

Report of	Meeting	Date
Service Lead Audit and Risk	Governance Committee	Wednesday, 24 November 2021

Governance Committee Guidance and Effectiveness Review

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. To evaluate the Council's compliance with the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance "Audit Committees – Practical Guidance for Local Authorities and Police 2018."
2. Considers the updated Terms of Reference prior to submission to full council for approval.
3. To present details of the review of the self-assessment of good practice contained within the guidance.

Recommendations to Governance Committee

4. That the Committee:
 - Notes the report;
 - Considers the updated Terms of Reference prior to submission at full council for approval;
 - Considers and comments on the self-assessment of good practice and subsequent actions.

Corporate priorities

5. The report relates to the following corporate priorities:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

Background to the report

6. The purpose of an Audit / Governance Committee is to provide those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
7. CIPFA have issued guidance "Audit Committees – Practical Guidance for Local Authorities and Police 2018". This sets out the functions, operations, roles and responsibilities of audit / governance committees and represents best practice.
8. A key aspect of the guidance is evaluating and developing the Committees effectiveness. The guidance states that "the committee's effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority's business. Evidence of effectiveness will usually be characterised as influence, persuasion, and support. A good standard of performance against recommended practice, together with a knowledgeable and experience membership are essential requirements for delivering effectiveness."

Self-Assessment of Good Practice

9. The guidance incorporates a Self-Assessment of good practice which has been completed and discussed with the Chair of the Committee. Details of the assessment are included at **Appendix A**.
10. The self-assessment contains 5 actions for improvement as detailed below:

Topic	Comments
Terms of Reference	Included with this report
Self Assessment	The self assessment will be completed and presented to the Governance Committee annually
Independent person	The Committee should consider the appointment of an independent person to support its work. The appointment of an independent person was included in Sir Tony Redmond's review of financial reporting and auditing in local government and is anticipated that further guidance from CIPFA regarding an independent person will be issued over the coming months.
Feedback	A short survey will be developed by the Service Lead Audit and Risk in consultation with the Chair of the Governance

	Committee
Training	The training needs of the Committee will be kept under review and sourced as appropriate.

Terms of Reference

11. The CIPFA guidance also incorporates a model terms of reference. Internal Audit have carried out an assessment of the new terms of reference and have identified that the Governance Committee is already largely operating in line with it. The assessment is shown at **Appendix B**.
12. Included within the current terms of reference are some specific requirements for Chorley Council and these will be retained. In 2012, the Standards Committee merged with the Audit Committee to become the Governance Committee and the current terms of reference was amended to reflect the additional responsibilities. This aspect of the terms of reference will remain unchanged. The revised Terms of Reference is included at **Appendix C**.

Climate change and air quality

13. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

14. This material presented and discussed in this report has no direct implications on equality or diversity

Risk

15. Risks are outlined and identified in the body of the report

Comments of the Statutory Finance Officer

16. No comments

Comments of the Monitoring Officer

17. No comments

Background documents

CIPFA Audit Committees – Practical Guidance for Local Authorities and Police 2018

Appendices

Appendix A - Self Assessment of Good Practice October 2021

Appendix B – Model terms of reference assessment

Appendix C – Draft Terms of Reference

Report Author:	Email:	Telephone:	Date:
Dawn Highton	dawn.highton@southribble.gov.uk		16/11/21