

Audit Committee

14 December 2015

Report title	Audit Committee – Results of the recent Self-Assessment of Good Practice and Effectiveness Exercise	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor, Finance	
Originating service	Audit	
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Report to be/has been considered by	Not applicable	

Recommendation(s) for action or decision:

The Committee is asked to:

1. Note the results of the recent self-assessment of good practice and effectiveness exercise, and the plan to move on to the next stage of the process.

1.0 Purpose

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) in their Audit Committees – Practical Guidance for Local Authorities, recommend that an Audit Committee should carry out a regular review of its performance and effectiveness, alongside a number of other self-assessment activities. As the first stage of such an exercise, the committee were asked at their last meeting to complete a self-assessment of good practice checklist, based on the model provided by CIPFA.

2.0 Background

- 2.1 This self-assessment exercise forms part of a three stage review, which in line with CIPFA's Audit Committees – Practical Guidance for Local Authorities, includes the following activities:

Self-assessment exercise - Completed

Members of the committee were asked to complete the self-assessment exercise at the last Audit Committee meeting in September 2015. Seven returns were received and a summary of the results are shown later in this report.

Members knowledge and skills framework

The next stage of the process will involve members completing a knowledge and skills framework exercise. This will be distributed at the next meeting.

Evaluating the effectiveness

Once the above framework exercise has been completed, a more detailed "evaluating the effectiveness of the committee" exercise will be undertaken at a later meeting.

3.0 Progress, options, discussion, etc.

- 3.1 This exercise is taking place in three stages. Following each stage, the results will continue to be summarised and presented at the next meeting. The results will also help drive a more structured future training programme and action plan for the committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendations in this report. (GE/27112015/G)

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report. (RB/0122015/K)

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendations in this report.

7.0 Environmental implications

7.1 There are no environmental implications arising from the recommendations in this report.

8.0 Human resources implications

8.1 There are no human resources implications arising from the recommendations in this report

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendations in this report.

10.0 Schedule of background papers – Audit Committee: Self-Assessment of Good Practice

Audit Committee: Self-Assessment of Good Practice - Results

Good practice questions	Yes	Partly	No
Audit committee purpose and governance			
Does the authority have a dedicated audit committee?	7		
Does the audit committee report directly to full council?	6	1	
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement (see below)?	7		
Is the role and purpose of the audit committee understood and accepted across the authority?	4	2	
Does the audit committee provide support to the authority in meeting the requirements of good governance?	7		
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	7		
Functions of the committee			
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"> • Good governance • Assurance framework • Internal audit • External audit • Financial reporting • Risk management • Value for money • Counter-fraud and corruption 	7		
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?	6	1	
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?	3	3	
Where coverage of core areas has been found to be limited, are plans in place to address this?	3	1	
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?	7		

Membership and support			
Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> • Separation from the executive • An appropriate mix of knowledge and skills among the membership • A size of committee that is not unwieldy • Where independent members are used, that they have been appointed using an appropriate process. 	7		
Does the chair of the committee have appropriate knowledge and skills?	6		
Are arrangements in place to support the committee with briefings and training?	6		
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	3		
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	7		
Is adequate secretariat and administrative support to the committee provided?	6		
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	2	1	
Has the committee evaluated whether and how it is adding value to the organisation?	2	2	
Does the committee have an action plan to improve any areas of weakness?	2	1	

Areas where the yes response was less than 4 out of 7, will form part of an action plan that will be prepared for the Audit Committee, once the final exercise has been completed. Where appropriate, this will also inform a future training plan for the committee.

The areas where the yes response was less than 4 were as follows:

- 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?
- Where coverage of core areas has been found to be limited, are plans in place to address this?
- Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?
- Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?
- Has the committee evaluated whether and how it is adding value to the organisation?
- Does the committee have an action plan to improve any areas of weakness?