

Good practice question & Action for Improvement March 2014	Update January 2015	Further Improvement options
<b>Self-assessment of Good Practice</b>		
<b>Audit committee purpose and governance</b>		
<p>3 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement*?</p> <p><u>Action</u> The Constitution Working Group is reviewing the Audit &amp; Governance Committee's Terms of Reference (ToR) as part of its work programme.</p> <p>* The Purpose of Audit Committees (CIPFA Position Statement) extract: <i>Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high level resource to support good governance and strong public financial management.</i></p> <p><i>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.</i></p>	<p>Council approved amendments to the Audit and Governance Committee's Terms of Reference in May 2014 following reference to and recommendation from the Constitution Committee.</p> <p>The Terms of Reference, approved in May 2014, are based on the latest guidance from CIPFA - Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition).</p>	<p>In order to inform and support the Audit &amp; Governance Committee a self-assessment against recommended practice will take place during quarter 4 of the 2014/15 financial year. The outcomes being reported to members in March 2015.</p> <p>The results will be used to support the planning of the Committee's work programme for 2015/16, training plans and inform the 2014/15 annual report.</p> <p>The 2014/15 annual report will include:</p> <ul style="list-style-type: none"> <li>• whether the Committee has fulfilled its agreed terms of reference</li> <li>• whether the Committee has adopted recommended practice</li> <li>• whether the development needs of Committee members have been assessed and whether committee members are accessing briefing and training opportunities</li> <li>• whether the Committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that</li> </ul>

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		review <ul style="list-style-type: none"> <li>• what impact the Committee has on the improvement of governance, risk and control within the authority</li> </ul>	
4 Is the role and purpose of the audit committee understood and accepted across the authority?  <u>Action</u> Consideration should be given to further publicising the role and purpose of the Committee to all members.	The Audit & Governance Committee Annual Report 2013/14 set out how the Committee fulfilled its responsibilities. The report was received by Council on 16 October 2014.	See item 3 above regarding the Annual report 2014/15.  Expand attendance at Audit and Governance Committee meetings. For example invite newly elected members to attend.	
6 Are the arrangements to hold the committee to account for its performance operating satisfactorily?  <u>Action</u> Compare the Committee's Annual Report and Terms of Reference against best practice.	The Committee's Annual Report 13/14 was based on recommendations made by the CIPFA Better Governance Forum and those contained in Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition).  The Audit and Governance Committee's Terms of Reference, approved in May 2014, are based on the latest guidance from CIPFA - Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition).	See item 3 above regarding the Annual Report 2014/15.	
<b>Membership and support</b>			
15	Has the membership of the committee	A training session in November 2014 introduced	Committee members formally review their

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<p>been assessed against the core knowledge and skills framework and found to be satisfactory?</p> <p><u>Action</u> Assess membership and Chair of the Committee against the core knowledge and skills framework to identify gaps and address any areas for improvement.</p>	<p>the committee to the core knowledge and skills framework. There was agreement that there are some core areas of knowledge that committee members will need to acquire. The need for regular briefings or training to help committee members keep up to date or extend their knowledge was also acknowledged.</p>	<p>knowledge and skills, for example as part of a self-assessment process or training needs analysis. This can then be used to guide members on their training needs and establish a programme of support that involves regular briefings and updates as well as formal training programmes.</p>
<b>Effectiveness of the committee</b>		
<p>18 Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?</p> <p><u>Action</u> Committee could obtain feedback from other stakeholders e.g. External Audit.</p>	<p>The Council's external auditors concluded that:</p> <p>"The Audit and Governance Committee provide adequate challenge but there is scope to improve the focus of its discussions to provide more effective oversight, support and challenge for the Council's financial management and system of internal control</p> <p><i>Grant Thornton UK LLP, Audit Findings Report, September 2014.</i></p> <p>In order to support the Committee in its role the Council's external auditors ran training sessions in September and November 2014 that included guidance on the public sector audit committee – role, features of an effective audit committee, what works well, approach, the pitfalls to avoid and guidance.</p>	<p>The Chair could seek feedback from meeting participants. Seeking feedback on the operation of the committee may be helpful to supplement the 2014/15 self-assessment.</p>

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<b>Evaluating the Effectiveness of the Audit Committee</b>		
<p>Promoting the principles of good governance and their application to decision making.</p> <p><u>Action</u> Consider how the Committee can work with other Members to improve their understanding of the Code of Corporate Governance and the Annual Governance Statement and their contribution to it. This could include raising awareness through Cabinet and Scrutiny, for example.</p>		<p>That the Committee be advised of, and endorse, revisions to the Council's Code of Corporate Governance with final approval being reserved for Cabinet. The Code could then be sent to Council for information.</p>
<p>Contributing to the development of an effective control environment.</p> <p><u>Action</u> Consider attendance at Committee by senior managers, if there are concerns over the control framework or non/delayed implementation of recommendations from auditors/other inspection regimes. i.e. this</p>	<p>From May 2014 the Committee's Terms of Reference include:</p> <p>12. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions, including calling managers to explain lack of progress.</p>	

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<p>could include external inspection reports/actions.</p>	<p>The committee has agreed to request senior managers to attend meetings if, following receipt of assurance reports, there are concerns regarding risk, control or the implementation of recommendations.</p>	
<p>Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.</p> <p><u>Action</u> Review, through the Corporate Risk Management Group, the overall risk management arrangements of the Council and consider risk management benchmarking.</p>	<p>The Annual Report on Risk Management 2013/14 to this Committee included details of the Council's risk maturity assessment and progress on plans for improvement.</p> <p>See also Risk Management Update Report January 2015.</p>	
<p>Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.</p> <p><u>Action</u></p> <p>Map the assurance framework of the Council, specifying the Committee's assurance needs and identifying any gaps or</p>	<p>The Committee received a report in November 2014 from Corporate Governance Group that described the framework of assurance underpinning the Annual Governance Statement.</p> <p>The Work Plan presented to Committee now includes details of how the assurance reports enable the Committee to meet its terms of</p>	

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<p>overlaps. Review the effectiveness of assurance providers through, for example, benchmarking.</p>	reference.	
<p>Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.</p> <p><u>Action</u> Ongoing review of Internal Audit performance indicators. This could be carried out through the Member/Officer Group.</p>	The Internal Audit Annual Report 2013/14 (June 2014) included a number of performance indicators including a new indicator – implementation of agreed recommendations within agreed timescales at the request of members.	
<p>Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.</p> <p><u>Action</u> Consider receiving a briefing to better understand governance and assurance arrangements for major projects and programmes from the Executive Monitoring Board (EMB).</p>	The Committee receives update reports on the work of Internal Audit including key findings, issues of concern, and action in response to the findings and recommendations. The reports include relevant information regarding Internal audit reviews of projects and programmes.	<p>Receive a briefing to better understand the Council's performance management arrangements.</p> <p>Care should be taken to maintain focus on financial reporting and financial governance rather than on wider issues of performance and spending priorities.</p>

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<p>Consider receiving a briefing to better understand the performance management arrangements.</p>		
<p>Supporting the development of robust arrangements for ensuring value for money.</p> <p><u>Action</u> Consider the Committee's role with regard to VFM against CIPFA's new guidance on Audit Committees.</p>	<p>From May 2014 the Committee's Terms of Reference make the role more explicit by including:</p> <p>8. To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.</p> <p>Annually the Committee considers the external audit conclusion on value for money. In September 2014 Grant Thornton confirmed that they would be issuing an unqualified VfM conclusion.</p> <p><i>Grant Thornton UK LLP, Audit Findings Report, September 2014.</i></p>	