



## Committee and Date

Audit and Governance Committee

27<sup>th</sup> November 2025

10:00am

Item

Public



# Audit Committee Self-Assessment 2025

|                                           |                                                                                                                                               |      |              |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------|--------------|
| <b>Responsible Officer:</b>               | James Walton                                                                                                                                  |      |              |
| email:                                    | james.walton@shropshire.gov.uk                                                                                                                | Tel: | 01743 258915 |
| <b>Cabinet Member</b> (Portfolio Holder): | Heather Kidd, Leader of the Council<br>Duncan Kerr, Chairman of the Audit and Governance Committee<br>Roger Evans, Portfolio Holder – Finance |      |              |

## 1. Synopsis

Shropshire Council's Audit and Governance Committee aims to comply with the Chartered Institute of Public Finance and Accountancy's guidance on the function and operation of audit committees. There is significant compliance with the code and an improvement plan to address partial compliance.

## 2. Executive Summary

- 2.1. Members are asked to review and comment on their self-assessment of good practice questionnaire attached to this report. The questionnaire allows members to assess the effectiveness of the Audit and Governance Committee and identify whether there are any further improvements that could be made which would improve its overall effectiveness. There are some areas of partial compliance with good practice, these are separately identified at **Appendix B** to be considered appropriate action identified.

## 3. Recommendations

Members are asked to:

- 3.1. Consider the self-assessment of good practice attached at **Appendix A and D**. Identify any errors or amendments required.

## Report

### 4. Risk Assessment and Opportunities Appraisal

- 4.1. The Audit Committee has a key function in ensuring effective corporate governance, risk and control arrangements are in place within the Council. The effectiveness of the committee should be judged by the contribution it makes to, and beneficial impact it has on, the Council's business. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements which empower an effective Audit Committee. By reviewing effectiveness annually using a good practice self-assessment, it can be established that the Committee is demonstrating a high degree of performance, is soundly based, and has a knowledgeable membership unimpaired in any way. Completion of the self-assessment is essential and can also be used to support the planning of the Audit Committee work programme, its training plans and inform the Committee's annual report to Council.
- 4.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities or consultation consequences of this proposal.

### 5. Financial Implications

- 5.1. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):
- scaling down initiatives,
  - changing the scope of activities,
  - delaying implementation of agreed plans, or
  - extending delivery timescales.
- 5.2. There are no financial implications in terms of reviewing the assessment, but any resulting activities may require funding if they are not already allowed for in the base budget.

### 6. Climate Change Appraisal

- 6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting and mitigation; or on climate change adaption. Therefore, no effect to report.

## 7. Background

- 7.1. The Chartered Institute of Public Finance and Accountancy, CIPFA, produced guidance on the function and operation of audit committees; 'Audit Committees in Local Authorities and Police, 2022 edition'. The guidance represents CIPFA's view of best practice for Audit Committees in local authorities throughout the UK.
- 7.2. Shropshire Council has used this guidance to self-assess the Audit and Governance Committee against this recommended practice as an indicator of the Committee's effectiveness; following which any changes or improvements identified to enhance the Committee's performance should be managed. The updated 2022 guidance included a revised self-assessment which mirrored the original with some changes to the phrasing of the questions and the order in which they appear. **Appendices A and D** are the updated versions with the responses mapped across. **Appendix D** includes reference to the evidence support supporting compliance.
- 7.3. Audit and Governance Committee members were asked to complete two questionnaires in August 2025, the first relating to the Audit Committee Self-Assessment and the second relating to the skills framework. A session was held with Members following the completion of the questionnaires to review the results and for them to determine what, if any, action they want to take. The responses have been collated and the results shown in **Appendix A / C**.
- 7.4. In addition to the formal Audit and Governance Committee meetings, the chair and vice chair of the Committee have informal meetings with the CAE, Section 151 Officer and the Internal Audit Manager to update on Internal Audit activity and issues arising.
- 7.5. There has been significant change to the membership of the Audit and Governance Committee following the elections in May 2025. There are two continuing members and a number of new Councillors on the Committee. As part of the Member Induction programme all Councillors were required to attend a programme of training which included a specific session on Governance and one on Internal Audit, External Audit and Fraud.
- 7.6. Training sessions provided since May 2025 include:
  - Member Induction programme (various sessions)
  - The Role of the Audit Committee
  - Interpreting Financial Statements
  - Audit Committee Knowledge and Skills Framework
  - Audit Committee Effectiveness Self Assessment
- 7.7. In addition to training sessions the following information has been shared with and between members:
  - CIPFA Better Governance Forum updates on sectorial issues and best practice.
  - A SharePoint site has been established for Audit and Governance Committee members which includes key information, training materials, reports and updates.
  - The Chair and Vice Chair attended a CIPFA Training session on an Introduction to the knowledge and skills of the Audit Committee

- 7.8. Following the current review of the Audit Committee self-assessment of good practice, nine areas were scored overall as partial compliance which are detailed below at **Appendix B**. Whilst they have been identified by the committee as areas of partial compliance, it was agreed at the moderation session in September that this score may be reflective of the relatively new members to the committee that have not received the full cycle of training or a full year of Committee activities.
- 7.9. The Knowledge and Skills Baseline Assessment will be used to inform future training sessions for members, based on the actions identified in the appendices. Priority areas for training have been identified as:
- Risk Management
  - Treasury Management
  - Annual Governance Statement

Question 1: Do Members wish to make any adjustments to the self-assessment?

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

CIPFA: Audit Committees in Local Authorities and Police, 2022 edition

**Local Member:** N/A

### Appendices

**Appendix A** - Self-assessment of good practice November 2025

**Appendix B** - Improvement plan for an effective Audit Committee

**Appendix C** - Knowledge and Skills Baseline Assessment November 2025

**Appendix D** - Self-assessment of good practice showing evidence November 2025

## Appendix A: Self-assessment of Good Practice – November 2025

| Good practice questions                       |                                                                                                                                                                                                                                                                                                                                                                                                                | Yes | Partly | No |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------|----|
| <b>Audit Committee purpose and governance</b> |                                                                                                                                                                                                                                                                                                                                                                                                                |     |        |    |
| 1.                                            | Does the authority have a dedicated audit committee that is not combined with other functions (e.g. scrutiny, standards and ethics)?                                                                                                                                                                                                                                                                           | ✓   |        |    |
| 2.                                            | Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?                                                                                                                                                                                                                                                                                | ✓   |        |    |
| 3.                                            | Has the committee maintained its advisory role by not taking on any decision-making powers?                                                                                                                                                                                                                                                                                                                    | ✓   |        |    |
| 4.                                            | Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 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?                                                                                                                                                                                                                                                                               |     | ✓      |    |
| 6.                                            | Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?                                                                                                                                                                                                                                                                                                    | ✓   |        |    |
| 7.                                            | Does the governing body hold the audit committee to account for its performance at least annually?                                                                                                                                                                                                                                                                                                             | ✓   |        |    |
| 8.                                            | Does the committee publish an annual report in accordance with the 2022 guidance, including: <ul style="list-style-type: none"> <li>• compliance with the CIPFA Position Statement 2022</li> <li>• results of the annual evaluation, development work undertaken and planned improvements</li> <li>• how it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>          | ✓   |        |    |
| <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 as follows? <ul style="list-style-type: none"> <li>• Governance arrangements</li> <li>• Risk management arrangements</li> <li>• Internal control arrangements, including: <ul style="list-style-type: none"> <li>- financial management</li> <li>- value for money</li> </ul> </li> </ul> | ✓   |        |    |

| Good practice questions        |                                                                                                                                                                                                                                                                                                                                                                               | Yes | Partly | No |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------|----|
|                                | <ul style="list-style-type: none"> <li>- ethics and standards</li> <li>- counter fraud and corruption</li> <li>• Annual governance statement</li> <li>• Financial reporting</li> <li>• Assurance framework</li> <li>• Internal audit</li> <li>• External audit</li> </ul>                                                                                                     |     |        |    |
| 10.                            | Over the last year, has adequate consideration been given to all core areas?                                                                                                                                                                                                                                                                                                  | ✓   |        |    |
| 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?                                                                                                                                                                                                           | ✓   |        |    |
| 12.                            | Has the committee met privately with the external auditors and head of internal audit in the last year?                                                                                                                                                                                                                                                                       |     | ✓      |    |
| Membership and support         |                                                                                                                                                                                                                                                                                                                                                                               |     |        |    |
| 13.                            | Has the committee been established in accordance with the 2022 guidance as follows? <ul style="list-style-type: none"> <li>• Separation from the executive</li> <li>• A size of committee that is not unwieldy and avoids the use of substitutes</li> <li>• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul> |     | ✓      |    |
| 14.                            | Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?                                                                                                                                                                                                                                                     |     | ✓      |    |
| 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?                                                                                                                                                                                                                                  |     | ✓      |    |
| 16.                            | Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?                                                                                                                                                                                                                                                             | ✓   |        |    |
| 17.                            | Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?                                                                                                                                                                                                                                                                 |     | ✓      |    |
| 18.                            | Is adequate secretariat and administrative support provided to the committee?                                                                                                                                                                                                                                                                                                 | ✓   |        |    |
| 19.                            | Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?                                                                                                                                                                                                                                       | ✓   |        |    |
| 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?                                                                                                                                                                                                                                             |     | ✓      |    |

| Good practice questions |                                                                                                                                                                    | Yes | Partly | No |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------|----|
| 21.                     | Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?                                                                    | ✓   |        |    |
| 22.                     | Are meetings effective with a good level of discussion and engagement from all the members?                                                                        | ✓   |        |    |
| 23.                     | Has the committee maintained a non-political approach to discussions throughout?                                                                                   | ✓   |        |    |
| 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? | ✓   |        |    |
| 25.                     | Does the committee make recommendations for the improvement of governance, risk and control arrangements?                                                          | ✓   |        |    |
| 26.                     | Do audit committee recommendations have traction with those in leadership roles?                                                                                   |     | ✓      |    |
| 27.                     | Has the committee evaluated whether and how it is adding value to the organisation?                                                                                |     | ✓      |    |
| 28.                     | Does the committee have an action plan to improve any areas of weakness?                                                                                           | ✓   |        |    |
| 29.                     | Has this assessment been undertaken collaboratively with the audit committee members?                                                                              | ✓   |        |    |

## Appendix B: Improvement plan for an effective Audit Committee to be refreshed annually in November

| SAR <sup>1</sup> | Partial compliance                                                                                                                                                                                                                                                                                                                                                            | Proposed action                                                                                                                                                                                                                                                                   |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5                | Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?                                                                                                                                                                                                                                              | Work is currently underway to raise the profile and understanding of the role of the Committee and strengthening links with Scrutiny. Strengthened through annual report to Council for current year.                                                                             |
| 12               | Has the committee met privately with the external auditors and head of internal audit in the last year?                                                                                                                                                                                                                                                                       | Private session included as part of every meeting which External Audit attend. Chair and Vice Chair have pre-meeting with S151 Officer, Chief Audit Executive and Internal Audit Manager. Committee members should arrange further meetings as required.                          |
| 13               | Has the committee been established in accordance with the 2022 guidance as follows? <ul style="list-style-type: none"> <li>• Separation from the executive</li> <li>• A size of committee that is not unwieldy and avoids the use of substitutes</li> <li>• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul> | The committee is politically balanced and substitutes are rare. An Independent member is also in post. The Membership of the Committee has recently been expanded from five to nine Councillors in addition to the Independent member.                                            |
| 14               | Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?                                                                                                                                                                                                                                                     | The Committee is newly formed following the Council elections in May 2025. Membership of the Committee has recently been expanded. Training needs have been identified as part of this process and these are delivered through three Audit Committee training sessions each year. |

<sup>1</sup> SAR = Self-assessment reference



| SAR <sup>1</sup> | Partial compliance                                                                                                                           | Proposed action                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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? | This was completed by the previous committee and is being repeated now. This report includes the outcomes of that evaluation and identifies training and development opportunities.                                                                                                                                                                                                                                                         |
| 17               | Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?                                | The Committee is newly formed following the Council elections in May. Membership of the Committee has recently been expanded. Training needs have been identified as part of this process and these are delivered through three Audit Committee training sessions each year.                                                                                                                                                                |
| 20               | Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?            | Annual assurance report to Council allows consideration of this by all members.<br><br>Consideration to be given to a survey of key people who interact with the Committee to obtain feedback.                                                                                                                                                                                                                                              |
| 26               | Do audit committee recommendations have traction with those in leadership roles?                                                             | This is demonstrated in part through the Audit Committee workplan which shows where managers have been asked to present an update to the Committee following a limited or unsatisfactory audit.<br>The Committee has identified a gap in that the Council has limited Internal Audit assurance for six years and have invited the Leader and Chief Executive to provide an update on what management action is being taken to address this. |
| 27               | Has the committee evaluated whether and how it is adding value to the organisation?                                                          | This is done as part of the annual report to Council but feedback was not obtained as to whether the Committee is adding value to the organisation. Members conducted a session on the Committee's effectiveness in September 2025 and agreed an action plan, the key elements of which are reported earlier in this report.                                                                                                                |

## Appendix C: Audit Committee – self assessment supporting information: Knowledge and Skills Baseline Assessment November 2025

This is used as a baseline and therefore not revisited every year. In line with the 2022 guidance this will be refreshed in 2026.

| Knowledge Area / Skills                                                                                                                                                                                                                                                                                                                                                              | Confident | Comfortable | Not Confident | Overall score |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|---------------|---------------|
| Overview of the governance structures of the Council and decision-making processes. Knowledge of the organisational objectives and major functions of the Council.                                                                                                                                                                                                                   | 3         | 4           | 0             | Comfortable   |
| An understanding of the audit committee's role and place within the governance structures. Familiarity with the committee's terms of reference and accountability arrangements. Knowledge of the purpose and role of the audit committee.                                                                                                                                            | 2         | 5           | 0             | Comfortable   |
| Knowledge of the seven principles as outlined in Delivering Good Governance in Local Government Framework. The requirements of the AGS. How the principles of governance are implemented locally as set out in the local code of governance.                                                                                                                                         | 1         | 4           | 2             | Comfortable   |
| An awareness of the key principles of the GIAS and LGAN. Knowledge of the arrangements for delivery of the internal audit service in the authority and charter. How the role of the head of internal audit is fulfilled. Details of the most recent external assessment and level of conformance with the standards. Internal audit's strategy, plan and most recent annual opinion. | 0         | 4           | 3             | Not Confident |
| Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. An understanding of good financial management practice as set out in the CIPFA Financial Management CODE (FM Code) and the level of compliance with it. Knowledge of how the organisation meets the requirements of the role of the chief financial     | 1         | 5           | 1             | Comfortable   |

| Knowledge Area / Skills                                                                                                                                                                                                                                                                                                                                                                                        | Confident | Comfortable | Not Confident | Overall score |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|---------------|---------------|
| officer, as required by the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. An overview if the principal financial risks the council faces.                                                                                                                                                                                                                                    |           |             |               |               |
| Knowledge of the role and functions of the external auditor and who currently undertakes this role. Knowledge of the key reports and assurances that external audit will provide. Familiarity with the auditor's most recent plan and the report opinions. Knowledge about the arrangements for the appointment of auditors and quality management undertaken.                                                 | 2         | 4           | 1             | Comfortable   |
| Understanding of the principles of risk management, including how it supports good governance and decision making. Knowledge of the risk management policy and strategy of the organisation. Understanding of risk governance arrangements, including the role of members and of the audit committee. Knowledge of the current the current risk maturity of the organisation and any key areas of improvement. | 4         | 2           | 1             | Comfortable   |
| An understanding of the main areas of fraud and corruption risk the organisation is exposed to. Knowledge of the principles of good fraud risk management practice in accordance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. Knowledge of the organisation's arrangements for tackling fraud.                                                                                | 1         | 4           | 2             | Comfortable   |
| Knowledge of the Seven Principles of Public Life. Knowledge of the authority's key arrangement to uphold ethical standards for both members and staff. e.g. code of conduct. Knowledge of the whistleblowing arrangements in the council.                                                                                                                                                                      | 2         | 5           | 0             | Comfortable   |

| Knowledge Area / Skills                                                                                                                                                                                                                                                                                                                                                                                                                                     | Confident | Comfortable | Not Confident | Overall score |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|---------------|---------------|
| Aware that the Effective Scrutiny of Treasury Management is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: - <ul style="list-style-type: none"> <li>regulatory requirements</li> <li>treasury risks</li> <li>the organisation's treasury management strategy</li> <li>the organisation's policies and procedures in relation to treasury management.</li> </ul> | 0         | 3           | 4             | Not Confident |
| Able to focus on material issues and overall position, rather than being side-tracked by detail.                                                                                                                                                                                                                                                                                                                                                            | 5         | 2           | 0             | Confident     |
| Able to frame questions that draw out relevant facts and explanations, challenging performance and seeking explanation while avoiding hostility or grandstanding.                                                                                                                                                                                                                                                                                           | 5         | 2           | 0             | Confident     |
| Ensuring there is a clear plan of action and allocation of responsibility.                                                                                                                                                                                                                                                                                                                                                                                  | 4         | 3           | 0             | Confident     |
| Able to understand the practical implications of recommendations to understand how they might work in practice.                                                                                                                                                                                                                                                                                                                                             | 5         | 2           | 0             | Confident     |
| Support the use of plain English in communications, avoiding jargon, acronyms, etc.                                                                                                                                                                                                                                                                                                                                                                         | 5         | 2           | 0             | Confident     |
| Evaluate information based on evidence presented avoiding bias or subjectivity.                                                                                                                                                                                                                                                                                                                                                                             | 5         | 2           | 0             | Confident     |
| Chair the meeting effectively: summarise issues raised, ensure all participants can contribute and focus on the outcome and actions from the meeting.                                                                                                                                                                                                                                                                                                       | 3         | 4           | 0             | Comfortable   |

## Appendix D: Self-assessment of Good Practice showing evidence

|                                               | Good practice questions                                                                                                             | Yes/ No/ Partially | Evidence                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Audit Committee purpose and governance</b> |                                                                                                                                     |                    |                                                                                                                                                                                                                                                                                                                                       |
| 1.                                            | Does the authority have a dedicated audit committee that is not combined with other functions (e.g. scrutiny standards and ethics)? | Yes                | Constitution, Terms of Reference<br>Actual meetings, details on internet.                                                                                                                                                                                                                                                             |
| 2.                                            | Does the audit committee report directly to the governing body e.g full council?                                                    | Yes                | Terms of Reference reviewed, revised and reapproved at September 2025 Audit and Governance Committee. Annual report to Council.                                                                                                                                                                                                       |
| 3.                                            | Has the committee maintained its advisory role by not taking on any decision-making powers?                                         | Yes                | As detailed in the Terms of Reference the Committee will have no delegated powers, other than those assigned from Council to approve the Statement of Accounts when required, but can require relevant officers, members and agencies to attend at any meeting where such attendance would be expedient to the work of the Committee. |
| 4.                                            | Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?          | Yes                | Terms of Reference reviewed, revised and reapproved at September 2025 Audit Committee.                                                                                                                                                                                                                                                |
| 5.                                            | Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?    | Partially          | Work is currently underway to raise the profile and understanding of the role of the Committee and strengthening links with Scrutiny. Strengthened through annual report to Council for current year.                                                                                                                                 |
| 6.                                            | Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?                         | Yes                | The Committee's work plan identifies areas of governance that it provides support on, this is further demonstrated by Committee agendas.<br>The Annual Assurance report to Council confirms this and the Annual Governance Statement identifies significant areas for improvement which the Committee can focus on.                   |

|                                   | Good practice questions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Yes/ No/ Partially | Evidence                                                                                                                                                                                                                                                                                           |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.                                | Does the governing body (full council) hold the audit committee to account for its performance at least annually?                                                                                                                                                                                                                                                                                                                                                                                                             | Yes                | Annual report to Council allows Members to comment and challenge the Committee's work.<br><br>Evidence that the Committee is reviewing issues aligned to the Strategic Risks of the Council and the Annual Governance Statement action plans.<br>Audit Committee Chair to consider interim report. |
| 8.                                | Does the committee publish an annual report in accordance with the 2022 guidance, including: <ul style="list-style-type: none"> <li>• compliance with the CIPFA Position Statement 2022</li> <li>• results of the annual evaluation, development work undertaken and planned improvements</li> <li>• how it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>                                                                                                                         | Yes                | Detailed within the annual report to the Audit and Governance Committee and to Council.                                                                                                                                                                                                            |
| <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 as follows? <ul style="list-style-type: none"> <li>• Governance arrangements</li> <li>• Risk management arrangements</li> <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> <li>• Annual governance statement</li> </ul> | Yes                | Detailed within the Terms of Reference which are reviewed annually.                                                                                                                                                                                                                                |

|     | Good practice questions                                                                                                                                             | Yes/ No/ Partially | Evidence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | <ul style="list-style-type: none"> <li>Financial reporting</li> <li>Assurance framework</li> <li>Internal audit</li> <li>External audit</li> </ul>                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 10. | Over the last year, has adequate consideration been given to all core areas?                                                                                        | Yes                | <p>It was noted that this was difficult for the current Committee to answer as only two were members in the previous year. Evaluation is through the:</p> <ul style="list-style-type: none"> <li>Self-assessment of compliance with this best practice document.</li> <li>Annual report to Council is written to map back to the terms of reference.</li> <li>Annual work plan, reported to March Committee, which maps back to the ToR.</li> <li>Agendas, minutes and reports of Committee support that all core areas are being reviewed.</li> </ul>                                                                                                                                                                   |
| 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? | Yes                | <p>It was noted that this was difficult for the current Committee to answer as only two were members in the previous year. Wider areas are:</p> <ul style="list-style-type: none"> <li>Matters at the request of Statutory Officers or other committees – if these are brought to the Committee they would be considered in line with the ToR.</li> <li>Ethical Values – The Committee does not have responsibility for reviewing ethical standards. A separate Standards Committee which has this responsibility is held as and when required. <i>However, the Committee supports standards and ethics.</i></li> <li>Treasury Management – The Committee covers this responsibility as evidenced by its ToR.</li> </ul> |

|                               | Good practice questions                                                                                                                                                                                                                                                                                                                                                       | Yes/ No/ Partially | Evidence                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12.                           | Has the committee met privately with the external auditors and head of internal audit in the last year?                                                                                                                                                                                                                                                                       | Partially          | Private session included as part of every meeting which External Audit attend. Chair and Vice Chair have pre-meeting with S151 Officer, Chief Audit Executive and Internal Audit Manager. Committee members should arrange further meetings as required.                                                                                                                                                              |
| <b>Membership and support</b> |                                                                                                                                                                                                                                                                                                                                                                               |                    |                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 13.                           | Has the committee been established in accordance with the 2022 guidance as follows? <ul style="list-style-type: none"> <li>• Separation from the executive</li> <li>• A size of committee that is not unwieldy and avoids the use of substitutes</li> <li>• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul> | Partially          | The committee is politically balanced and substitutes are rare. An Independent member is also in post. The Membership of the Committee has recently been expanded from five to nine Councillors in addition to the Independent member.                                                                                                                                                                                |
| 14.                           | Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?                                                                                                                                                                                                                                                     | Partially          | The Committee is newly formed following the Council elections in May 2025. Membership of the Committee has recently been expanded. Training needs have been identified as part of this process and these are delivered through three Audit Committee training sessions each year. This will also be evidenced by attendance and behaviour at Committee and resulting recommendations and minutes, available publicly. |
| 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?                                                                                                                                                                                                                                  | Partially          | This was completed by the previous committee and is being repeated now. This report includes the outcomes of that evaluation and identifies training and development opportunities.                                                                                                                                                                                                                                   |



|                                       | Good practice questions                                                                                                                                                   | Yes/ No/ Partially | Evidence                                                                                                                                                                                                                                                                     |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 16.                                   | Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?                                                         | Yes                | Demonstrated by: <ul style="list-style-type: none"> <li>• Completion of the skills assessment</li> <li>• Committee work plan</li> <li>• Evidence of regular training including agendas, training documents etc. available on request.</li> </ul>                             |
| 17.                                   | Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?                                                             | Partially          | The Committee is newly formed following the Council elections in May. Membership of the Committee has recently been expanded. Training needs have been identified as part of this process and these are delivered through three Audit Committee training sessions each year. |
| 18.                                   | Is adequate secretariat and administrative support provided to the committee?                                                                                             | Yes                | Administrative support provided by Committee Services with dedicated Committee Officer assigned to the administration of the Audit Committee. Regular qualified and experienced secretarial support is provided to all Committee meetings.                                   |
| 19.                                   | Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO (Executive Director of Resources)? | Yes                | Demonstrated by regular attendance at all Committees by these key stakeholders and the professional way the meetings are managed. Interviews with all parties would help to support this conclusion.                                                                         |
| <b>Effectiveness of the committee</b> |                                                                                                                                                                           |                    |                                                                                                                                                                                                                                                                              |
| 20.                                   | Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?                                         | Partially          | Annual assurance report to Council allows consideration of this by all members.<br><br>Consideration to be given to a survey of key people who interact with the Committee to obtain feedback.                                                                               |
| 21.                                   | Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?                                                                           | Yes                | Demonstrated in minutes and by attendees at Committee and by clear requests for further information in a few high-risk areas.                                                                                                                                                |

|     | Good practice questions                                                                                                                                            | Yes/ No/ Partially | Evidence                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22. | Are meetings effective with a good level of discussion and engagement from all the members?                                                                        | Yes                | Demonstrated in agendas, minutes and reports of the Committee. All unsatisfactory and limited audit areas are reported to Committee and members invite officers from such areas to provide management updates on progress against agreed control improvements. New Committee still embedding. Developments proposed as part of this process.                                                                                          |
| 23. | Has the committee maintained a non-political approach to discussions throughout?                                                                                   | Yes                | Demonstrated in agendas, minutes and reports of the Committee.                                                                                                                                                                                                                                                                                                                                                                        |
| 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? | Yes                | Demonstrated in agendas, minutes and reports of the Committee. All unsatisfactory and limited audit areas are reported to Committee and members invite officers from such areas to provide management updates on progress against agreed control improvements. Work is ongoing to develop reporting missed deadlines for implementation of recommendations.                                                                           |
| 25. | Does the committee make recommendations for the improvement of governance, risk and control arrangements?                                                          | Yes                | Where there is a need to escalate such issues further, the Committee would do this through known member and officer channels.                                                                                                                                                                                                                                                                                                         |
| 26. | Do audit committee recommendations have traction with those in leadership roles?                                                                                   | Partially          | This is demonstrated in part through the Committee workplan which shows where managers have been asked to present an update to the Committee following a limited or unsatisfactory audit.<br>The Committee has identified a gap in that the Council has limited Internal Audit assurance for six years and have invited the Leader and Chief Executive to provide an update on what management action is being taken to address this. |

|     | Good practice questions                                                               | Yes/ No/ Partially | Evidence                                                                                                                                                                                                                                                                                                                        |
|-----|---------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27. | Has the committee evaluated whether and how it is adding value to the organisation?   | Partially          | This is done as part of the annual report to Council but feedback was not obtained as to whether the Committee is adding value to the organisation.<br>Members conducted a session on the Committee's effectiveness in September 2025 and agreed an action plan, the key elements of which are reported earlier in this report. |
| 28. | Does the committee have an action plan to improve any areas of weakness?              | Yes                | The Committee is newly formed following the Council elections in May 2025. Membership of the Committee has recently been expanded. Training needs have been identified as part of this process and these are delivered through three Audit Committee training sessions each year.                                               |
| 29. | Has this assessment been undertaken collaboratively with the audit committee members? | Yes                | The Committee is newly formed following the Council elections in May 2025. Membership of the Committee has recently been expanded. Training needs have been identified as part of this process and these are delivered through three Audit Committee training sessions each year.                                               |