

## Report of the Chief Auditor

Audit Committee – 16 February 2016

### AUDIT COMMITTEE – SELF ASSESSMENT OF GOOD PRACTICE QUESTIONNAIRE

<b>Purpose:</b>	This report provides a draft Self Assessment Questionnaire as a basis for a review of the Committee's performance in 2015/16 which will be used to inform the Committee's Annual Report
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To allow the Audit Committee to review its performance during 2015/16 and contribute to the Committee's Annual Report
<b>Consultation:</b>	Legal, Finance, Access to Services
<b>Recommendation(s):</b>	It is recommended that:  1) Committee discuss and comment upon the draft Self Assessment Questionnaire 2) The completed Questionnaire is used as the basis for the Audit Committee Annual Report 2015/16
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#### 1. Introduction

- 1.1 In 2013, CIPFA published *Audit Committees – Practical Guidance for Local Authorities and Police Bodies* which provided the latest guidance on the function and operation of Audit Committees
- 1.2 One of the conclusions of the publication was that a regular self assessment by an Audit Committee can be used to support the planning of the work programme and training plans and to inform the Committee's Annual Report

- 1.3 A fairly brief Self Assessment Questionnaire is provided in the publication which covers the issues put forward in the guidance and the questionnaire is to be used as the basis of the review of the Committee's performance in 2015/16.

## **2. Self Assessment Questionnaire**

- 2.1 The Chair and Chief Auditor have met to discuss the Questionnaire and a draft version of the completed Questionnaire is attached in Appendix 1
- 2.2 A discussion of the draft Questionnaire is required to ensure that the final version represents the views of all members of the Committee
- 2.3 The intention is that the final version of the Questionnaire will be used as the basis of the Committee's Annual Report 2015/16 which will be presented to Council later in the year. Any issues arising from the self-assessment that need to be addressed being included in an Action Plan which will be implemented during 2016/17.

## **3. Equality and Engagement Implications**

- 3.1 There are no equality and engagement implications associated with this report

## **4. Financial Implications**

- 4.1 There are no financial implications associated with this report.

## **5. Legal Implications**

- 5.1 There are no legal implications associated with this report.

**Background Papers:** None

### **Appendices:**

Appendix 1 – Audit Committee – Self Assessment of Good Practice Questionnaire

## Audit Committee

### Self-Assessment of Good Practice

This resource provides a high-level review that incorporates the key principles set out in CIPFA's publication *Audit Committees – Practical Guidance for Local Authorities and Police Bodies*. Where an audit committee has a high degree of performance against the good practice principles then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

	<b>Good Practice Question</b>	<b>Yes</b>	<b>Partly</b>	<b>No</b>
<b>Audit Committee Purpose and Governance</b>				
1	Does the authority have a dedicated audit committee?	✓		
2	Does the audit committee report directly to full council? (Applicable to local government only)	✓		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA guidance? <sup>1</sup> .  <i><b>CIPFA terms of reference adopted by Council June 2014</b></i>	✓		
4	Is the role and purpose of the committee understood and accepted across the authority?  <i><b>Annual Report presented to Council by Chair, Liaison with Scrutiny established, Chair meets with Leader.</b></i>	✓		
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?  <i><b>Annual Report to Council</b></i>	✓		

<b>Functions of the Committee</b>				
7	Do the committee's terms of reference explicitly address all the core areas identified by CIPFA? <sup>2</sup> .			
	• Good governance	✓		
	• Assurance framework	✓		
	• Internal Audit	✓		
	• External Audit	✓		
	• Financial reporting	✓		
	• Risk management	✓		
	• Value for money or Best Value	✓		
	• Counter fraud and corruption	✓		
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and adequate consideration has been given to all core areas?  <b><i>Committee undertakes self assessment each year</i></b>	✓		
9	Has the audit committee considered the wider areas identified by CIPFA and whether it would be appropriate for the committee to undertake them? <sup>3</sup> .  <b><i>Not all wider areas have been considered. Issue to be discussed including quarterly review of Council's approach to good corporate governance</i></b>		✓	
10	Where coverage of core areas has been found to be limited, are plans in place to address this?  <b><i>Not applicable</i></b>			
<b>Membership and Support</b>				
11	Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> <li>• Separation from the executive</li> <li>• An appropriate mix of knowledge and skills amongst the membership</li> <li>• A size of committee that is not unwieldy</li> <li>• Where independent members are used, they have been appointed using an appropriate process</li> </ul>	✓		

12	Does the chair of the committee have appropriate knowledge and skills?  <b>Committee members to answer</b>			
13	Are arrangements in place to support the committee with briefings and training?	✓		
14	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory? 4.  <b>The Framework was sent to all members for completion in November 2015 and will be used as the basis for a training event to be held in March 2016.</b>		✓	
15	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	✓		
16	Is adequate secretariat and administrative support to the committee provided?	✓		
<b>Effectiveness of the Committee</b>				
17	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?  <b>Positive feedback received from Council when Annual Report 2014/15 presented. Chair has met with and obtained feedback from Leader.</b>	✓		
18	Has the committee evaluated whether and how it is adding value to the organisation?  <b>No formal evaluation but added value demonstrated by no adverse issues being identified in areas which are included in Committee's terms of reference.</b>		✓	
19	Does the committee have an action plan to improve any areas of weakness?  <b>Action plan included in Annual Report</b>	✓		

## **References**

1. See Appendix B of Audit Committees – Practical Guidance for Local Authorities and Police Bodies. Published by CIPFA December 2113
2. See Chapter 4 of Audit Committees – Practical Guidance for Local Authorities and Police Bodies published by CIPFA December 2013
3. See Chapter 5 of Audit Committees – Practical Guidance for Local Authorities and Police Bodies published by CIPFA December 2013
4. See Appendix C of Audit Committee – Practical Guidance for Local Authorities and Police Bodies published by CIPFA December 2013