

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

15th February 2022

ROLE AND EFFECTIVENESS OF THE COMMITTEE

Report of the Assistant Director of Finance and Resources

Classification: This report is public

Report By: Assistant Director of Finance and Resources

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PURPOSE / SUMMARY

To present for members' information, CIPFA's Position Statement: Audit Committees in Local Authorities and Police, to enable the new Committee to undertake a self-assessment.

REPORT DETAILS

1 Background *(reasons for bringing the report)*

- 1.1 In November 2019 the Audit Committee at the time, undertook this self-assessment and an action plan arising from the assessment was presented to the 28th January 2020 meeting. Unfortunately due to the pandemic the action plan was not followed up.
- 1.2 It is proposed, now that we have a new Audit and Corporate Overview Scrutiny Committee, we undertake the self-assessment again and produce a new action plan based on the new committee.

2. Details of Proposal or Information

- 2.1 In 2018, CIPFA produced guidance 'Audit Committees: Practical Guidance for Local Authorities and Police, 2018 Edition'. This is available via the following link:

<file:///S:/Finance%20and%20Revs&Bens/Finance%20BDC/PUB/ACOSC%20documents>

- 2.2 The publication sets out CIPFA's guidance on the function and operation of audit committees in local authorities and police bodies, and represents best practice for audit committee in local authorities throughout the UK.

2.3 Incorporated in the publication at chapter 2 is CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018), which sets out CIPFA's view of the role and functions of an audit committee and replaces the previous 2013 Position Statement. The Position Statement is included at **Appendix 1** to this report.

2.4 The Position Statement emphasises the importance of audit committees being in place in all principal local authorities and recognises that they are a key component of governance:

"The purpose of an audit committee is to provide to those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Audit committees are an important source of assurance about an organisation's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance. The way in which an audit committee is organised will vary depending on the specific political and management arrangements in place in any organisation."

2.5 The guidance also covers:

- The purpose of Audit Committees
- The core functions of an Audit Committee
- Possible wider functions of an Audit Committee
- Independence and accountability
- Membership and effectiveness

2.6 Appendix D of CIPFA's publication includes a self-assessment of good practice. This provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and publication. 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.

2.7 It is proposed that the self-assessment of good practice in the guidance is completed. **Appendix 2** is a replication of the new self-assessment of good practice. Once completed, this will be reviewed and an action plan will be presented to a future meeting of the Audit and Corporate Overview Scrutiny Committee.

3 Reasons for Recommendation

3.1 To inform Members of CIPFA's publication 'Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition' and to enable the new Committee to undertake a self-assessment.

4 Alternative Options and Reasons for Rejection

4.1 This report is for information.

RECOMMENDATIONS

1. That the Audit and Corporate Overview Scrutiny Committee note the CIPFA guidance for Local Authority Audit Committees.
 2. That the Audit and Corporate Overview Scrutiny Committee undertake the self-assessment in **Appendix 2** of the report.
 3. That the completed self-assessment is reviewed and if necessary, an action plan be presented to a future meeting of the Committee.
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IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

There are no direct financial implications arising from this report.

There are no direct risk implications however, failure to have in place an effective committee would increase governance risk to the Council.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

There are no legal or data protection issues arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

There are no human resource issues arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details: Chair of Committee Portfolio Holder

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

DOCUMENT INFORMATION

Appendix No	Title
1	CIPFA'S Position Statement; Audit Committees in Local Authorities and Police.
2	Audit Committee Self-Assessment.
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
None	