

Report sponsor: Chair of Audit & Accounts Committee
Report author: Head of Internal Audit

Outcome of the Committee's Self-Assessment Exercise

Purpose

- 1.1 A well-functioning Audit Committee is regarded as key to helping its organisation to achieve good corporate governance.
- 1.2 The Audit and Accounts Committee should regularly assess its own performance – and the adequacy of its terms of reference, work plans, forums of discussion and communication – with a view to highlighting skills and/or knowledge gaps and identifying areas in which the committee and its processes might be more effective.
- 1.3 This report outlines the issues raised by Members who complete the self-assessment questionnaire to ascertain the effectiveness of the Audit and Accounts Committee.

Recommendations

- 2.1 To review the outcome of the 2019/20 self-assessment. (Appendix 1)
- 2.2 To agree the proposed actions to address those areas identified which require improvement. (Appendix 2)

Reasons

- 3.1 The Committee is a key element of the Council's governance framework and it needs to demonstrate a high level of effectiveness in how it carries out its core business.
- 3.2 A regular self-assessment can be used to support the planning of the Audit and Accounts Committee work programme and training plans. It can also inform the annual report of the Committee.

Supporting information

- 4.1 At its meeting on 5 February 2020, Committee agreed that all members of the Committee would complete the self-assessment questionnaire by 28 February 2018, and that a report would be brought to this meeting of the Committee on the outcome of the self-assessment and any actions that are required to address areas identified which require improvement.

- 4.2 Committee agreed to use a questionnaire developed by the Chartered Institute of Public Finance & Accountancy (CIPFA). The questionnaire provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and the CIPFA publication "Audit Committees - Practical Guidance for Local Authorities and Police" (2018 Edition).
- 4.3. A total of six responses were received (55%). Appendix 1 provides a summary of the responses to each question.
- 4.4. The questionnaire highlighted a number of areas for further development. These are outlined below:
- Half of the Committee members who responded did not know whether or not the committee's terms of reference explicitly addressed all the core areas identified in CIPFA's Position Statement.
 - Two members believed that the committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them.
 - One member responded that they felt the membership of the committee had been assessed against the core knowledge and skills framework and found to be satisfactory. Another member felt that this had only partly been achieved.
 - Only one member felt that the Committee obtained feedback on its performance from those interacting with the committee or relying on its work. A further 2 members felt this was partially achieved.
 - Two members felt that meetings were effective with a good level of discussion and engagement from all the members.
 - Two members thought that the committee evaluated whether and how it is adding value to the Council.
 - Only one member thought that the committee had an action plan to improve any areas of weakness.
- 4.5. The areas identified in 4.4 have been added to those remaining actions which arose from the 2017/18 Self-Assessment. The updated action plan is attached at Appendix 2.

Public/stakeholder engagement

- 5.1 None

Other options

- 6.1 None

Financial and value for money issues

- 7.1 None

Legal implications

8.1 None

Other significant implications

9.1 None

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal Finance Service Director(s) Report sponsor Other(s)	Chair of Audit & Accounts Committee	17 Sept 20

Background papers:	None
List of appendices:	Appendix 1 – Summary of responses Appendix 2 – Revised Action plan

Self-assessment of Good Practice and Effectiveness

Good practice questions		Yes	Partly	No	Don't Know	Comments
Audit committee purpose and governance						
1.	Does the authority have a dedicated audit committee?	6				
2.	Does the audit committee report directly to full council?	5	1			
3.	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	5			1	
4.	Is the role and purpose of the audit committee understood and accepted across the authority?	4	2			
5.	Does the audit committee provide support to the authority in meeting the requirements of good governance?	6				
6.	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	4	2			
Functions of the committee						
7.	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, including partnerships and collaboration arrangements • Internal audit 	2	1		3	

Good practice questions		Yes	Partly	No	Don't Know	Comments
	<ul style="list-style-type: none"> • External audit • Financial reporting • Risk management • Value for money or best value • Counter-fraud and corruption • Supporting the ethical framework 					
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?	4	1	1		
9.	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?	2	2	1	1	
10.	Where coverage of core areas has been found to be limited, are plans in place to address this?	3	1		2	
11.	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?	6				
Membership and support						
12.	<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> • Separation from the executive • An appropriate mix of knowledge and skills 	3	3			

Good practice questions		Yes	Partly	No	Don't Know	Comments
	<p>among the membership</p> <ul style="list-style-type: none"> • A size of committee that is not unwieldy • consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) 					
13.	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council?	5	1			
14.	Does the chair of the committee have appropriate knowledge and skills?	5	1			
15.	Are arrangements in place to support the committee with briefings and training?	4	2			
16.	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	1	1	2	2	
17.	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	6				
18.	Is adequate secretariat and administrative support to the committee provided?	6				
19.	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	1	2	2	1	
20.	Are meetings effective with a good level of	2	3	1		

Good practice questions		Yes	Partly	No	Don't Know	Comments
	discussion and engagement from all the members?					
21.	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	3	3			
22.	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	3	3			
23.	Has the committee evaluated whether and how it is adding value to the organisation?	2	1	2	1	
24.	Does the committee have an action plan to improve any areas of weakness?	1	2	2	1	
25.	Does the committee publish an annual report to account for its performance and explain its work?	5			1	

Proposed Actions Arising From The Self-Assessments in 2017/18 & 2019/20

Ref	Issue	Comment	Proposed Action	Progress Made
	Actions Arising From The Self-Assessment in 2017/18 that are still outstanding			
11	Are new Committee members provided with an appropriate induction	Although this was not flagged as a weakness in the self-assessment, one response suggested that a manual/handbook was produced that contains all the relevant information that members of the Committee need to perform their role. This addition was agreed by the Committee at its meeting on 20 March 2018 that	Officers produce a handbook for all members of the Audit and Accounts Committee which provides all the information that is required for Committee members to fulfil their role effectively.	Action partially complete - The handbook is being drafted for end of November 2020.
12	Have all committee members' skills and experiences been assessed and training given for identified gaps?	Training has just been general; not specific to identified gaps. The skills and experience of individual committee members has not been really assessed.	Carry out a skills and knowledge assessment for each of the Committee Members at the beginning of each municipal year.	Action not completed – CIPFA Knowledge/Skills framework to be used (Sept 2020)
19	Are meetings free and open without political influences being displayed?	Some Members felt that the Committee meetings were still being used to make political statements	The Chair reminds each Member that the Committee should be apolitical and shuts down any such activity.	Ongoing action - The need for the Committee to be apolitical is made clear to all members within the Committee's induction process. The Chair is aware of the need for him to prevent members of the committee making political statements in meetings.
25	Does the committee satisfy itself that the system of internal	Members commented that there was insufficient evidence	Training is given to Committee Members on the areas they need to	Ongoing action - This is being included in the training and development programme

Ref	Issue	Comment	Proposed Action	Progress Made
	control has operated effectively throughout the reporting period?	being provided to draw a conclusion	explore to gain assurance on the operation of the internal control system.	for the Committee.
26	Has the committee considered how it integrates with other committees that may have responsibility for risk management?	Members were concerned that there was no integration evident.	To review the role other Committees have in respect of risk management and how it can work with them.	Action partially complete. Risk surgeries have been developed. Also role of Scrutiny Committees in risk management needs to be taken into account.
28	Is the committee made aware of the role of risk management in the preparation of the internal audit plan?	Members expressed a view that this needs to be explained more fully.	To include a more in depth session on the role of risk and internal audit in the Committee training programme.	Ongoing action - This is being included in the training and development programme for the Committee.
45	Does the committee review the adequacy of internal audit staffing and other resources?	Members felt that this is not an area that they had chance to comment on.	Reintroduce the report where the s151 Officer provides an opinion to committee on the effectiveness of the internal audit function.	Action not complete – s151 Officer to be asked to present an annual report at the meeting following the end of the financial year.
50	Is the audit committee aware of how the external audit plan is put together?	Some Members felt that they were just informed that this is what work External Audit would be doing and could not see the links between	Further training from External Audit on the work it does and how it prepares the plan.	Ongoing action - This is being included in the training and development programme for the Committee.
Actions Arising From 2019/20 Self Assessment				
	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	Half of the Committee members who responded did not know whether or not the committee's terms of reference explicitly addressed all the core areas identified in	Arrange briefing on the CIPFA Position Statement.	

Ref	Issue	Comment	Proposed Action	Progress Made
		CIPFA's Position Statement.		
	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?	Two members believed that the committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	To review as part of the next refresh of the Committee Terms of Reference.	
	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	One member responded that they felt the membership of the committee had been assessed against the core knowledge and skills framework and found to be satisfactory. Another member felt that this had only partly been achieved.	This was highlighted in the last self-assessment and Committee agreed it would be picked up as part of the 2020 self-assessment.	
	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Only one member felt that the Committee obtained feedback on its performance from those interacting with the committee or relying on its work. A further 2 members felt this was partially achieved.	The Chair seeks feedback from the Council's s151 Officer, External Auditor, Head of Internal Audit and the relevant Cabinet Member on their opinion of the performance of the Committee.	
	Are meetings effective with a good level of discussion and engagement from all the members?	Two members felt that meetings were effective with a good level of discussion and engagement from all the members?	This is linked to the above action.	

Ref	Issue	Comment	Proposed Action	Progress Made
	Has the committee evaluated whether and how it is adding value to the organisation?	Two members thought that the committee evaluated whether and how it is adding value to the Council.	This is all about the Committee members understanding it's role and remit. This action will be linked to the induction process and to each member's skills and knowledge.	
	Does the committee have an action plan to improve any areas of weakness?	Only one member thought that the committee had an action plan to improve any areas of weakness.	There is an action plan in place which is reviewed by the Committee.	