

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of Meeting:	30th June 2016
Report of:	Chair of the Audit and Governance Committee
Title:	Audit and Governance Committee Self-Assessment
Portfolio Holder:	Councillor Rachel Bailey

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 2015. Members are, therefore, asked to consider the results of a self assessment of the effectiveness of the Audit and Governance Committee, carried out by the Chair and Vice Chair 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,
 - 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, as outlined in the CIPFA "Audit Committees Practical Guidance for Local Authorities (2013)" can be used to support the planning of the Committee's work programme, training plans and inform the annual report.
- 3.3 The self-assessment forms part of the review of the system of internal control as required by Regulation 6 of the Accounts and Audit (England) Regulations 2015 and which supports the production of the Annual Governance Statement (AGS).

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 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 (England) Regulations 2015.

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 Table 1 and Table 2 show the outcome of the 2015/16 draft self-assessment against the Good Practice questions and the Evaluation of the Effectiveness of the Audit Committee. The detailed self-assessment is shown in Appendix A.

Table 1 2015/16 Draft Self-Assessment Results – Section 1: Good Practice Questions

Self-Assessment against Good Practice 2015/16		
Meeting recommended practice	Number	Actions Arising
Yes	14	0
Partly	5	4
No	1	1
Total	20	5

Table 2 2015/16 Draft Self-Assessment Results –Section 2: Evaluating the Effectiveness of the Audit Committee

Assessment Key: Level	Assessment Key: Criteria	Outcome of 2015/16 draft 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.	1	1
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.	8	3
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	0	0
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

10.3 Tables 3 and 4 below compare the outcomes of the 2015/16 Audit and Governance Committee self-assessment to those of the 2014/15 and 2013/14 review, previously reported to Members in March 2014 and March 2015.

Table 3 Self-Assessment Comparison against previous years: Section 1- Good Practice Questions

Self-assessment of Good Practice			
Assessment	No. of Good Practice Questions		
	Outcome of 2013/14 Assessment	Outcome of 2014/15 Assessment	Outcome of 2015/16 draft Assessment
Yes	12	16	14
Partly	7	4	5
No	1	0	1
Total	20	20	20

10.4 The “No” assessment response in the draft 2015/16 assessment against good practice questions recognises an outstanding action from the 2014/15 self-assessment action plan. The assessment of Committee member’s skills and knowledge will be undertaken shortly, with a view to being discussed with the Chair, Vice Chair and Member/Officer Sub Groups ahead of the September 2016 Committee meeting.

- 10.5 A number of responses previously assessed as “Yes” have been reviewed and have now been assessed as “Partly”. These include
- Whether the role of the audit committee is understood and accepted across the authority.
 - Has the Committee evaluated whether and how it is adding value to the organisation?
 - Does the Committee have an action plan to improve any areas of weakness?

Improvement actions have been identified for these areas. Implementation of the actions should result in a “Yes” response on reassessment.

Table 4 Self-Assessment Comparison against previous years: Section 2 - Evaluating the Effectiveness of the Audit Committee

Evaluating the Effectiveness of the Audit Committee			
Assessment Key: Level (Criteria as per Table 2)	No. of areas where the committee can add value by supporting improvement		
	Outcome of 2013/14 Assessment	Outcome of 2014/15 Assessment	Outcome of 2015/16 draft Assessment
5	0	0	1
4	7	7	8
3	2	2	0
2	0	0	0
1	0	0	0
Total	9	9	9

10.6 The changes in responses to Section 2 of the assessment reflect the implementation of actions identified in previous self-assessments. In the interests of further developing the effectiveness of the Audit and Governance Committee, a small number of actions have been identified.

10.7 The results of the Audit and Governance Self-Assessment, and the outcome of the assessment of Internal Audit will be reported to this Committee for consideration as part of the AGS process. 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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