

AUDIT COMMITTEE – SELF-ASSESSMENT

REPORT BY THE CHIEF FINANCIAL OFFICER

1.0 SUMMARY

- 1.1 Members are asked to review and comment on the self-assessment of good practice questionnaire attached to this report which will allow them to assess the effectiveness of the Audit Committee and identify whether there are any further improvements that could be made to improve the Committee's overall effectiveness.

2.0 BACKGROUND

- 2.1 An Audit Committee has a key function in ensuring effective corporate governance, risk and control arrangements are in place in the Council. Within Adur and Worthing Councils, the functions of an Audit Committee are undertaken by the Joint Governance Committee.
- 2.2 The effectiveness of the committee should be judged by the contribution it makes to, and beneficial impact it has on, the Council's business. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements to enable an effective Audit Committee. By reviewing their effectiveness against a good practice self-assessment on an annual basis, the committee can demonstrate a high degree of performance and evidence that the committee is soundly based with a knowledgeable membership that is effective. Completion of the self-assessment can also be used to support the planning of the Audit Committee work programme and training plans
- 2.3 Carrying out a self-assessment is also recommended good practice as set out in the Chartered Institute of Public Finance & Accountancy's (CIPFA) publication "Audit Committees – Practical Guidance for Local Authorities and Police 2013 Edition". CIPFA state that a regular self-assessment can be used to support the planning of the audit committee work programme and training plans.

3.0 PROPOSALS

- 3.1 The Section 151 Officer and the Interim Head of Internal Audit have completed an initial review of the self-assessment with knowledge of the Committee's compliance with recommended practices for members to consider, discuss and amend as they wish.

3.0 PROPOSALS

3.2 It was felt that this method of completing the questionnaire would minimise the input that members would initially have to make but would allow them to amend and agree at the meeting the final version of the assessment. A copy of the self-assessment is attached for Members to review at **Appendix A**.

3.3 Compliance against most of the aspects of the self-assessment can be demonstrated. Depending on members' consideration of the outcomes of the self-assessment, there may be some recommendations or improvements that are identified that can further improve the effectiveness of the Audit Committee. In particular, Members may wish to pay particular attention to the following questions when reviewing the assessment:

10. Does the Committee take a role in overseeing risk management strategies?

The Committee doesn't currently receive any reports on risk management but could request that risk management information is provided in future.

12. Is the chair free of executive or scrutiny functions?

The Adur Chair of the Governance Committee has been the vice-chair of the Joint Overview and Scrutiny Committee. However within smaller District and Borough Councils it may be difficult to get a strict separation between the Governance Committee and the other Committees of the Councils.

13. Are Members sufficiently independent of the other key Committees of the Council?

No member of the Executive sits on the Committee. However, members of the committee do sit on scrutiny and other non-executive committees. . However within smaller District and Borough Councils it may be difficult to get a strict separation between the Governance Committee and the other Committees of the Councils.

3.4 Members are also requested to consider what training they would like to receive in 2015/16.

4.0 LEGAL

4.1 The Accounts and Audit Regulations 2011 and 2015 place an obligation on the Councils to ensure that they have:

'a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

4.0 LEGAL

- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.'

The Joint Governance Committee helps the Councils meet these obligations

5.0 FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising from the self-assessment.

6.0 RECOMMENDATION

6.1 The Joint Governance Committee is recommended to:

- i) Consider and comment as appropriate on the attached self-assessment of good practice and identify any amendments required.
- ii) Identify if there is any further work, actions or training required as a result of the completion of the self-assessment of good practice.

Local Government Act 1972 Background Papers:

CIPFA: Audit Committees in Local Authorities and Police, 2013 edition

CIPFA: Position Statement of Audit Committees in Local Government issued in 2005.

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SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

1.1 The work of the Joint Governance Committee supports all of the Councils priorities.

2.0 SPECIFIC ACTION PLANS

2.1 The proposal will address an outstanding audit recommendation.

3.0 SUSTAINABILITY ISSUES

3.1 Matter considered and no issues raised.

4.0 EQUALITY ISSUES

4.1 Matter considered and no issues raised.

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues raised.

6.0 HUMAN RIGHTS ISSUES

6.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

7.0 REPUTATION

7.1 Good financial governance has a positive impact on the Council's reputation

8.0 CONSULTATIONS

8.1 Matter considered and no issues raised.

9.0 RISK ASSESSMENT

9.1 Matter considered and no issues raised.

10.0 HEALTH & SAFETY ISSUES

10.1 Matter considered and no issues raised.

11.0 PROCUREMENT STRATEGY

11.1 Matter considered and no issues raised.

12.0 PARTNERSHIP WORKING

12.1 Matter considered and no issues raised.

SELF-ASSESSMENT CHECKLIST MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE]				
ISSUE	YES	NO	N/A	COMMENT
Terms of Reference				
1. Have the Committee's terms of reference been approved by full Council?	✓			
2. Do the terms of reference follow the CIPFA model?	✓			Mostly – the committee does not receive risk management updates which could be used to inform the Committees view on the work on internal audit although the constitution does allow for risk management issues to be considered by the Committee.
Internal Audit Process				
3. Does the Committee approve the strategic audit approach and the annual programme?	✓			
4. Is the work of internal audit reviewed regularly?	✓			
5. Are summaries of quality questionnaires from managers reviewed?		✓		There have been no responses to quality questionnaires. Further consideration needs to be given to encouraging responses.
6. Is the annual report, from the Head of Audit, presented to the Committee?	✓			
External Audit Process				
7. Are reports on the work of external audit and other inspection agencies presented to the Committee?	✓			
8. Does the Committee input into the external audit programme?	✓			The Committee has the opportunity to comment on the plans of external audit.

SELF-ASSESSMENT CHECKLIST MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE]				
ISSUE	YES	NO	N/A	COMMENT
External Audit Process				
9. Does the Committee ensure that officers are acting on and monitoring action taken to implement recommendations?	✓			
10. Does the Committee take a role in overseeing: <ul style="list-style-type: none"> ▪ risk management strategies ▪ internal control statements ▪ anti-fraud arrangements ▪ whistle-blowing strategies? 	✓	✓		
Membership				
11. Has the Membership of the Committee been formally agreed and a quorum set?	✓			
12. Is the chair free of executive or scrutiny functions?		✓		The Chairs on the Joint Governance Committee have fulfilled roles on other committees such as Joint Overview and Scrutiny Committee. However, such a separation of duties can be difficult to achieve in smaller authorities.
13. Are Members sufficiently independent of the other key Committees of the Council?		✓		No member of the Executive sits on the Committee. However, members of the committee do sit on scrutiny and other non-executive committees.
14. Have all Members' skills and experiences been assessed and training given for identified gaps?		✓		Ad hoc training is offered. Members are invited to consider the training programme for 2015-16

SELF-ASSESSMENT CHECKLIST MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE]				
ISSUE	YES	NO	N/A	COMMENT
Meetings				
15. Can the Committee access other Committees as necessary?	✓			
16. Does the Committee meet regularly?	✓			
17. Are separate, private meetings held with the external auditor and the internal auditor?	✓			Whilst the Chairs of the Committee can meet the auditors upon request, there are no planned meetings in the diary,
18. Are meetings free and open without political influences being displayed?	✓			
19. Are decisions reached promptly?	✓			
20. Are agenda papers circulated in advance of meetings to allow adequate preparation by Members?	✓			
21. Does the Committee have the benefit of attendance of appropriate officers at its meetings?	✓			Legal and Finance Officer regularly attend to discuss items raised. The committee can request other officers attend to discuss audit reports.
Training				
22. Is induction training provided to Members?	✓			Information on the Joint Governance Committee is provided at member's induction training. Periodically training is given on the role of audit and the audit committee especially when there are several new members

SELF-ASSESSMENT CHECKLIST MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE]				
ISSUE	YES	NO	N/A	COMMENT
Training				
23. Is more advanced training available as required?	✓			Ad hoc specialist training is offered on issues such as the statement of accounts.
Administration				
24. Does the authority's S151 Officer or deputy attend all meetings?	✓			
25. Are the key officers available to support the Committee?	✓			