOR IMPROVEMENT

22. Using the recommended practice in the CIPFA publication has enabled the Committee to establish that **it is providing a good standard of performance.**
23. However, achieving recommended practice does not necessarily mean that the Committee is effective. The selection of audit committee members, their knowledge, skills and experience are an essential component of an effective committee, and the value it adds to the organisation. Therefore further, and wide-ranging evaluations will be undertaken during 2022-23, as identified below:

Improvement Area 1:

A qualitative self-assessment will be conducted during 2022-23 to obtain feedback on the Committee's performance with those interacting with the Committee or relying on its work, including senior management and members of the Committee, to evaluate whether and how it is adding value to the organisation.

Improvement Area 2:

A qualitative self-assessment will be conducted during 2022-23 with individual members of the Committee to assess their own effectiveness and to identify whether there are any areas for development and training.

Improvement Area 3:

The Council should explore whether the Governance and Audit Committee would benefit from having a dedicated Democratic Services officer assigned to it.