

## CPCA Self-Assessment Checklist – 2021/22

### **Principle 1:**

#### **Membership, independence, objectivity and understanding**

The Audit and Governance Committee should be independent and objective; in addition each member should have a good understanding of the objectives and priorities of the organisation and of their role as an Audit and Governance Assurance Committee member.

<b><u>Question</u></b>	<b><u>Yes/No</u></b>	<b><u>Comments/Evidence</u></b>
Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Yes	There have been some challenges in the availability of some members, and changes to membership.
Has the membership of the audit committee been formally agreed and a quorum set?	Yes	
Are we satisfied with the numbers of participants attending the meeting?	Yes	One inquorate meeting – action taken by officers to contact substitute members once apology received to ensure attendance.
Is the chair independent of the executive function?	Yes	The chair is also an independent member.
Has the audit committee chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?	Yes	
Can the audit committee access other committees and full council as necessary?	Yes	
Are members sufficiently independent of the other key committees of the council?	Yes	Some members are substitute members on Executive Committees for CPCA and some substitute members also sit on Executive Committees.
Are conflicts of interest recorded and declared at the start of every meeting, and is appropriate action taken when relevant matters are discussed?	Yes	Standing item on agenda

Do we have a clear understanding of our terms of appointment, including what is expected of us, how our individual performance will be appraised, the duration of our appointment, training required and how this will be provided?	Yes	Committee membership agreed annually at CA Board AGM. Induction training provided and development session throughout the year.
<b><i>Conclusion*: Are we performing effectively in this area?</i></b>		
Are there any actions we want to take to build our effectiveness?		
Are members happy with the amount of development work and support to them?		

\* Conclusion: Levels of confidence = 'Substantial', 'Reasonable', 'Limited', 'No'.

## Principle 2:

### Skills

The Audit and Governance Committee should corporately own an appropriate skills mix to allow it to carry out its overall function.

<u>Question</u>	<u>Yes/No</u>	<u>Comments</u>
Are we satisfied that, collectively, we have the range of skills we need to ensure that the Board gains the assurance it needs on governance, risk management, the control environment and on the integrity of all elements of the Annual Report and Accounts?	Yes	Skills questionnaire circulated to all members of committee.
Do we possess the wider skills necessary to be fully effective (e.g. in relation to the core business of the organisation, change management, digital strategy, the wider political landscape and other strategically relevant issues)?	Yes	
Does at least one member have recent and relevant financial experience sufficient to allow them to competently analyse the financial statements and understand good financial management discipline?	Yes	
Where we need additional skills are we empowered to co-opt additional members or procure specialist advice?	Yes	Through officers
Do we have effective induction and training arrangements for new members and does the Chair ensure that all members have an appropriate programme of engagement with the organisation to help build sufficient understanding?	Yes	Induction training provided for new and existing members and development session throughout the year.
Does the audit committee periodically assess its own effectiveness?	Yes	
<b>Conclusion: Are we performing effectively in this area?</b>		
Are there any actions we want to take to build our effectiveness		

## Principles 3 and 4:

### The role and scope of the Committee

The Audit and Governance Committee should support the Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

The scope of the Audit and Governance Committee's work should be defined in its terms of reference and should encompass all the assurance needs of the Board and Accounting Officer. Within this the Audit and Governance Committee should have particular engagement with the work of Internal Audit, risk management, the External Auditor and financial management and reporting issues.

<u>Question</u>	<u>Yes/No</u>	<u>Comments</u>
<b>General:</b>		
Do we have a clear understanding of the role and responsibilities of the A&GC?	Yes	
Does our work programme cover the assurance needs of the Board and through a balance of agenda items?	Yes	
Do we provide insight and strong, constructive challenge to the organisation where required?	Yes	
<b>Risk Management:</b>		
Do we have sufficient understanding of the organisation's overall control environment, including its governance and any outsourcing arrangements, and review its effectiveness regularly to provide assurance that arrangements are responding to risks within the organisation?		Note: risk management pathfinder work will lead to further development of this area.
Does the audit committee review the authority's corporate risk register at least annually?	Yes	Corporate Risk Register is considered at every meeting.
Does the audit committee monitor how the authority assesses its risk?	Yes	
Do the audit committee's terms of reference include oversight of the risk management process?	Yes	
Are we proactive in commissioning additional assurance work where we have identified a risk or control issue which is not subject to sufficient review?	Yes	
Do we draw the Board's attention to the results of our work on risk?	Yes	Recommendations made to CA Board

Internal Audit:		
Does the audit committee approve, annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?	Yes	
Does internal audit have an appropriate reporting line to the audit committee?	Yes	
Does the audit committee receive periodic reports from the internal audit service including an annual report?	Yes	
Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	Yes	
Does the audit committee hold periodic private discussions with the Internal Auditors?	Yes	Private meeting between A&G Committee and Internal Audit and External Audit held once a year.
Is there appropriate cooperation between the internal and external auditors?	Yes	In their tender submission, RSM confirmed that "We will work with your external auditors (EY), to ensure that assurances are maximised and minimise duplication." EY referenced the work of RSM in their audit 2019/20 audit report.
Does the audit committee review the adequacy of internal audit staffing and other resources?	Partially	The A&GC does not formally review internal audit staffing and resourcing however it does approve the internal audit plan and receives regular updates on performance against the plan. Inadequate resourcing would be identifiable through a combination of on inadequate audit plan and/or failure to deliver against the plan.
Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal audit in Local Government in the United Kingdom?	On March 22 agenda	RSM have provided the Combined Authority with details of how it conforms with the IIA standards and code of practice. To be included within the RSM progress report to A&GC in March 22
Are internal audit performance measures monitored by the audit committee?	Yes	Key Performance Indicators are included within regular Internal Audit update reports to Committee
Has the audit committee considered	Yes	

the information it wishes to receive from internal audit?		
<b>External Audit:</b>		
Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognizing the statutory duties of external audit)?	Yes	
Does the audit committee hold periodic private discussions with the external auditor?	Yes	Private meeting between A&G Committee and Internal Audit and External Audit held once a year.
Does the audit committee review the external auditor's annual report to those charged with governance?	Yes	
Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	Yes	Lead Officer – Jon Alsop, Chief Finance Officer
Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?	Yes (external audit)	
Does the audit committee assess the performance of external audit?	Yes	A&GC has the opportunity to question external auditors on performance and progress during the course of the audit. In 2019, following concerns raised by A&GC, the CEO wrote to PSAA about the performance of EY in the 2019 audit and its failure to complete the audit by the due date.
Does the audit committee consider and approve the external audit fee?	Yes	
<b>Financial Management and Governance Reporting:</b>		
Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	Yes	
Does the audit committee consider specifically: <ul style="list-style-type: none"> <li>the suitability of accounting policies and treatments</li> <li>major judgements made</li> <li>large write-offs</li> <li>changes in accounting treatment</li> </ul>	Yes	All of these issues are covered in an annual financial accounts workshop for Members of the Committee

<ul style="list-style-type: none"> <li>the reasonableness of accounting estimates and the narrative aspects of reporting?</li> </ul>		
Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Yes	
Does the audit committee review management's letter of representation?	Yes	
Does the audit committee annually review the accounting policies of the authority?	Yes	
Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Yes	
Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?	Yes	Both Internal audit and External audit provide members with sector updates on a regular basis
Do we lead on the assessment of the annual Governance Statement for the Board, including the provision of advice on its preparation and scope?	Yes	The review of the AGS is a delegated responsibility to the Committee
Do we sufficiently consider and challenge the work of internal audit and external audit?	Yes	
Do we track all audit recommendations (internal and external, including any arising from VFM work) and hold the organisation to account for their implementation?	Yes	An audit management action tracker has now been set up and will be reported to the Committee
Do we regularly review anti-fraud and corruption arrangements?	Yes	Reviewed annually
Do we regularly review our Terms of Reference	Yes	
<b>Conclusion: Are we performing effectively in this area?</b>		
Are there any actions we want to take to build our effectiveness		

## Principle 5:

### Communication and reporting

The Audit and Governance Committee should ensure it has effective communication with all key stakeholders, for example, the Board, the Chief Internal Auditor, the External Auditor and other relevant assurance providers.

<u>Question</u>	<u>Yes/No</u>	<u>Comments</u>
Is our work effectively and promptly reported to the Board after each meeting and are these reports copied to the Head of Internal Audit and the External Auditor?	Y/N	Any recommendations are reported to the next CA Board meeting. Meeting recording and reports are publicly available
Are our relationships and communications sufficiently well developed with those we seek briefings from and those we provide assurance to, including where risks cross organisational boundaries?	Yes	
Do the Monitoring Officer, Director of Finance, the Head of Internal Audit and the External Auditor routinely attend A&GC meetings?	Yes	
Do we provide an Annual Report to the Board, timed to support the Governance Statement; is our report open and honest in presenting our views and opinions from the work we have done during the year; and, is its content consistent with good practice?	Yes	
Does the A&GC Chair have regular bilaterals with the key attendees (eg Head of Finance, the Head of Internal Audit and the External Auditor)?	Yes	
<b><i>Conclusion: Are we performing effectively in this area?</i></b>		
Are there any actions we want to take to build our effectiveness		



## Principle 6: Administration

The Audit Committee should be assured that they have appropriate administrative support in place to allow effective functioning of the work of the Committee.

<u>Question</u>	<u>Yes/No</u>	<u>Comments</u>
Does the audit committee meet regularly?	Yes	
Do the terms of reference set out the frequency of meetings?	No	
Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	Yes	
Are members attending meetings on a regular basis and if not, is appropriate action taken?	Yes	
Are meetings free and open without political influences being displayed?	Yes	
Does the authority's S151 officer or deputy attend all meetings?	Yes	
Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	Yes	
Does the audit committee have a designated secretary from Committee/Member Services?	Yes	
Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Yes	
Are outline agendas planned one year ahead to cover issues on a cyclical basis?	No	
Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	Yes	Procedure for referrals to the Committee were added to the terms of reference
Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Yes	
Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	Yes	
Are minutes prepared and circulated promptly to the appropriate people?	Yes	

Is a report on matters arising made and minuted at the audit committee's next meeting?	Yes	Action Log produced for each meeting and approved as part of the minutes at the following meeting.
Do action points indicate who is to perform what and by when?	Yes	Action log details officers/member to whom the action belongs.