

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	3 May 2018

AUDIT COMMITTEE SELF-EVALUATION

1.0 Purpose of the report:

- 1.1 To consider the feedback from the self-evaluation exercise undertaken by the Audit Committee and senior officers who engage with the Committee on a regular basis and to approve the training programme.

2.0 Recommendation(s):

- 2.1 To consider the outcome of the self-evaluation exercise and approve the training programme.

3.0 Reasons for recommendation(s):

- 3.1 To develop the effectiveness of the Audit Committee.

- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

- 3.2b Is the recommendation in accordance with the Council's approved budget? Yes

- 3.3 Other alternative options to be considered.
N/A

4.0 Council Priority:

- 4.1 The effectiveness of the Audit Committee is relevant to all Council priorities.

5.0 Background Information

5.1 Elected Member Feedback

Members of the Audit Committee were invited to complete a self-evaluation checklist to help measure the effectiveness of the Committee. Five Members responded and completed a self-evaluation checklist which was based on the CIPFA Guidance for Audit Committees (2013).

The self-assessment checklist asked members to consider a number of questions in relation to the following topics:

- Audit Committee Purpose and Governance
- Functions of the Committee
- Membership and Support
- Effectiveness of the Committee

The results of the completed self-evaluation, along with the results from when the exercise was completed twelve months prior can be seen in the following table. An indication of the direction of travel has also been provided:

Ref	Good Practice Questions	May 2018			June 2017			DoT
		Yes	Partly	No / Not Sure	Yes	Partly	No / Not Sure	
Audit Committee Purpose and Governance								
1	Does the authority have a dedicated Audit Committee?	100%	-	-	100%	-	-	-
2	Does the Audit Committee report directly to full Council?	100%	-	-	100%	-	-	-
3	Do the terms of reference clearly set out the purpose of the Committee in accordance with CIPFA's Position Statement?	100%	-	-	100%	-	-	-
4	Is the role and purpose of the Audit Committee understood and accepted across the authority?	60%	20%	20%	50%	33%	17%	✓
5	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	100%	-	-	100%	-	-	-
6	Are the arrangements to hold the Committee to account for its performance operating satisfactorily?	60%	20%	20%	83%	17%	-	✗
Functions of the Committee								
7	Does the Committee's term of reference explicitly address all the core areas identified in CIPFA's position statement?							
	• Good governance	100%	-	-	83%	-	17%	✓
	• Assurance framework	100%	-	-	83%	-	17%	✓
	• Internal audit	100%	-	-	83%	-	17%	✓
	• External audit	100%	-	-	83%	-	17%	✓
	• Financial reporting	80%	20%	-	67%	17%	17%	✓
	• Risk management	100%	-	-	83%	-	17%	✓

Ref	Good Practice Questions	Yes	Partly	No / Not Sure	Yes	Partly	No / Not Sure	DoT
	<ul style="list-style-type: none"> Value for money or best value 	100%	-	-	67%	17%	17%	✓
	<ul style="list-style-type: none"> Counter-fraud and corruption 	100%	-	-	67%	17%	17%	✓
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?	60%	20%	20%	100%	-	-	✗
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?	40%	20%	40%	67%	17%	17%	✗
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	40%	20%	40%	67%	-	33%	✗
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?	100%	-	-	100%	-	-	-
Membership and Support								
12	<p>Has an effective Audit Committee structure and composition to 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 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 	100%	-	-	67%	33%	-	✓
13	Does the Chair of the Committee have appropriate knowledge and skills?	100%	-	-	100%	-	-	-

Ref	Good Practice Questions	Yes	Partly	No / Not Sure	Yes	Partly	No / Not Sure	DoT
14	Are arrangements in place to support the Committee with briefings and training?	100%	-	-	100%	-	-	-
15	Has the membership of the Committee been assessed against the core knowledge and skills framework and found to be satisfactory?	60%	20%	20%	40%	20%	40%	✓
16	Does the Committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	100%	-	-	80%	20%	-	✓
17	Is adequate secretariat and administrative support to the Committee provided?	100%	-	-	100%	-	-	-
Effectiveness of the Committee								
18	Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?	40%	20%	40%	60%	-	40%	✗
19	Has the Committee evaluated whether and how it is adding value to the organisation?	40%	20%	40%	60%	20%	20%	✗
20	Does the Committee have an action plan to improve any areas of weakness?	40%	40%	20%	80%	-	20%	✗

Comments

Training and Development Requirements

- More examples of good practice elsewhere.
- Look to use external training courses such as CIPFA.
- The current training schedule in place is very useful.
- More training on the strategic risk register.
- More examples of benchmarking with other Council's especially when things go wrong.

Key Strengths of the Audit Committee

- Concentration of specific policy areas.
- Engagement with the Council's Internal Audit Team.
- A very good Chair.
- An apolitical approach to audit.

- Excellent officer support.
- Good teamwork.
- Good level of challenge.

Improvements which could be made to Audit Committee

- More focused attention on specifics.
- Fewer topics at each meeting to improve scrutiny time.
- Consider holding more meetings.
- Due to the annually rolling nature of many of the agenda items consideration should be given to rotating committee members more regularly to keep agenda items fresh to them.
- More contact with other audit members from other Councils.

Officer Feedback

A number of Officers who engage with the Audit Committee were also asked to undertake an evaluation of the Committee based on their experiences. A number of questions were asked, based on the CIPFA Guidance on Audit Committees (2013) and officers were also asked to provide any comments or suggestions as to potential improvements going forward. Six responses were received in total.

The results of the completed self-evaluation, along with the results from when the exercise was completed twelve months prior can be seen in the following table. An indication of the direction of travel has also been provided:

Ref	Good Practice Questions	May 2018			June 2017			DoT
		Yes	Partly	No / Not Sure	Yes	Partly	No / Not Sure	
1	Is the role and purpose of the Audit Committee understood and accepted across the authority?	67%	33%	-	40%	60%	-	✓
2	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	83%	17%	-	100%	-	-	✗
3	Are the arrangements to hold the Committee to account for its performance operating satisfactorily?	66%	17%	17%	60%	40%	-	✓

Ref	Good Practice Questions	Yes	Partly	No / Not Sure	Yes	Partly	No / Not Sure	DoT
4	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?	66%	17%	17%	80%	20%	-	✗
5	Does the Chair of the Committee have the appropriate knowledge and skills?	100%	-	-	100%	-	-	-
6	Does the Committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	100%	-	-	80%	20%	-	✓
7	Do you consider that the Audit Committee performs well and achieves its core function?	67%	33%	-	100%	-	-	✗
8	Do you believe that the Audit Committee adds value to the organisation?	83%	17%	-	100%	-	-	✗
9	Do you find members of the committee approachable?	100%	-	-	80%	20%	-	✓
10	Do you feel that the committee offers the appropriate level of challenge?	50%	50%	-	60%	40%	-	✗

Comments

Role and Purpose of Committee

- Not all leaders under CLT understand the role or importance of Audit Committee.
- The Audit Committee targets the right areas and is much better than previous experiences in other local authorities.

Committee Performance

- The Committee reports to Full Council however the only link appears to be its annual report to Full Council.
- The Chair of the Committee is thoughtful and challenging but able to suggest solution support.
- The Chair of the Committee is the best I have worked under.

Challenge

- Challenge by the Committee is improving but it needs to ensure that it focuses on the right areas.
- The Committee could provide more strategic challenge.
- Sometimes self-interest questions are asked rather than appropriate challenge.

Training Programme 2018/2019

To continue to develop the skills and knowledge of Committee Members the following training programme is proposed for 2018/2019:

Date	Topic	Time	Presenter
June 2018	Induction and Terms of Reference	5pm till 5.45pm	Mark Towers
July 2018	Statement of Accounts	5pm till 5.45pm	Phil Redmond
September 2018	Strategic Risk Register	4.15pm till 5.45pm	Tracy Greenhalgh and Gallagher Bassett
November 2018	Good Practice from other Audit Committees	5pm till 5.45pm	External Audit
January 2019	When things go wrong – lessons to be learned from other local authorities	5pm till 5.45pm	Tracy Greenhalgh and Mark Towers
March 2019	Managing Cyber Risk	5pm till 5.45pm	Tony Doyle

Does the information submitted include any exempt information?

No

List of Appendices:

None.

6.0 Legal considerations:

6.1 The purpose of the self-evaluation is to help ensure that members of the Committee effectively fulfil their responsibilities as members of the Audit Committee.

7.0 Human Resources considerations:

7.1 Members of the Committee may wish to complete the CIPFA Guidance on Audit Committees (2013) evaluation titled Audit Committee Members – Knowledge and Skills Framework. This may identify additional training and development needs which could potentially be provided internally, or where budget allows, at external events.

8.0 Equalities considerations:

8.1 All members of the Committee have the same access to training available.

9.0 Financial considerations:

9.1 It is anticipated that the training programme for Committee members will be delivered within existing Council budgets.

10.0 Risk management considerations:

10.1 The Audit Committee has a key role in the governance of the Council and therefore it is important that it engages in the development and delivery of an improvement plan to ensure that it can effectively manage risk.

11.0 Ethical considerations:

11.1 N/A

12.0 Internal/ External Consultation undertaken:

12.1 Consultation has taken place with Chief Officers and Committee members.

13.0 Background papers:

13.1 None.