

Audit Committee Self-Assessment

Completed by the Performance, Governance and Audit Working Group April / May 2024

1. We are diverse in our thinking and experience

| Themes | Observations | Rating 1-5 |
|--|--|---------------|
| Do we as a committee represent diversity of technical experience : technology; governance; internal audit and controls; HR; Finance; etc.? | We think members do, but don't necessarily know each other's backgrounds – its possible a survey of members would be helpful to build on this | 3 |
| Do we as a committee represent diversity of sector experience : the company sector or a similar one? Or a completely different one? | We think members do, but don't necessarily know each other's backgrounds – its possible a survey of members would be helpful to build on this | 3 |
| Do we as a committee represent diversity of geographic experience and presence : have we all built a career in one city or do we have global experience | Not convinced this is question relevant for local government- for MDC its more relevant around District representation which we think there is | 5 |
| Do we as a committee represent diversity of age ? | Member profile is represented but that in itself is not diverse | 3 |
| Do we as a committee represent diversity of race ? | Member profile is represented but that in itself is not diverse | 3 |
| Do we as a committee represent diversity of gender ? | There is a fair representation | 3 |
| Anything else? | Working group recommend an survey of committee members to build a better understanding of expertise. Recruitment of an Independent Person to the committee (currently in progress) may also help with diversity | |
| <p style="text-align: center;">On balance we are diverse in Not at all so our thinking and our experience</p> <p style="text-align: center;">1 2 3 4 5</p> <p style="text-align: center;">Yes Very much (with minor reservations)</p> | | |

2. We seek out advice on new or specialist topic areas where we are less experienced

| Themes | Observations | Rating 1-5 |
|---|---|---------------|
| Do we seek guidance and inputs from the company often enough? Have we ever / when was the last time that we invited management to present on a matter? | Management are always presenting on committee items, but understanding of who all the officers are and what they do could be improved | 3 |
| Do we ask each other to share insights based on our own technical and specific experiences where they are applicable? | All members invited to speak and make comments as part of the committee, but technical experience should be down to the officers involved in the meeting | 3 |
| Do we seek guidance and inputs from external experts readily enough? When was the last time we engaged an expert to advise us on a technical / specific matter? | 'External' only covered by officers and auditors but feel this is sufficient- have had organizational external view e.g. LGA peer review (bringing external experts also has possible overlap with O&S) | 3 |

| Themes | Observations | Rating 1-5 |
|---|--|------------|
| When we seek and receive guidance do we take it on board? If we went against an experts recommendation were we all clear and in agreement on the reasons why? | Always clear on this, think we do a reasonable job and action any advice given | 5 |
| Anything else? | | |
| <p>On balance we seek out so advice on new or specialist topic areas where we are Not at all 1 _____ 2 _____ 3 _____ 4 _____ 5 Very much (with minor reservations)</p> <p style="text-align: center;">less experienced</p> | | |

3. We have effective succession planning in place

| Themes | Observations | Rating 1-5 |
|---|---|------------|
| Who manages the roadmap of the likely retirement of each Board / committee member? | The Political Groups have owned handover. In the context of change of committee members, chairs etc- there is an expectation for members to sit on the committee and work it out There is no handover of Chair which can be a concern | 3 |
| And is it documented clearly, and accessible by the whole committee? | No | 1 |
| Are we exposed to any periods of high turnover? | Yes- Election- every four years and there is a possibility at each statutory annual process, depending on who the groups select for the committee | 4 |
| Do we understand the skills and experience which we might lose altogether when each individual retires from the Board / committee? | See sections 1 and 2- no official documentation of the skills. We may have a personal level of understanding | 2 |
| Do we have a pipeline of new candidates to fill open positions? | Yes- 31 Members to pick from and groups to come up with representatives | 4 |
| Anything else? | Independent person role could help with continuity in statutory annual process. The working group would like to know how officers could support with handover and training. The working group also requested audit cycle training / awareness for members to help with succession planning / wider member awareness | |
| <p>On balance we have an so effective succession planning program in place Not at all 1 _____ 2 _____ 3 _____ 4 _____ 5 Very much (with minor reservations)</p> | | |

4. We are robust and timely with regard to our own professional development

| Onboarding | Observations | Rating 1-5 |
|---|---|---------------|
| Who manages the process to ensure that it is: — Fit for purpose; — Up to date; — Leveraged appropriately by new members | Member training working group and Chair of Committee would identify any training needs of the committee. Budgets are low overall, but we do the best we can | 4 |
| When the last new board member was brought in, did they comment on / evaluate the effectiveness of the onboarding process? (This may be even be more valuable after a period of hindsight.) | 2023 election - onboarding process had a feedback form, and members reviewed this feedback in the member training and development working group | 4 |
| Technical support and updates | Observations | Rating 1-5 |
| Is there a schedule of technical and industry updates available? Or is it the individual's responsibility? | LGA provides regular updates and the auditors provide briefings - committee members felt well informed, and that this is frequent enough | 4 |
| How many trainings and updates were attended by the committee in the past 12 months? Is that too few? Too many? Appropriate? | Has been managed informally as part of meetings, so it's hard to quantify, but feels appropriate | 4 |
| Anything else? | | |
| <p>On balance we are robust so and supported with regard to our own professional development</p> <p>1 _____ 2 _____ 3 _____ 4 _____ 5</p> <p>Not at all Yes Very much (with minor reservations)</p> | | |

5. We understand the business operations and culture

| Themes | Observations | Rating 1-5 |
|--|---|---------------|
| How regularly do we meet the operational level employees? Should this be more regular? | Officers at committee meetings, and then there is a 'meet the officers' programme running. Committee members felt they would like to do more but acknowledged this takes time and could get members too operational (there needs to be a balance and it feels about right) | 3 |
| How often do we hear directly from the business on matters of interest to them / us? Is too much filtered through the executive? | There are communications channels such as the members bulletin and OneTeam (which is open to both staff and members) | 3 |
| Do we understand the end to end business structure (supply chain; production; route to market; etc.) | We felt this question should be more what is our corporate structure and processes - members agree they feel well informed | 4 |
| Does our business understanding extend to the smaller parts of the business? | That is probably down to the individual areas. We have service exception reports (e.g. missed bins) knowledge can vary by member length of service | 4 |
| Do we collectively or individually perform deep dives into the core business areas? And those areas which are less material by | We ask officers to delve into areas based on the data and risk reports, and provide further detail back to committee | 4 |

| Themes | Observations | Rating 1-5 |
|--|--|---------------|
| size but higher risk? | | |
| Do we know enough about the key suppliers and customers on which the business relies? | Broadly we understand income sources, cashflow and customer demand. Level of understanding around customers and suppliers may vary by member | 3 |
| Anything else? | | |
| <p>On balance we understand so the business operations and culture</p> <p>Not at all 1 _____ 2 _____</p> <p>Yes (with minor reservations) 3 _____ 4 _____</p> <p>Very much 5 _____</p> | | |

6. We have access to the resources and tools to enable us to undertake our duties

| Themes | Observations | Rating 1-5 |
|--|--|---------------|
| Is the company secretariat available to us to assist with meeting admin such as agendas, planning, minutes, etc.? | Yes- through committee clerks and corporate support | 5 |
| Is the information we receive from the executive: relevant; accurate; clear; timely; etc.? (Reporting; agendas; minutes etc.) | Happy with information received and delivery in the cycle | 5 |
| Do we have sufficient time? E.g. to process information; meet to discuss it; see actions and recommendations implemented before subsequent meetings; etc.? | Papers received in good time, graphics in PGA reports help to absorb the information and officers present the reports. Matters arising comes as part of the committee report pack, 7 days before | 5 |
| Does our work plan cover our main responsibilities and map across to any regulatory requirements? | Yes, and defined by the internal audit | 4 |
| Are there funds available to enable us to take necessary independent advice? | Internal and external audit present to the committee and funded in budget. Could seek extra support e.g. LGA but have not felt this was necessary | 4 |
| Anything else? | | |
| <p>On balance, we have access so to the resources and tools to enable us to undertake our duties</p> <p>Not at all 1 _____ 2 _____</p> <p>Yes (with minor reservations) 3 _____ 4 _____</p> <p>Very much 5 _____</p> | | |

7. We independently challenge and direct the internal and external audit agendas

| Themes | Observations | Rating 1-5 |
|---|---|---------------|
| Did we bring our own topics to the committee agenda, rather than only taking those of the auditors? | Annual opportunity to sign off the internal audit plan. In year, we could as members request additional items etc | 4 |

| Themes | Observations | Rating 1-5 |
|---|--|---------------|
| Did we successfully challenge the executive on a position which, for example, we were not aligned to, or unclear on? | Yes- performance reports members challenge delivery and this is covered in debate of audit report | 5 |
| Do we have appropriate (full?) control over the appointment of roles such as senior internal audit positions and external auditor appointments? | Internal audit is outsourced, have choice of supplier for internal and are allocated external auditor. | 2 |
| Do we periodically consider / challenge whether the current (if any?) internal audit function is suitable / sufficient given the size and complexity of the business? | When we award the contract, and when we set the annual internal audit plan | 4 |
| When was the last time we challenged the internal audit plan? Were we firm enough? Did we allow too much reliance on the prior year ways of working? | There is an ability to challenge and its different every year. Some of the challenge is happening with officers - perhaps chair of committee could be involved in these discussions ahead of committee? | 4 |
| Are all our committee meetings and other interactions (e.g. with external auditors) free from management influence? | Could meet the auditors without officers although not happened this year. Committee is a members meeting. It is informed by managers but not dominated | 4 |
| Anything else? | Suggestion that Chair of PGA is involved in discussions forming the internal audit plan | |
| <p>On balance, we direct the so audit agenda independently</p> <p style="text-align: center;"> Not at all Yes Very much </p> <p style="text-align: center;"> 1 2 3 4 5 </p> <p style="text-align: center;"> (with minor reservations) </p> | | |

8. We hold the external auditors to account

| Themes | Observations | Rating 1-5 |
|---|---|---------------|
| Do we manage our own relationship with the external auditors? Do they know that we are always open to meeting with them? | Relationship management happens through the Chief Finance Officer, not sure to what extent the Chair of committee is included in this (will depend on who is the chair) | 3 |
| Are we confident in the quality of the audit? Are we robust and challenging in our review of their plan? Including: scoping, materiality; etc. | Yes happy and if not, we would do something about it | 4 |
| Do we test their understanding of the business? E.g. do we challenge them to show how their findings are specific to our business model? | They are local government specialists. Officers are likely to challenge during the audit if not, but committee members don't specifically test | 2 |
| Are we clear and confident in their process for managing independence? Do they report it clearly? Are they transparent around non-audit work requested and delivered? | Expect there is commentary in the reporting around independence. They are not in house/ recruited as independent companies. Non audit work would not be requested. | 4 |
| Do we have a clear policy and plan on tendering and rotation | Audit contract comes back through PGA, managed by the Chief Finance Officer. External is managed through the audit commission, a decision which is made by PGA | 4 |

| | | | |
|---|--|---------------------------------------|------------------|
| Are we satisfied that the audit fee is appropriate and sufficient? Has there been a change in the risk profile which should impact the fee? | External audit fee is very high but not controllable. Internal audit is managed through procurement and appropriate | 4 | |
| Anything else? | | | |
| On balance, we hold the so external auditors to account | Not at all | Yes | Very much |
| 1 | 2 | 3 (with minor reservations) | 4 |
| | | | 5 |

9. We communicate effectively within the committee and externally with stakeholders

| Themes | Observations | Rating 1-5 |
|--|--|---------------|
| Is the chair's leadership style appropriate (e.g. decisive; open minded; courteous; leads by example; manage dissent; enable consensus; etc.)? | 23/24 Chair – the answer is yes. Score could change depending on who is in the Chair. Chairpersons training is given as part of the annual reset that encourages these behaviours | 4 |
| Do we always respect each-other's opinions and hold equal footing in discussions (i.e. no one member's opinion is seen as less or more valuable) | Does depending on chairing, but broadly this is a yes. | 4 |
| Is our relationship with the executive and senior management appropriate; i.e. strikes the right balance between challenge and mutuality | Senior managers are invited to attend and present as experts, but they are also challenged as part of the items | 5 |
| Do we regularly communicate with the other committees? Are they engaged in a timely manner when their inputs are required? | Most communication should be with full Council, may refer to a committee but this would still go through Council. Minutes of the committee go through Council as a matter of course, and there is an ability then for all members to challenge items | 4 |
| Are our communications to customers clear? Does the chair take the lead and own the published annual governance statement? | Annual governance statement is signed by chair of the committee. Audit findings are published on the website. All meetings are open to the public, and broadcast to YouTube. | 4 |
| Do we regularly engage in communication with the public? Do we understand their priorities? Do we respond directly to their concerns? | See above. We also have public participation available at the committee. Committee appoint member improvement champions that help with customer journey/ feedback work. As elected members, we are always in contact with the public and understanding of key areas of concern. | 4 |

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|--|--|----------|--|------------|---|----------------------------------|-----------|--|---|---|---|---|---|---|
| <p>Are we transparent in our communications? Are the shareholders, management, the external auditors etc. all appropriately informed of findings and actions?</p> | <p>All are kept well informed. Minutes are published from the meeting. Matters arising are tracked and reported to the meeting. Very little private and confidential business, meetings broadcast to YouTube.</p> | <p>5</p> | | | | | | | | | | | | |
| <p>Anything else?</p> | | | | | | | | | | | | | | |
| <table border="0" style="width: 100%; background-color: #e67e22; color: white;"> <tr> <td style="text-align: center; width: 25%;">On balance, we work well so together and as a whole</td> <td style="text-align: center; width: 12.5%;">Not at all</td> <td style="text-align: center; width: 12.5%;"></td> <td style="text-align: center; width: 12.5%;">Yes (with minor reservations)</td> <td style="text-align: center; width: 12.5%;">Very much</td> <td style="text-align: center; width: 12.5%;"></td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">5</td> </tr> </table> | | | On balance, we work well so together and as a whole | Not at all | | Yes (with minor reservations) | Very much | | 1 | 2 | 3 | 4 | 5 | 5 |
| On balance, we work well so together and as a whole | Not at all | | Yes (with minor reservations) | Very much | | | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 5 | | | | | | | | | |