

Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Wednesday, 27 September 2023

Governance Committee Effectiveness Review 2023

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

- 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 2022" and to present details of the review of the self-assessment of good practice contained within the guidance.

Recommendations

- That the Committee notes the report and considers and comments on the self-assessment of good practice and the subsequent actions;
- The Committee consider the appointment of independent members.

Reasons for recommendations

- The Governance Committee is a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements.

Other options considered and rejected

- Not applicable.

Corporate priorities

- The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

7. The purpose of the 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.
8. As presented at the meeting in August, CIPFA have issued "Audit Committees – Practical Guidance for Local Authorities and Police 2022". This sets out the functions, operations, roles, and responsibilities of audit / governance committees in local authorities and represents best practice.
9. A key aspect of the guidance is evaluating and developing the Committee's 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 experienced membership are essential requirements for delivering effectiveness."

Self-Assessment of Good Practice

10. The guidance incorporates a Self-Assessment of good practice which has been completed and details of the assessment are included at **Appendix A**.
11. The self-assessment contains the following areas for improvement:

TERMS OF REFERENCE

12. The CIPFA guidance incorporates a model terms of reference. An initial comparison with the current ToR was undertaken and has identified that there are some amendments required, however it should be noted that the Governance Committee is already operating in line with the model terms of reference. This work will be undertaken, and a revised Terms of Reference will be brought back to the Committee at a later date.

SKILLS & KNOWLEDGE

13. CIPFA'S guidance acknowledges that there is a range of knowledge and experience that Members can bring to the Committee to enable it to perform effectively. It emphasises that there are core areas of knowledge that are beneficial for all Committee Members to have.
14. Contained within the guidance, is a Knowledge and Skills self-assessment. The purpose of this is to ensure that members are fully equipped to meet the requirements of the best practice guidance and terms of reference of the Committee. Members have recently completed, and the shared results are shown at **Appendix B**. These results will be analysed alongside Democratic Services and a training plan developed to address any identified training needs.

INDEPENDENT PERSON

15. CIPFA recommend the use of two independent members with the objective being to increase the knowledge and experience base of the committee, and therefore reinforcing its independence.
16. The reasons for CIPFA's recommendation are:
 - To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting;
 - To provide continuity outside of the political cycle;
 - To help achieve a non-political focus on governance, risk, and control matters;
 - Having two independent members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee;
 - Having two independent members shows a commitment to supporting and investing in the committee.
17. Whilst the guidance is clear that the appointment of independent persons is not a requirement, the Committee should consider the appointment of an independent person to support its work.

ANNUAL REPORT

18. It has been agreed with the Chair of the Governance Committee that a report will be published on an annual basis and considered by the Committee before being presented at full council at the meetings in May. This report will incorporate the review of effectiveness of the Committee and also obtain feedback from those interacting or place reliance on the work of the Committee.

CIPFA Training

19. A mandatory training day has been arranged for all members of the Governance Committee on the 30th October 2023. This will be shared with Chorley Council Governance Committee members and an example programme is attached at **Appendix C**.

Climate change and air quality

20. The work noted in this report does not impact on the Councils Carbon emissions and the wider Climate Emergency and sustainability targets of the Council.

Equality and diversity

21. The material presented and discussed in this report has not direct implications on equality and diversity.

Risk

22. Risks are outlined in the body of the report.

Comments of the Statutory Finance Officer

23. Not applicable.

Comments of the Monitoring Officer

24. Not applicable.

Background documents

Audit Committees: Practical guidance for local authorities and police.

Appendices

Appendix A – Self Assessment of Good Practice
Appendix B - Shared Skill and Knowledge responses
Appendix C - CIPFA training programme.

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