



Derby City Council

AUDIT AND ACCOUNTS COMMITTEE **8 December 2014**

Report of the Chair of Audit and Accounts
Committee

ITEM 12

Audit & Accounts Committee – Self-Assessment

SUMMARY

- 1.1 This report contains an action plan to address the areas for further improvement identified by the self-assessment of the effectiveness of the Audit and Accounts Committee.

RECOMMENDATION

- 2.1 To approve the draft action plan.
- 2.2 To request updates on progress on the plan at future meetings.

REASONS FOR RECOMMENDATION

- 3.1 An effective Audit and Accounts Committee is an essential element for monitoring the Council's governance framework

SUPPORTING INFORMATION

- 4.1 At the meeting on 24 September 2014, members considered a report on the self-assessment of the Committee's effectiveness using the Chartered Institute of Public Finance & Accountancy (CIPFA) self-assessment checklist. Appendix 2 details those areas of the self-assessment that were partly compliant or non-compliant with the CIPFA good practice guidance. It also shows the scores from the evaluation of areas where the Committee could provide added value.
- 4.2 Members agreed that an action plan would be drafted and reported to the next meeting. The Action Plan has been drafted and is attached at Appendix 3.
- 4.3 The action plan also provides for continuous improvement.

OTHER OPTIONS CONSIDERED

5.1 N/A

This report has been approved by the following officers:

Legal officer	N/A
Financial officer	N/A
Human Resources officer	N/A
Estates/Property officer	N/A
Service Director(s)	N/A
Other(s)	N/A

For more information contact:	Richard Boneham, Head of Governance & Assurance 01332 643280 richard.boneham@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Extract from self-assessment Appendix 3 - Draft Action Plan

IMPLICATIONS

Financial and Value for Money

1.1 None directly arising.

Legal

2.1 None directly arising

Personnel

3.1 None directly arising

IT

4.1 None directly arising

Equalities Impact

5.1 None directly arising

Health and Safety

6.1 None directly arising

Environmental Sustainability

7.1 None directly arising

Property and Asset Management

8.1 None directly arising

Risk Management

9.1 None directly arising.

Corporate objectives and priorities for change

10.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.

Self-assessment of Good Practice and Effectiveness

Good practice questions	Yes	Partly	No	Comments	Addressed by
Audit committee purpose and governance					
2 Does the audit committee report directly to full council?		✓		Only minutes – needs annual report	Action plan 6
4 Is the role and purpose of the audit committee understood and accepted across the authority?		✓		More embedded now than previously	Action plan 6,11
6 Are the arrangement to hold the committee to account for its performance operating satisfactorily?		✓		Only by External audit	Action plan 1
Functions of the committee					
8 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?			✓	This will be introduced as part of the annual report of the audit and accounts committee.	Action plan 1,8
Membership and support					
15 Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		✓		Not fully implemented at date of self-assessment.	Action plan 4,5,10
18 Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			✓	Only formal feedback is through the External auditor.	Action plan 7
20 Does the committee have an action plan to improve any areas of weakness?		✓		The action plan will be driven by the findings of this self-assessment.	Action plan

Areas where the audit committee can add value by supporting improvement	Overall assessment; 5 – 1	Self-evaluation examples – areas of strength and weakness	Addressed by
Promoting the principles of good governance and their application to decision making	3	Improvements required to the Council's risk management processes and the Audit and Accounts Committee's role in monitoring this.	Action Plan 3
Contributing to the development of an effective control environment	3	Getting people to listen to the Committee's concerns and acting upon them appropriately	Action plan 9
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	3	Chair of A&A needs to go to COG on a quarterly basis to put forward any concerns the Committee have.	Action plan 3,9
Advising on the adequacy of the	2 to 3	Need more robust risk analysis. A	Action plan 3.

Areas where the audit committee can add value by supporting improvement	Overall assessment; 5 – 1	Self-evaluation examples – areas of strength and weakness	Addressed by
assurance framework and considering whether assurance is deployed efficiently and effectively.		& A need to seek to sign post this. Needs to be taken seriously by the Executive.	
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	4	This seems to be operating satisfactorily	n/a
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	3	This needs to be done on a more consistent basis.	Action plan 8
Supporting the development of robust arrangements for ensuring value for money.	2	Insufficient information is being provided to Committee. Not asked to comment on specific issues. Waivers continue to raise issues, but the numbers are not reducing.	Action plan 2
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	3	Committee are appraised of issues on a regular basis.	Action plan 8,9,10.
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability	4	Done to the best of the Committee's ability.	n/a

Appendix 3

Ref	Action	Responsibility	Timescale	Comments/Progress
1	An annual evaluation will be carried out to assess if the Committee is fulfilling its role in terms of compliance with its To R.	Monitoring Officer	To be reported to June meeting each year	
2	Committee to receive a presentation on the council's arrangements for ensuring VFM and how this is evaluated.	Strategic Director of Resources/Director of Finance & Procurement	March 2015	
3	Committee to review how it monitors the council's risk management framework (comparing with best practice).	Chair of Audit and Accounts Committee	February 2015	Chair of Audit and Accounts is the Council's member risk champion and sits on the Risk Management Board
4	Committee to receive training on the key governance areas that are covered by the Terms of Reference	Head of Governance & Assurance	On-going	
5	All committee members should complete the "Knowledge and Skills Framework" (appendix C of CIPFA Guidance) and use this as a basis for further training.	Head of Governance & Assurance	February 2015 and updated for new members	
6	The Committee produces an annual report each April covering its work in the previous financial year. This will be presented to Cabinet.	Chair of Audit and Accounts Committee.	Annual – April of each year	
7	Chair of the A & A Committee to meet with the external auditor at least once a year to obtain an independent view of the performance of the committee.	Chair of Audit and Accounts Committee	Annual – April each year	
8	Committee to receive a map of assurances as part of the review of the Annual Governance	Governance Board	June 2015	

Ref	Action	Responsibility	Timescale	Comments/Progress
	Statement.			
9	Committee will raise any major concerns about the control environment directly with senior managers by inviting them to attend a meeting of the Committee.	Chair of Audit and Accounts Committee	On-going	This is being demonstrated by the Committee's scrutiny of the Payroll audit.
10	Committee to receive presentations and updates on major issues that impact on its roles and responsibilities.	Head of Governance & Assurance	On-going	
11	Committee to consider allocating "champion" roles to individual members to raise the profile of the Committee within the Council.	Chair of Audit and Accounts Committee	February 2015	