

# CIPFA Audit Committees

## Practical Guidance for Local Authorities and Police 2022 Edition

### Self-Assessment of Effectiveness of the Audit & Scrutiny Committee

Ref.	Good practice questions	Yes	Partly	No	Audit Review
<b>Audit committee purpose and governance</b>					
<b>1</b>	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?		<b>P</b>		The Council has an Audit and Scrutiny Committee. Responsibility for scrutiny lies with the Service Committees, but the Audit and Scrutiny Committee has the authority to seek further service review.
<b>2</b>	Does the audit committee report directly to full council?	<b>Y</b>			Yes- The Council has delegated functions to the Audit and Scrutiny Committee.
<b>3</b>	Has the committee maintained its advisory role by not taking on any decision-making powers?	<b>Y</b>			Audit and Scrutiny Committee has no decision making powers
<b>4</b>	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	<b>Y</b>			Audit and Scrutiny functions are detailed within the Scheme of Administration. Functions of the Committee updated (Moray Council Committee – 7/12/2022- Item 15) to reflect the current Cipfa 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?	Y			<p>Yes- Scheme of Administration details the purpose of the Audit and Scrutiny Committee to ensure that the highest standards of probity and public accountability.</p> <p>Summary of Audit and Scrutiny Committee functions: Audit Functions - Consider reports from the Council's internal auditor &amp; Audit Scotland concerning Council Functions. Scrutiny Functions - Scrutinising the policies of the Council and their effectiveness in meeting the action plans of the Council as set out in the Corporate Development Plan and evaluating the actions of Committees in implementing the action plans set out in the Corporate Development Plan. Performance Monitoring - To receive reports on the performance of and trends within all of the Council's services in terms of service standards and performance information. Standards - To ensure that the highest standards of probity and public accountability are demonstrated.</p>
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	Y			<p>The Audit and Scrutiny Committee is a key part of the Council's governance framework. This Committee is a critical component in the overall corporate governance arrangements of the Council, where good corporate governance requires independent and effective assurance about the adequacy of financial management and reporting. These functions are delivered independently from the scrutiny functions of the Corporate Management Team.</p> <p>The Committee can scrutinise areas of policy, service delivery or performance identified for improvement where sufficient evidence of progress from the appropriate committee is not available. Any issues of concern can be raised with the Senior Management of the Council</p>
7	Does the governing body hold the audit committee to account		P		<p>Moray Council has 26 councillors. Membership of the Audit and Scrutiny Committee has 15 councillors and 2 independent (non-voting) members. As the majority of councillors are already</p>

	for its performance at least annually?				members of the Audit and Scrutiny Committee, performance is monitored on an ongoing basis.
8	Does the committee publish an annual report in accordance with the 2022 guidance, including:			N	An annual review has yet to be undertaken. This assessment should provide the basis for future annual reviews and reporting. There is no requirement for an annual report as most councillors are already members of the Audit Scrutiny Committee.
	<ul style="list-style-type: none"> <li>• compliance with the CIPFA Position Statement 2022</li> </ul>			N	
	<ul style="list-style-type: none"> <li>• results of the annual evaluation, development work undertaken and planned improvements</li> </ul>			N	
	<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>			N	
<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?				
	<ul style="list-style-type: none"> <li>• good governance</li> </ul>	Y			Standards of the committee are to ensure that the highest standards of probity and public accountability are demonstrated. Reference was made to supporting the Council's governance, risk and control arrangements by providing a review of the Annual Governance Statement and the assurances underpinning it. (15) In addition, functions also include considering the annual assurance statement provided by Internal Audit on the Council's control environment (110

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	<ul style="list-style-type: none"> <li>• Risk management arrangements</li> </ul>	Y		Supporting the Council’s governance, risk and control arrangements by considering the effectiveness of the Council’s risk management arrangements. (I5)
	<ul style="list-style-type: none"> <li>• 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> </li> </ul>		P	Standards of the committee detail a requirement to ensure that the highest standards of probity and public accountability are demonstrated. (Audit Standards (1)) Supporting the Council’s governance, risk and control arrangements by promoting internal controls and assurances, supporting an anti-fraud culture, review of revisions to financial procedures. (I5) No clear reference is made to value for money but implied with functions of the committee.
	Annual governance statement	Y		Functions detail supporting the Council’s governance, risk and control arrangements by providing a review of the Annual Council Statement and the assurances underpinning it. (I5)
	Financial reporting	Y		Enhancing corporate governance arrangements by promoting internal control and risk management, by supporting an anti-fraud culture, and by the review of revisions to financial procedures (I5), Reference also noted to reviewing revisions to financial procedures within functions. (I5)
	Assurance framework	Y		Implicit in all aspects of Audit functions. However, reference is made to considering the annual assurance statement provided by Internal Audit on the Council’s control environment. (I10)
	<ul style="list-style-type: none"> <li>• internal audit</li> </ul>	Y		Considering reports from the Council’s Internal Auditor (I2)
	<ul style="list-style-type: none"> <li>• external audit</li> </ul>	Y		Considering reports from the External Auditor concerning Council functions. (I9)
10	Over the last year, has adequate consideration been given to all core areas?	Y		Per CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2022:

				<p><i>“The Position Statement sets out the core functions of the audit committee. Essentially, the responsibilities of the committee fall into three broad areas:</i></p> <p><i>1 Supporting the establishment and maintenance of good governance, risk management and control arrangements.</i></p> <p><i>2 Supporting accountability and public reporting, in particular the financial statements and the annual governance statement, and other statements that accompany the financial statements.</i></p> <p><i>3 Supporting the establishment and maintenance of good arrangements for internal audit and external audit.”</i></p> <p>Governance review undertaken last year included proposals regarding committee structure and changes to the Scheme of Administration (Moray Council Committee – 30/6/21 Item 23). Functions of the Committee updated (Moray Council Committee – 7/12/2022- Item 15). Corporate risk register reported to Corporate Committee on 30 August 2023.</p> <p>Financial reporting – No draft accounts were reported to Moray Council Committee. AGS reported to Audit and Scrutiny Committee on 27 June 2023.</p> <p>External and Internal Audit Reports reported to Audit and Scrutiny Committee.</p>
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?	Y		<p>Yes core areas considered include:</p> <ul style="list-style-type: none"> <li>• Governance – Yes. Governance forms part of some audits.</li> <li>• Risk management – Not to Audit and Audit and Scrutiny Committee but to the Corporate Committee</li> <li>• Accountability and public reporting- Yes Annual Governance Statement reporting to Audit and Scrutiny Committee</li> </ul>

					<ul style="list-style-type: none"> <li>• Internal audit – Yes, reports received and representatives from Internal Audit attend meetings to allow challenge.</li> <li>• External audit - Yes, reports received and representatives from External Audit attend meetings to allow challenge.</li> </ul>
12	Has the committee met privately with the external auditors and head of internal audit in the last year?			N	Members will contact the Audit and Risk Manager to discuss specific issues.
<b>Membership and support</b>					
13	Has the committee been established in accordance with the 2022 guidance as follows?				
	• Separation from executive	Y			
	• A size that is not unwieldy and avoids use of substitutes		P		Membership –15 from 26 Full Council Elected Members. This may be considered to be more than required. Non Administration Members are appointed to the positions of Chair and Vice Chair.
	• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA’s recommendation	Y			2 X Independent Members to the Audit and Scrutiny Committee have been appointed.
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	Y			Standards of the Audit and Scrutiny detail a requirement that all must demonstrate the highest standards of probity and public accountability. Briefings have also been delivered as part of the Informal Sessions to coincide with the Audit Cycle to help committee members to extend their knowledge.
15	Has an evaluation of knowledge, skills and the		P		There is a comprehensive Induction Programme. Ongoing training and briefings are also provided to elected members. However, a self

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	training needs of the chair and committee members been carried out within the last two years?				evaluation questionnaire has now been developed to identify additional training needs.
<b>16</b>	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?		<b>P</b>		Organisational Development provides training to support elected members in discharging their duties effectively. However, the self-evaluation questionnaire will also help in identifying any skills gap where further training can be provided by Organisational Development.
<b>17</b>	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?		<b>P</b>		The appointment of 2 X Independent Members with specialised financial and governance skills has assisted in meeting this requirement. Self-evaluation questionnaire may assist in identifying any additional requirements.
<b>18</b>	Is adequate secretariat and administrative support provided to the committee?	<b>Y</b>			Support is provided by Democratic Services who send out agendas and compile minutes.
<b>19</b>	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	<b>Y</b>			Yes. External/ Internal Audit and CFO representatives attend meetings where elected members can discuss and challenge items on the agenda. Regular pre-meetings held with Chair.
<b>Effectiveness of the committee</b>					
<b>20</b>	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	<b>Y</b>			The Council has a designated Corporate Management Team member, i.e., Chief Executive as the lead officer. The Monitoring Officer is also a member of the Committee. While there is no formal mechanism for feedback on the Committee's performance, there are opportunities for views to be relayed.

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<b>21</b>	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	<b>Y</b>			As reflected in the Minutes of the Committee
<b>22</b>	Are meetings effective with a good level of discussion and engagement from all the members?	<b>Y</b>			As reflected in the Minutes of the Committee
<b>23</b>	Has the committee maintained a non-political approach to discussions throughout?		<b>P</b>		Concerns have been raised by Audit Scotland in the past regarding cross party working arrangements and relationships.
<b>24</b>	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?	<b>Y</b>			Members challenge officers and approve recommendations. Audit and Scrutiny Committee may request Senior Management to attend Committee and provide an update on their actions to address the risks and associated recommendations identified by Internal Audit.
<b>25</b>	Does the committee make recommendations for the improvement of governance, risk and control arrangements?		<b>P</b>		The Audit and Scrutiny Committee does not make recommendations; however it does agree to the Annual Internal Audit Plan and the implementation of the plan is monitored accordingly. The audits reported to this Committee include recommendations concerning governance, risk and control arrangements. The Audit and Risk Manager meets with the Chair of the Audit and Scrutiny Committee independently of senior management.
<b>26</b>	Do audit committee recommendations have traction with those in leadership roles?		<b>P</b>		Audit recommendations with managements response included within reports and follow up reviews undertaken to evidence implementation.



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27	Has the committee evaluated whether and how it is adding value to the organisation?		<b>P</b>		A self-assessment and evaluation have recently been undertaken to review how effectively it had fulfilled its Audit functions (CIPFA guidance 2022 'audit committees')
28	Does the committee have an action plan to improve any areas of weakness?	<b>Y</b>			As part of this self-evaluation review an action plan has been prepared.
29	Has this assessment been undertaken collaboratively with the audit committee members?	<b>Y</b>			Meeting held with members to discuss and agree CIPFA self assessment and evaluation of the Audit and Scrutiny Committee.