

CHESHIRE EAST COUNCIL

AUDIT AND GOVERNANCE COMMITTEE

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| Date of Meeting: | 27th March 2014 |
| Report of: | Chair of the Audit and Governance Committee |
| Title: | Audit and Governance Committee Self Assessment |
| Portfolio Holder: | Councillor Peter Raynes |

1.0 Report Summary

- 1.1 The purpose of this report is to facilitate compliance with the Accounts and Audit Regulations 2011. It advises Members on the results of a self assessment of the effectiveness of the Audit and Governance Committee using the new CIPFA publication '*Audit Committees – Practical Guidance for Local Authorities and Police (2013 Edition)*'.

2.0 Recommendations

- 2.1 That the Committee:

- § consider the self assessment (Appendix A) and determine any required amendments.
- § note that the detailed outcome of the review of the system of internal audit will be considered by the Committee as part of the Annual Governance Statement (AGS) approval process.
- § endorse the actions arising from the self assessment and note that a further report, updating Members on progress on these actions, will be brought to a future meeting of this Committee.

3.0 Reasons for Recommendations

- 3.1 Regulation 6 of the Accounts and Audit Regulations 2011 requires the authority to conduct an annual review of the effectiveness of its system of internal audit.
- 3.2 The effectiveness of the system of internal audit should include the effectiveness of the audit committee itself (to the extent that its work relates to internal audit), as well as the performance of the internal audit provider.
- 3.3 As reflected in the new CIPFA guidance, there have been a number of significant developments in governance and audit practice since 2005, which have required audit committees to adapt their remit. The guidance contains a number of self assessment tools e.g. a 'knowledge and skills framework' for audit committee members and the committee chair. This can be used to guide members on their training

needs and to evaluate the overall knowledge and skills of the committee.

- 3.4 Using the recommended practice in the new guidance should help the Authority to achieve a good standard of performance. A regular self-assessment can be used to support the planning of the Committee's work programme and training plans. It can also inform an annual report.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Wards Affected

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 Not applicable.

7.0 Financial Implications

- 7.1 No specific financial implications.

8.0 Legal Implications

- 8.1 As detailed in the report.

9.0 Risk Assessment

- 9.1 Failure to review and report on the Committee's effectiveness could result in improvement opportunities being missed and in non compliance with the Accounts and Audit Regulations 2011.

10.0 Background and Options

- 10.1 The process for conducting the review of the effectiveness of the Council's system of internal audit, which was agreed with the Audit and Governance Committee in November 2013 includes a self -assessment against the following relevant internal audit standards:

- Public Sector Internal Audit Standards
- Audit Committees – Practical Guidance for Local Authorities and Police (2013 Edition)

- 10.2 As with the AGS, the completion of the review of the system of internal audit will be carried out by the Corporate Governance Group with input from the Section 151 Officer and Monitoring Officer. The detailed results of the overall review will then be reported to this Committee for consideration as part of the AGS process. Prior to this it is important

that Members are satisfied that the self-assessment of the Committee's effectiveness has been completed correctly.

- 10.3 The original CIPFA guidance on Audit Committees was published in 2005 and previous self assessments have been carried out in accordance with that guidance on an annual basis. The new CIPFA 'Audit Committees – Practical Guidance for Local Authorities and Police (2013 Edition)' was published in December 2013 and this year's self assessment has been carried out in accordance with this guidance, specifically the *Self-assessment of Good Practice* and *Evaluating the Effectiveness of the Audit Committee* sections.
- 10.4 There have been a number of changes to the guidance to reflect the developments in governance and audit practice since 2005. Similarly, the self assessment template has been updated and expanded to include a section on evaluating the effectiveness of the audit committee.
- 10.5 The recent publication of the guidance is reflected in a number of the Self Assessment (Appendix A) questions currently being assessed as 'partly'. It is envisaged that these will be assessed as 'yes', once those actions identified have been implemented. A number of actions are already underway e.g. the Constitution Working Group is reviewing the Audit and Governance Committee's Terms of Reference as part of its Work Programme.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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