

East Hertfordshire District Council Audit Committee: Self-Assessment of Effectiveness

(Extract from CIPFA, Audit Committees: Practical Guidance for Local Authorities and Police, published October 2022)

CIPFA outlines that the checklist below provides a high-level review that incorporates the key principles set out in CIPFA’s Position Statement on Audit Committees in Local Authorities, and broader practical guidance referred to above. Within the practical guidance CIPFA specifically states:

“Where an audit committee has a high degree of performance against the good practice principles, 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.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.”

Good Practice Question		Does not comply	Partly Complies and extent of improvement needed			Fully Complies	Comment
			Significant	Moderate	Minor		
Improvement needed		Major	Significant	Moderate	Minor	No further	
Weighting of Answers		0	1	2	3	5	
Audit Committee Purpose and Governance							
1	Does the authority have a dedicated audit committee that is not combined with other functions (e.g., standards, ethics, scrutiny)?					5	Yes
2	Does the Audit Committee report directly to the governing body - full council					5	Yes
3	Has the audit committee maintained its advisory role by not taking on any decision-making powers?					5	The Audit Committee’s Terms of Reference only make provision for the Committee to approve the statutory statement of accounts.

4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFAs 2022 Position Statement?				3	<p>The updated Terms of Reference clearly set out the purpose, role and core functions of the A&G Committee and are broadly aligned with the CIPFA 2022 position statement. However, they do not explicitly reflect for separation from the scrutiny function. While no A&G Committee members sit on scrutiny, some substitute members do.</p> <p>Consideration for improvement - Review whether, given the Council committee structure, full alignment with CIPFA's requirement on independence from scrutiny is achievable.</p>
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?				5	<p>Yes - training is provided on the core functions, including annual Treasury Management training for the Committee. In addition, the composition of the Committee has remained stable over the past few years.</p>
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?				3	<p>The Leader and the Portfolio Holder for Financial Sustainability attend each A&G meeting, providing a direct opportunity for issues to be raised, with established arrangements for matters to be formally reported to Council where wider consideration is required.</p> <p>Consideration for improvement - Reinforce, through member training and reporting arrangements, the chair ability to raise any concerns directly at Council, including through the</p>

							submission of A&G committee meeting minutes for noting.
7	Does the governing body hold the audit committee to account for its performance at least annually?					5	While this has not happened in the past, from 2025/26 an annual report will be submitted to Council summarising the work reviewed by the Committee.
8	Does the audit committee publish an annual report in accordance with the 2022 guidance, including:						
	• Compliance with the CIPFA position statement 2022					5	While this has not happened in the past, from 2025/26 an annual report will be submitted to Council summarising the work reviewed by the Committee.
	• Results of the annual evaluation, development work undertaken and planned improvements	0					
	• How has it fulfilled its terms of reference and the key issues escalated in the year?					5	
Functions of the Audit Committee							
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's position statement as follows:						
	Governance arrangements					5	Yes
	Risk management arrangements					5	Yes

	Internal control arrangements, including. <ul style="list-style-type: none"> • Financial management • Value for money • Ethics and standards • Counter fraud and corruption 				3		The Audit Committee's ToR do not make explicit reference to ethics. Consideration for improvement - Consider amended wording in the ToR to include ethics
	Annual governance statement					5	Yes
	Financial reporting					5	Yes
	Assurance framework					5	Yes
	Internal Audit					5	Yes
	External Audit					5	Yes
10	Over the last year, has adequate consideration been given to all core areas?					5	Yes
11	Over the last year, has the committee only considered agenda items that align with its core functions, as set out in the 2022 guidance?					5	Yes

12	Has the committee met privately with the external auditors and head of internal audit in the last year?	0					<p>The Audit Committee have not met in private with the external auditors or head of internal audit (Audit Manager).</p> <p>Consideration for improvement - Provide an opportunity for the Audit Committee to meet in private with both the external auditors and the Audit Manager at least once a year.</p>
Membership and Support							
13	Has the committee been established in accordance with the 2022 guidance as follows?						
	<ul style="list-style-type: none"> Separation from executive 				3		<p>The CIPFA position statement makes it clear that separation from the executive should include both Executive and Scrutiny functions. The make-up of the Audit Committee does not include any members of Executive or Scrutiny. However, within the substitutes there are a number of members that sit on the scrutiny Committee. During 2025/26 2 substitutes was used and on each occasion was not a member of scrutiny.</p>
	<ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes 				3		<p>Consideration for Improvement - to make all substitutes for A&G non-Executive and Scrutiny members.</p>

	<ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation. 					5	A&G Committee has two co-opted independent members of the Committee
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?					3	<p>The two co-opted members have a person specification, and qualifying criteria, and both appointments made after assessment of that criteria. The roles were publicly advertised, and competitive interviews held.</p> <p>In terms of voting members, they are selected from current serving elected members and the correct political balance is maintained.</p> <p>Consideration for improvement - Member development to be provided to enhance knowledge and skills.</p>
15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	0					<p>No formal evaluation of the knowledge, skills or training needs of the Chair and Audit Committee members has been carried out within the last two years. Training is provided on key areas, but this is not informed by a structured or documented skills assessment.</p> <p>Consideration for improvement - The Committee may wish to consider introducing a periodic evaluation of knowledge, skills and training needs to inform targeted development and support ongoing effectiveness in line with good practice</p>

16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					5	Regular training has been given to A&G Committee Members i.e. Internal Audit, Fraud, Treasury and Risk. Further training can be arranged where necessary.
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?						This is for the members to assess.
18	Is adequate secretariat and administrative support provided to the committee?					5	Yes
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5	Yes Consideration for improvement - to have private meetings with Internal & External Auditors
Effectiveness of the Committee							
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?					3	No formal feedback on the Committee's performance has been sought; however, no negative comments have been received. Consideration for improvement - The Committee may wish to consider the Chair reporting periodically to full Council on the Committee's work, providing an opportunity for wider member feedback.
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5	Yes - well established Chair
22	Are meetings effective with a good level of discussion and engagement from all the members?					5	Meetings are quorate and discussion is held around each item on the agenda with attending Officers and Portfolio Holders open to questions and able to respond immediately.

23	Has the committee maintained a non-political approach to discussions throughout?					5	Yes
24	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?					3	<p>A&G Committee members are aware they can ask for Officers to attend Committee but have yet to request this. Risks and audit findings are discussed with the Audit Manager and Chief Finance Officer.</p> <p>Consideration for improvement - Consider whether risk owners and certain audit sponsors should be invited to attend A&G Committee.</p>
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					3	This has not been required as yet, but the option is available if needed.
26	Do audit committee recommendations have traction with those in leadership roles?					3	None have been made in the last year, though the Chief Finance Officer engages with A&G Committee Chair.
27	Has the committee evaluated whether and how it is adding value to the organisation?			2			Not previously; however, from 2025/26 an Annual Report will be presented to Council for information on the work undertaken by the Committee.
28	Does the committee have an action plan to improve any areas of weakness?					5	The Audit & Governance Committee monitors an action plan arising from the External Auditor's statutory recommendations from the 2021/22 audit. In addition, progress against the Finance Peer Review is reported regularly to the Committee.
29	Has this assessment been undertaken collaboratively with the audit committee members?					3	Although this initial assessment has been carried out by the Chief Finance Officer, who is relatively new to the organisation, it will be presented to the Audit & Governance Committee in

							June for member input and final agreement, ensuring that the Committee has ownership of the assessment.
	Subtotal Score	0	0	2	33	120	
	Total Score (max score is 200 - 40 questions multiplied by 5)	155					