

## REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2019/20

### Audit Committee - 16 July 2020

Report of the: Chief Officer - Finance and Trading

Status: For Consideration

Key Decision: No

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**This report supports the Key Aim of: Effective Delivery of the Council Plan**

**Portfolio Holder** Cllr. Matthew Dickins

**Contact Officer(s)** Adrian Rowbotham, ext. 7153

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#### **Recommendation to Audit Committee:**

- a) That Members **discuss** and subject to comments, **approve** the Self-Assessment Review of the Effectiveness of the Audit Committee (Appendix A) for 2019/20.
- b) That Members **approve** to develop an action plan to address any areas of improvement.

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**Reason for Recommendation:** The Audit Committee is a key component of the Council's governance framework. It is an important source of assurance for the Council's arrangements to manage risk, maintain an effective control environment and report on financial and other performance. It is therefore vital that the Audit Committee is effective, and that we have arrangements in place to continually support, develop and enhance the Committee.

The self-assessment against CIPFA's **Audit Committees - Practical Guidance for Local Authorities 2018** indicates that the arrangements in place are largely compliant with some areas for further consideration.

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#### **Introduction and Background**

- 1 The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for public finance. They have recognised the importance of the Audit Committee and issued a position statement setting out the functions, composition, skills and requirements. As part of this guidance, they published a self-assessment checklist against each of the key requirements.
- 2 Members of this Committee have always supported the notion of continual development and improvement, and have accepted the underlying principles

set out the in CIPFA guidance. Therefore, the Committee has undertaken a self-assessment for a number of years and to date, this has been based on the self-assessment checklist published with the 2013 guidance. However at the Audit Committee of 18 July 2019, Members agreed to undertake future self-assessments using the updated and more detailed 2018 guidance.

- 3 The outcomes of the assessment (**Appendix A**) show that the Committee complies with most aspects set out in the checklist with a few areas that Members may wish to consider for future development.
- 4 The assessment has been completed as far as possible drawing from the work of the Committee and its Terms of Reference during 2019/20. The checklist incorporates the following four key areas:
  - **Audit Committee Purpose and Governance** - Does it comply with best practice?
  - **Functions of the Committee** - Is there sufficient oversight in key areas?
  - **Membership and Support** - Do Members have the right skills, training and support from the wider organisation?
  - **Effectiveness of the Committee** - How well does the Committee discharge its duties?

### **Questionnaire for Members of the Audit Committee**

- 5 In addition to the above, a separate questionnaire has been sent to each member of the 2019/20 Audit Committee in order to obtain their individual views on the workings of the Committee and their own personal contribution to the work of the Committee.
- 6 The responses to the questionnaire to date, can be found in **Appendix B**. We will keep a record of responses as they are received, including any that come back after the date of compiling this report.

### **Next Steps**

- 7 Members are asked to review the self-assessment and consider whether they agree with the outputs, including any areas marked as not fully met. Where areas are not yet being fully met, Members are asked to agree to develop an action plan which will be reviewed throughout the 2020/21 financial year.

### **Key Implications**

#### Financial

This report has no financial implications.

#### Legal Implications and Risk Assessment Statement

This report has no additional legal implications.

## Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## Value for Money and Asset Management

An effective Audit Committee will contribute towards the overall management of the Council and would help to improve good value for money in service provision.

## **Conclusions**

The self-assessment against CIPFA's **Audit Committees - Practical Guidance for Local Authorities 2018** indicates that the arrangements in place are largely compliant, with a few areas for development to ensure that the Committee aligns with the most up-to-date best practice.

## **Appendices**

Appendix A - Self-Assessment Checklist & outcomes

Appendix B - Questionnaire Responses

## **Background Papers:**

CIPFA guide Audit Committees - Practical Guidance for Local Authorities (2018 Edition) - This is a purchased publication, a full copy of the guidance is available upon request.

**Adrian Rowbotham**  
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