

Report to:	Audit Committee
Relevant Officer:	Tracy Greenhalgh – Chief Internal Auditor
Date of Meeting	18 June 2015

Audit Committee Self-Evaluation and Training Programme

1.0 Purpose of the report:

1.1 To consider the feedback from the self-evaluation exercise undertaken by the Finance and Audit Committee in February / March 2015 and senior officers who engage with the Committee on a regular basis.

To determine whether the proposed training programme for Audit Committee Members is appropriate.

2.0 Recommendation(s):

2.1 To approve the Audit Committee Training Programme for 2015/2016 and determine whether the Committee would like to develop an improvement plan to build on the feedback received as part of the self-evaluation process.

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 relevant Council Priority is 'Deliver quality services through a professional, well-rewarded and motivated workforce'.

5.0 Background Information

5.1 Elected Member Feedback

Members of the Finance and Audit Committee were invited to complete a self-evaluation checklist to help measure the effectiveness of the Committee. All seven Committee Members responded to this 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 are summarised in the following table:

Ref	Good Practice Questions	Yes	Partly	No
<i>Audit Committee Purpose and Governance</i>				
1	Does the authority have a dedicated Audit Committee?	100%	0%	0%
2	Does the Audit Committee report directly to full Council?	29%	57%	14%
3	Do the terms of reference clearly set out the purpose of the Committee in accordance with CIPFA's Position Statement?	86%	14%	0%
4	Is the role and purpose of the Audit Committee understood and accepted across the authority?	43%	43%	14%
5.	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	86%	14%	0%
6	Are the arrangements to hold the Committee to account for its performance operating satisfactorily?	57%	29%	14%
<i>Functions of the Committee</i>				
7	Does the Committee's term of reference explicitly address all the core areas identified in CIPFA's position statement?			
	• Good governance	86%	14%	0%
	• Assurance framework	86%	14%	0%
	• Internal audit	71%	29%	0%
	• External audit	86%	14%	0%
	• Financial reporting	86%	14%	0%
	• Risk management	86%	14%	0%
	• Value for money or best value	43%	57%	0%
	• Counter-fraud and corruption	86%	14%	0%
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?	57%	14%	29%

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?	14%	72%	14%
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	72%	14%	14%
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%	0%	0%
Membership and Support				
12	Has an effective Audit Committee structure and composition to 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 	86%	14%	0%
13	Are arrangements in place to support the Committee with briefings and training?	100%	0%	0%
14	Has the membership of the Committee been assessed against the core knowledge and skills framework and found to be satisfactory?	57%	43%	0%
15	Does the Committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	86%	14%	0%
16	Is adequate secretariat and administrative support to the Committee provided?	100%	0%	0%
Effectiveness of the Committee				
17	Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?	14%	72%	14%
18	Has the Committee evaluated whether and how it is adding value to the organisation?	14%	72%	14%
19	Does the Committee have an action plan to improve any areas of weakness?	29%	42%	29%

Senior Officer Feedback

A number of Senior 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.

Some officers did not feel that they had enough experience of the Committee to make a judgement and where this is the case the output has been recorded as 'not applicable'.

The results of this exercise are summarised in the following table:

Ref	Good Practice Questions	Yes	Partly	Not Applicable
1	Is the role and purpose of the Audit Committee understood and accepted across the authority?	60%	40%	0%
2	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	20%	80%	0%
3	Are the arrangements to hold the Committee to account for its performance operating satisfactorily?	20%	40%	40%
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?	60%	20%	20%
5	Does the Committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	100%	0%	0%
6	Do you consider that the Audit Committee performs well and achieves its core function?	20%	80%	0%
7	Do you believe that the Audit Committee adds value to the organisation?	20%	80%	0%
8	Do you find members of the committee approachable?	100%	0%	0%
9	Do you feel that the committee offers the appropriate level of challenge?	40%	60%	0%
<p>Comments</p> <ul style="list-style-type: none"> • The committee could be more challenging. • The committee could be more proactive and focus on the material issues. • There could be a more risk based approach to what the committee considers. • The committee could have more input into providing the support of the Council in terms of good governance. It seems officer led and maybe does not cover all the areas of governance in its work programme. • The committee could improve accountability for example an annual report to Council. 				

- Sometimes the Committee strays into scrutiny and should focus on its core purpose.
- More external input and looking at the work of other Audit Committees may improve the level of challenge.

Improvement Programme 2015/2016

The evaluation exercise has identified a number of strengths in the work of the Committee and since the exercise has been undertaken there have already been some developments to address some of the issues raised, such as the adoption of the model CIPFA Terms of Reference for an Audit Committee.

The Committee should consider developing and implementing an improvement programme to address the areas which could be strengthened throughout the year.

Training Programme 2015/2016

In line with previous years it is intended to hold a training session for Audit Committee Members prior to each Committee meeting covering a range of topics which are aimed at assisting the members fulfil their responsibilities. The proposed training programme for 2015/2016 is as follows:

Date	Topic	Presenter	Time
16/06/2015	Audit Committee Induction Training	Mark Towers / Steve Thompson / Gary Smith	6pm – 7pm
17/09/2015	Statement of Accounts	Phil Redmond	4.45pm to 5.45pm
22/10/2015	The Role of Internal and External Audit	KPMG and Tracy Greenhalgh	5pm to 5.45pm
28/01/2016	NFI and Corporate Fraud	Tracy Greenhalgh	5pm to 5.45pm
10/03/2016	Audit Committee Best Practice	KPMG	5pm to 5.45pm

Does the information submitted include any exempt information? No

List of Appendices:

N/A

6.0 Legal considerations:

- 6.1 The purpose of the self-evaluation and training programme 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 outlined in this paper will be delivered within existing Council budgets. If external training provision was also required this would incur additional expenditure.

10.0 Risk management considerations:

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

11.0 Ethical considerations:

11.1 Not applicable.

12.0 Internal/ External Consultation undertaken:

12.1 Consultation has taken place with the Section 151 Officer, Monitoring Officer and External Audit.

13.0 Background papers:

13.1 CIPFA Audit Committee Guidance (2013).