

**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**3 November 2021**

**Evaluating the Effectiveness of the Audit and Corporate Governance Scrutiny Committee**

**Report of the Assistant Director – Finance & Resources (S151 Officer)**

Classification: This report is public

Report By: Jayne Dethick – Assistant Director – Finance & Resources  
(S151 Officer)

Contact Officer: as above

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**PURPOSE/SUMMARY**

- To present for members' information CIPFA's "Audit Committees Practical Guidance for Local Authorities" and to enable the Committee to undertake a self-assessment

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**RECOMMENDATIONS**

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

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**IMPLICATIONS**

**Finance and Risk**

**Yes**

**No ✓**

There are no direct financial implications arising from this report.

On Behalf of the Section 151 Officer

**Legal including Data Protection**

**Yes**

**No ✓**

There are no legal implications arising directly from this report.

On Behalf of the Solicitor to the Council

**Staffing**

**Yes**

**No ✓**

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

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**DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> 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: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	N/A
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	N/A
<b>Has the relevant Portfolio Holder been informed</b>	N/A
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

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**REPORT DETAILS**

**1 Audit Committee Self-Assessment**

1.1 The publication at Appendix 1 sets out CIPFA's guidance on the function and operation of audit committees in local authorities and represents best practice for audit committees throughout the UK.

1.2 The guidance emphasises the role and importance of an Audit Committee:

*"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”*

1.3 The guidance also covers:

- CIPFA’s Position Statement : Audit Committees in Local Authorities and Police
- 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

1.4 Appendix D of the 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 essential factors in developing an effective audit committee.

1.5 The Guide recommends that this self-assessment is undertaken periodically and a copy is attached at Appendix 2 to facilitate the assessment. Once completed and if necessary, an action plan will be compiled to be implemented before the next assessment.

## **2 Reasons for Recommendation**

2.1 To inform the Committee of the CIPFA publication “Audit Committees Practical Guidance for Local Authorities” and to facilitate the Audit Committee to undertake a self-assessment.

## **4 Alternative Options and Reasons for Rejection**

4.1 There are no alternative options for consideration.

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## **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	CIPFA “Audit Committees – Practical Guidance for local authorities”
2	Self-Assessment checklist

**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)

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