

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2013 Edition

### Midlothian Council Audit Committee – 2017/18 self-assessment of Good Practice at 1 May 2018

Audit committee purpose and governance	Yes/Partly/No	Comments
Does the authority have a dedicated audit committee?	<input type="text" value="Yes"/>	
Does the audit committee report directly to full council?	<input type="text" value="Yes"/>	All Minutes of Audit Committee are circulated to full Council for noting and approval of any of their recommendations. An annual report is submitted by the Chair of the Audit Committee to full Council.
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement	<input type="text" value="Yes"/>	Terms of Reference in place and periodically reviewed against CIPFA's best practice.
Is the role and purpose of the audit committee understood and accepted across the authority?	<input type="text" value="Yes"/>	Role of Audit Committee is set out in the Council's Standing Orders. Senior Management and Elected Members have access to Standing Orders on the Council's Intranet.
Does the audit committee provide support to the authority in meeting the requirements of good governance?	<input type="text" value="Yes"/>	Audit Committee carries out the role set out in the Terms of Reference contributing to the authority's governance framework.
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	<input type="text" value="Yes"/>	All Minutes of Audit Committee are circulated to full Council for noting and approval of any recommendations. An annual report is submitted by the Chair of the Audit Committee to full Council.

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2013 Edition

### Midlothian Council Audit Committee – 2017/18 self-assessment of Good Practice at 1 May 2018

#### Functions of the committee

Yes/Partly  
/No

Comments

Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?

- |                                 |                                  |   |
|---------------------------------|----------------------------------|---|
| • good governance               | <input type="text" value="Yes"/> | Functions in Terms of Reference Nos. 1, 3 & 4 |
| • assurance framework           | <input type="text" value="Yes"/> | Function in Terms of Reference No. 6          |
| • internal audit                | <input type="text" value="Yes"/> | Functions in Terms of Reference Nos. 13-24    |
| • external audit                | <input type="text" value="Yes"/> | Functions in Terms of Reference Nos. 25-29    |
| • financial reporting           | <input type="text" value="Yes"/> | Functions in Terms of Reference Nos. 30-31    |
| • risk management               | <input type="text" value="Yes"/> | Functions in Terms of Reference Nos. 6-8      |
| • Value for money or best value | <input type="text" value="Yes"/> | Function in Terms of Reference No. 5          |
| • Counter-fraud or corruption   | <input type="text" value="Yes"/> | Functions in Terms of Reference Nos. 9-11     |

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2013 Edition

### Midlothian Council Audit Committee – 2017/18 self-assessment of Good Practice at 1 May 2018

#### Functions of the committee (cont'd)

Yes/Partly  
/No

Comments

Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?

Yes

Annual self-assessment undertaken on 1 May 2018 against CIPFA good practice checklist and effectiveness toolkit with the outcome / output referenced as part of the annual report submitted by the Chair of the Audit Committee to full Council.

Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?

Yes

Within Terms of Reference No.12 Treasury Management and Ethical Standards.

Where coverage of core areas has been found to be limited, are plans in place to address this?

Yes

Terms of Reference covers core areas.

Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?

Yes

Question is unclear on non-advisory. Terms of Reference is limited to governance, risk and control; it is non-decision-making though does have an advisory function to recommend improvements to governance, risk and control within its remit.

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2013 Edition

### Midlothian Council Audit Committee – 2017/18 self-assessment of Good Practice at 1 May 2018

Membership and support	Yes/Partly /No	Comments
<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• separation from the executive</li> <li>• an appropriate mix of knowledge and skills among the membership</li> <li>• a size of committee that is not unwieldy</li> <li>• where independent members are used, that they have been appointed using an appropriate process.</li> </ul>	Partly	<p>No (1<sup>st</sup> bullet) - Two of the six Elected Members on the Audit Committee are in the Cabinet (Committee with executive decision-making powers). However this is considered as difficult to avoid in a small Council and the Audit Committee operates with an independent Chair and independent member and there is therefore effective challenge. Yes (2<sup>nd</sup> and 3<sup>rd</sup> bullet points) – Committee comprises of six Elected Members and two independent members (one of which is the Chair) who have a mix of skills, knowledge and experience. Yes (4<sup>th</sup> bullet point) – an external recruitment, selection and appointment process was undertaken for independent members on the Audit Committee.</p>
<p>Does the chair of the committee have appropriate knowledge and skills?</p>	Yes	<p>Chair has previous experience of chairing meetings and a previous career within the financial sector.</p>
<p>Are there arrangements in place to support the committee with briefings and training?</p>	Partly	<p>Induction session on appointment to the Audit Committee in June 2017. Improvement action to undertake briefings / seminars on Statutory Accounts and Treasury Management to enhance skills and knowledge was identified during the annual self-assessment process.</p>
<p>Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?</p>	Partly	<p>Improvement action to enhance skills and knowledge was identified during the annual self-assessment process, and agreed that the CIPFA Skills and Knowledge toolkit would be used.</p>
<p>Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?</p>	Yes	<p>Chair meets with Chief Internal Auditor (CIA) in advance of each Audit Committee meeting and has option to meet with External Auditors, EY, in private. Prior to each Audit Committee the Chair has pre-meeting with Chief Executive, CIA, Director Resources, and Section 95 Officer. Chief Executive, Directors and Section 95 Officer, External Audit (EY) and Internal Audit attend all Audit Committee meetings. Improvement to arrange other private Informal Sessions with Internal and External Auditors for all Audit Committee members.</p>
<p>Is adequate secretariat and administrative support to the committee provided?</p>	Yes	<p>Democratic Services Officer assigned to the Audit Committee.</p>

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2013 Edition

### Midlothian Council Audit Committee – 2017/18 self-assessment of Good Practice at 1 May 2018

Effectiveness of the committee	Yes/Partly /No	Comments
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	<input type="checkbox"/> Yes	An annual report is submitted by the Chair of the Audit Committee to full Council setting out how it has fulfilled its remit. External Audit comment on Audit Committee as part of Governance within the Annual Audit Report.
Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/> Yes	Evaluation carried out during Informal Session on 1 May 2018.
Does the committee have an action plan to improve any areas of weakness?	<input type="checkbox"/> Yes	Improvements are set out within Audit Committee Annual Report 2017/18 focussing on skills and knowledge competency to fulfil role. In summary these are Members Briefings / Seminars on Statutory Accounts and Treasury Management to help their understanding of these technical areas, utilising other self-assessments such as the CIPFA Skills and Knowledge toolkit, Informal Sessions with Internal Audit and External Audit for private discussion, and establishing an Action Tracker for Audit Committee to monitor completion of their recommended actions.

