

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	14 DECEMBER 2023
TITLE	SELF-ASSESSMENT OF THE EFFECTIVENESS OF THE AUDIT AND GOVERNANCE COMMITTEE
PURPOSE OF REPORT	TO PRESENT A SUGGESTED APPROACH FOR ASSESSING THE EFFECTIVENESS OF THE COMMITTEE, AND CONSIDER THE APPROPRIATE IMPLEMENTATION
AUTHOR	DEWI MORGAN, HEAD OF FINANCE
ACTION	TO CONSIDER THE CONTENTS, OFFER COMMENT THEREON, AND RESOLVE WHETHER TO UNDERTAKE A SELF-ASSESSMENT

1. INTRODUCTION

- 1.1 The Governance and Audit Committee has a key role within the authority's governance arrangements – this is the Committee that has been designated as "those responsible for governance". This means that it has the task of ensuring that the Council's governance arrangements are robust.
- 1.2 As a result of this responsibility, it is expected that the Committee undertakes a periodic self-assessment of its effectiveness.
- 1.3 The Committee has not conducted such a self-assessment since November 2018. As the current Council has now been in place for a year and a half, it is recommended that the Committee considers if a new self-assessment exercise is now timely.

2. CIPFA GUIDANCE

- 2.1 In the Welsh Government's Statutory Guidance under the Local Government Measure 2011 (June 2012), it is noted that the Government has previously endorsed CIPFA's publication "*Audit Committees: Practical Guidance for Local Authorities*" and continues to do so, and local authorities are advised to view this document as being complimentary to the statutory guidance. There have been several revisions to the CIPFA guidance since 2012 and the latest version was published in 2022.
- 2.2 The CIPFA guidance includes a CIPFA Position Statement on the role of an audit committee in local authorities (et al). A copy of the Position Statement can be found in Appendix 1.

2.3 The Governance and Audit Committee's Annual Report for 2022/23 was approved by the Committee on 7 September 2023 and accepted by the Full Council on 28 September 2023. The annual report noted:

62 In the past, the Governance and Audit Committee has undertaken an occasional self-assessment. This has not happened since the 2022 Election and the changes that have been introduced as a result of the requirements of the Local Government Act 2021. A report will be presented to the Governance and Audit Committee during the autumn of 2023 seeking a decision on undertaking a self-assessment in the near future.

63 In accordance with guidelines issued by CIPFA, amongst the matters that would be considered when assessing the effectiveness of the committee are:

- An assessment of whether the committee is operating in accordance with the practices recommended in this guidance and complies with legislation (where appropriate).
- How the Committee has fulfilled its terms of reference, including its core functions.
- The operation of the Committee, including the support and training provided and how members have developed their knowledge and experience.
- The Committee's effectiveness in terms of impact on the quality of governance, risk management and internal control, together with satisfactory audit arrangements.
- Feedback from those interacting with the Committee.

64 CIPFA has developed some improvement tools for the committee to use to inform its evaluation. Earlier versions of these tools have been used in the past to assist the Committee to assess its effectiveness. If the Committee decides to undertake such an assessment, its results will then be used to inform the Committee's Annual Report for 2023/24.

2.4 This report therefore deals with the commitment made in the Annual Report.

3. UNDERTAKING A SELF-ASSESSMENT

- 3.1 CIPFA's guidance includes tools to assist members of audit committees to undertake a self-assessment. Firstly, a **Self-assessment of Good Practice** provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and in the guidance and provides a way of scoring the current situation. Secondly, there is a table for **Evaluating the Impact and Effectiveness of the Audit Committee**, to assess where the Committee is operating in the most effective manner, and where there is scope to do more. These have been included in Appendices 2 and 3.
- 3.2 As can be seen, these documents are neither lengthy nor complex, but if they are to be utilised, time will need to be dedicated to undertake the work – a formal committee meeting is not a suitable forum.
- 3.3 The Governance and Audit Committee is therefore asked to consider holding a workshop of its members, with facilitators, early in 2024, in order to conduct its own assessment of its effectiveness. It would be beneficial if the Committee also considers whether such a workshop should take place virtually or in person.
- 3.4 The outcome of the assessment will be evidence for the Council's risk register (risk **L18**, *Unsuitable internal control arrangements, which means either that we are not guarding against risks, or wasting resources on over-control*), and consequently for the Annual Governance Statement.

4. RECOMMENDATION

- 4.1 **The Committee is requested to consider whether to organise a workshop during the early months of 2024 in order to conduct a self-assessment of its effectiveness and, if agreed, to decide on a location.**