

CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2022 Edition

Midlothian Council Audit Committee – self-assessment of Good Practice at 10 September 2024

Audit committee purpose and governance	Yes/Partly /No	Comments
Does the authority have a dedicated audit committee?	Yes	The Council's Scheme of Administration approved in May 2022 lists the composition of the Council and its various Committees, including the Audit Committee.
Does the audit committee report directly to full council?	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.
Has the committee maintained its advisory role by not taking on any decision-making powers?	Yes	Yes the Committee has no direct decision making powers.
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 of the Audit Committee are periodically reviewed against CIPFA's best practice by the Chief Internal Auditor.
Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	Yes	The role and purpose of the Audit Committee is set out in the Council's Scheme of Administration including what it can do, the arrangements for meetings, required quorums etc. References to the role of the Audit Committee are made and draft agendas and reports are presented to the Corporate Management Team by the Chief Internal Auditor in advance of each Audit Committee meeting.
Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	Yes	The Audit Committee carries out the role set out in the Terms of Reference contributing to the Council's governance framework which is set out in the Local Code of Corporate Governance approved by Council in March 2021. All Minutes of the Audit Committee are circulated to full Council for noting and approval of any recommendations.
Does the governing body hold the audit committee to account for its performance at least annually?	Yes	The Audit Committee annually reviews its terms of reference as part of it carrying out a self-assessment of performance using best practice checklists. An annual report is submitted by the Chair of the Audit Committee to full Council. It sets out the activities to enable stakeholders to understand how the Audit Committee has discharged its duties and identifies areas of improvement to fulfil its remit. MLC continues to adopt this best practice.

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Functions of the committee	Yes/Partly /No	Comments
Does the committee publish an annual report in accordance with the 2022 guidance, including:		
compliance with the CIPFA Position Statement 2022	<input type="text" value="Yes"/>	See Appendix 1 evaluation against the statement does not have access to independent members despite recruitment campaign.
results of the annual evaluation, development work undertaken and planned improvements	<input type="text" value="Yes"/>	See Appendix 1 evaluation of previous issues.
how it has fulfilled its terms of reference and the key issues escalated in the year?	<input type="text" value="Yes"/>	
Do the committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement?		
<ul style="list-style-type: none"> • Governance arrangements 	<input type="text" value="Yes"/>	Functions in Terms of Reference Nos. 1, 3 & 4
<ul style="list-style-type: none"> • Assurance framework 	<input type="text" value="Yes"/>	Assurance Framework function in Terms of Reference No. 6 and explicit references to these service delivery models in Nos. 3, 6 & 7 within the revised Terms of Reference approved by Council in August 2019.
<ul style="list-style-type: none"> • Internal audit and Internal Control Arrangements including: <ul style="list-style-type: none"> ○ Financial management ○ Value for money ○ Ethics and standards ○ Counter fraud and corruption 	<input type="text" value="Yes"/>	Functions in Terms of Reference Nos. 13-24 Function in Terms of Reference No. 12 Treasury Management and explicit references to ethics in Functions 3 & 19 within the revised Terms of Reference approved by Council in August 2019.
<ul style="list-style-type: none"> • External audit 	<input type="text" value="Yes"/>	Functions in Terms of Reference Nos. 25-29
Functions of the committee (cont’d)	Yes/Partly	Comments

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/No

<ul style="list-style-type: none">• Risk management arrangements	<input type="checkbox"/> Yes	Functions in Terms of Reference Nos. 6-8
<ul style="list-style-type: none">• Annual Governance Statement	<input type="checkbox"/> Yes	Function in Terms of Reference No. 5
<ul style="list-style-type: none">• Assurance framework	<input type="checkbox"/> Yes	Functions in Terms of Reference Nos. 9-11
Over the last year, has adequate consideration been given to all core areas?	<input type="checkbox"/> Yes	Reports have been received that cover all core areas at meetings of the Committee. .
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?	<input type="checkbox"/> Yes	The Audit Committee has only considered items that align with its core functions.
Has the committee met privately with the external auditors and head of internal audit in the last year?	<input type="checkbox"/> No	Due to the change of both Chief Internal Auditor and external audit the committee has not yet met privately, this will be arranged to be completed within 2024.
Has the committee maintained its non-advisory role by not Has the Committee been established in accordance with the 2022 guidance as follows:		
Separation from the Executive	<input type="checkbox"/> Yes	Whilst during the year the committee membership included cabinet members this has been resolved with new membership.
A size that is not unwieldy and avoids the use of substitutes	<input type="checkbox"/> Yes	Regular attendance by all members without substitutes evidences compliance.
Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation.	<input type="checkbox"/> No	Despite a recruitment campaign lay members have not been successful in identifying and independent members for the Committee.

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Membership and support	Yes/Partly/No	Comments
Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled.	Yes	Elected Members on the Audit Committee are selected in accordance with the arrangements set out in the Council’s Scheme of Administration. Committee members bring a wide variety of skills, experience and knowledge. Continued further training and development requirements will remain under review.
Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	Yes	Following the May 2022 local government elections and appointment to the Audit Committee the elected members’ induction programme was completed, having assessed the needs of the Council members.
Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	Partly	Induction training has been provided for all member which covers key areas of the 2022 guidance further review of regular training needs is required.
Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	Yes	The Committee members have satisfactory level of knowledge and experience in all key areas.
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	Yes	The independent Chair meets with Chief Internal Auditor (CIA) in advance of each Audit Committee meeting and has the option to meet with External Auditors, Audit Scotland, in private. The Chair has a pre-meeting with senior management prior to each Audit Committee meeting to enable wider context of Council business.
Is adequate secretariat and administrative support to the committee provided?	Yes	A Democratic Services Officer is assigned to the Audit Committee.
Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	Partly	The Audit Committee will continue to obtain feedback on its performance from senior management and the external auditor.
Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	Yes	As reflected in the Minutes of the Committee.
Are meetings effective with a good level of discussion and engagement from all members?	Yes	As reflected in the Minutes of the Committee.
Has the Committee maintained a non-political approach to discussions throughout?	Yes	As reflected in the Minutes of the Committee.

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As reflected in the Minutes of the Committee.

Effectiveness of the committee	Yes/Partly/No	Comments
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?	<input type="checkbox"/> Yes	The Chief Executive, Directors, and Section 95 Officer attend all Audit Committee meetings and respond to members’ questions as appropriate for the business being considered by the Committee to ensure action findings and action plans are acted upon. The Chief Officer Place presents quarterly updates to the Committee setting out the corporate risks and mitigations.
Does the committee make recommendations for the improvement of governance, risk and control arrangements?	<input type="checkbox"/> Yes	Recommendations are made by the Committee to Council in accordance with the business considered by the Committee. An Action Tracker for Audit Committee is in place to monitor completion of their recommended actions.
Do audit committee recommendations have traction with those in leadership roles?	<input type="checkbox"/> Yes	The Chief Executive, Directors, and Section 95 Officer attend all Audit Committee meetings and respond to members’ questions as appropriate for the business being considered by the Committee to ensure action findings and action plans are acted upon.
Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/> Yes	The Audit Committee carries out an annual self assessment of performance against the CIPFA good practice checklist and the effectiveness toolkit from the CIPFA guidance 2022 ‘audit committees’, the latter enabling evaluation of how effectively it fulfils its Audit functions.
Does the committee have an action plan to improve any areas of weakness?	<input type="checkbox"/> Yes	As part of its annual self-assessment 2022/23 the Committee has recognised where it could improve in respect of its scrutiny and challenge role to fulfil its remit and to further add value. Improvements are set out within the Audit Committee Annual/End of Term Report 2022/23.
Has this assessment been undertaken collaboratively with the audit committee members?	<input type="checkbox"/> Yes	This Assessment was carried out in response to a request to complete assessment questionnaires sent to all Committee Members in July/August 2024.