

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of Meeting:	10 December 2015
Report of:	Chairman of the Audit and Governance Committee
Title:	Audit and Governance Committee Self- Assessment
Portfolio Holder:	Councillor Peter Groves

1.0 Report Summary

- 1.1 This report advises Members on progress in implementing the actions arising from the 2014/15 self-assessment of the Audit and Governance Committee against good practice and the evaluation of its effectiveness that was reported in March 2015.
- 1.2 Members are asked to consider the progress made in implementing the agreed actions and whether there is scope to do more.

2.0 Recommendations

- 2.1 That the Committee note:
- (i) the progress in relation to the implementation of actions to improve its effectiveness and determine any required amendments; and
 - (ii) that the self-assessment of the Audit and Governance Committee against good practice and the evaluation of its effectiveness for 2015/16 will be brought to the March 2016 meeting.

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 Regulations 2015 requires the Council to conduct an annual review of the effectiveness of its system of internal control and prepare an annual governance statement. A review of internal audit that includes the contribution made by the audit committee should form part of the review of internal control required by Regulation 6.

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 Regulations 2015.

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 Regulations 2015.

10.0 Background

10.1 Regulation 6 of the Accounts and Audit Regulations 2011 required the Council to conduct an annual review of the effectiveness of its internal audit. The 2014/15 review included a self-assessment of the Audit and Governance Committee against good practice and an evaluation of its effectiveness using the recommended practice contained within 'Audit Committees – Practical Guidance for Local Authorities and Police (2013 Edition)'. The outcome of the review was reported to Committee in March 2015 and can be summarised as follows:

Self-assessment Against Good Practice 2014/15		
Meeting recommended practice	Number	Actions Arising
Yes	16	2
Partly	4	2
No	0	0
Total	20	4

Evaluation of the Effectiveness of the Audit and Governance Committee 2014/15			
Assessment Key: Level and criteria		Outcome of 2014/15 Assessment	Actions Arising
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	2
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	4

10.2 The Audit and Governance Committee endorsed the actions arising from the self-assessment and evaluation in March 2015. Progress in implementing the agreed actions is included at Appendix A of this report. In order to ensure that improvement opportunities are not missed and facilitate compliance with the Accounts and Audit Regulations Members are asked to consider the progress made and whether there is scope to do more.

10.3 It should be noted that Regulation 5 of the Accounts and Audit Regulations 2015, which came into force on 1 April 2015, removed the requirement for an annual review of internal audit. This is because the review of internal audit, including the contribution made by the audit committee, should form part of the annual review of the effectiveness of the system of internal control required by Regulation 6. In order to comply with Regulation 6 of the 2015 Regulations:

- a self-assessment of the Audit and Governance Committee against good practice and the evaluation of its effectiveness for 2015/16 will be brought to the March 2016 meeting

- the review of the effectiveness of Internal Audit will be carried out by self-assessing compliance with the Public Sector Internal Audit Standards (PSIAS)
- the detailed results of the overall review will then be reported to this Committee for consideration as part of the annual governance statement process.

11.0 Access to Information

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

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