

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of Meeting:	19th March 2015
Report of:	Chairman 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 aim of this report is to support the Audit and Governance Committee in performing effectively and facilitate compliance with the Accounts and Audit (England) Regulations 2011. Members are, therefore, asked to consider the results of a self assessment of the effectiveness of the Audit and Governance Committee using the 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 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 with these actions, will be brought to a future meeting of this Committee.

3.0 Reasons for Recommendations

- 3.1 A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements for the Audit and Governance Committee to be effective.
- 3.2 Regular self-assessments against best practice can be used to support the planning of the Committee's work programme, training plans and inform the annual report.
- 3.3 Regulation 6 of the Accounts and Audit (England) Regulations 2011 requires the Council to conduct an annual review of the effectiveness of its internal audit. In accordance with guidance issued by the CIPFA Better Governance Forum this review should be part of a review of the effectiveness of the Council's assurance framework that supports the production of the Annual Governance Statement (AGS). The guidance

goes on to say that this would include the contribution made by internal audit and the audit committee itself and that by reviewing the effectiveness of internal audit as part of this wider review the specific requirements of the Regulations will be met.

4 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 (Authorised by the Chief Operating Officer)

7.1 No specific financial implications.

8.0 Legal Implications (Authorised by the Head of Legal Services)

8.1 As detailed within the report the Council is required to abide by the Accounts and Audit (England) Regulations 2011.

9.0 Risk Assessment

9.1 It is not uncommon for audit committees to face difficulties or barriers to fulfilling their potential effectiveness. Regular self-assessment against best practice may be of value in helping audit committee members or those supporting the committee to recognise and address the challenges whilst facilitating compliance with the Accounts and Audit (England) Regulations 2011.

10.0 Background

10.1 The process for conducting the review of the effectiveness of internal audit, which is based on best practice guidance, was agreed with the Audit and Governance Committee in November 2014 and includes a self -assessment using the following:

- The Checklist for Assessing Conformance with the Public Sector Internal Audit Standards and the Local Government Application Note, taken from the Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (CIPFA)
- Self-assessment of Good Practice and Evaluating the Effectiveness of the Audit Committee taken from Audit Committees - Practical Guidance for Local Authorities and Police (2013 Edition)

- 10.2 The tables below compare the outcomes of the 2014/15 Audit and Governance Committee self-assessment to those of the 2013/14 review (reported to Members in March 2014). The improvement in performance reflects the progress made in implementing actions agreed with Members in March 2014 (reported to Audit and Governance Committee in January 2015).

Self-assessment of Good Practice		
Assessment	No. of Good Practice Questions	
	Outcome of 2013/14 Assessment	Outcome of 2014/15 draft Assessment
Yes	12	16
Partly	7	4
No	1	0
Total	20	20

Evaluating the Effectiveness of the Audit Committee			
Assessment Key: Level and criteria		No. of areas where the committee can add value by supporting improvement	
		Outcome of 2013/14 Assessment	Outcome of 2014/15 draft Assessment
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.	0	0
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.	7	7
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.	2	2
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.	0	0
1	No evidence can be found that the audit committee has supported improvements in this area.	0	0
Total		9	9

10.3 As with the AGS, the review of the effectiveness of internal audit will be carried out by the Corporate Assurance Group. 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 draft Audit and Governance Committee self- assessment, prepared by the Chairman and Vice Chairman, has been completed correctly. The Committee is therefore asked to:

- consider the draft self- assessment (Appendix A) and determine any required amendments;
- endorse the actions arising from the draft 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

11.0 Access to Information

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

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