

AUDIT COMMITTEE

28 JUNE 2012

REPORT OF HEAD OF RESOURCE MANAGEMENT

A.4 AUDIT COMMITTEE SELF ASSESSMENT UPDATE

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present an update on the Committee's self assessment approach to reviewing its effectiveness.

EXECUTIVE SUMMARY

In following up a review of its effectiveness considered by the Committee at its 16 May 2010 meeting, **Appendix A** provides an update against the individual actions identified as part of the review.

RECOMMENDATION(S)

That the Audit Committee consider the self assessment update and agree the proposed actions set out in Appendix A.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The existence of sound governance, internal control and financial management practices and procedures are essential to the delivery of Corporate priorities supported by effective management and forward planning within this overall framework.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

Although there are no direct financial implications associated with this report, the implementation of actions may generate expenditure for which a budget provision or additional resources may need to be identified before any activity can be progressed.

Risk

By undertaking a review of its operation and effectiveness the Committee will ensure that its remit and responsibilities continue to be supported and that improvements may be identified for implementation if necessary to remain effective in supporting the Council as those charged with Governance.

LEGAL

There are no direct legal implications associated with the activity and actions set out in this report.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There is no direct impact although they could feature if relevant issues arise that are within the remit of the Audit Committee.

PART 3 – SUPPORTING INFORMATION

BACKGROUND and CURRENT POSITION

The Committee last undertook a review of its effectiveness in 2010/11. The review took the form of a self assessment style checklist approach that was a 'blend' of various proformas such as from CIPFA and the National Audit Office. The proforma was split into two parts – the first being more of a checklist in areas such as documentation and procedures which in itself provides a good reference point, with the second part concentrating on thoughts and opinions in the operation of various areas of the Audit Committee's work.

The outcomes from the review were reported to the Committee at its 16 May 2010 meeting who resolved:

- a) That the outcomes of the self assessment be noted and the proposed responses be approved*
- b) that an external peer review is not undertaken at the present time.*

The proposed responses considered by the Committee as referred to in a) above are set out in **Appendix A** against which an update is provided such as where actions have been taken or alternatively what actions are still planned.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Review of Self Assessment Actions June 2012

Review of Audit Committee Self Assessment Actions (June 2012)

Outstanding Items / Proposed Actions

Issue Identified	Update / Proposed Action
Does the Committee assess the performance of External Audit	The relationship with External Audit is subject to change during 2012/13 following the appointment of Ernst and Young as the Council's new External Auditors following the abolition of the Audit Commission. Therefore as part of embedding this new relationship, this action will be reviewed in consultation with the new External Auditor in the second half of 2012/13.
Is the Committee's role in various areas of responsibilities clearly defined. Do Audit Committee members have a clear understanding of what is expected of them in their role.	A review of the Committee's Terms of Reference to be included in the Committee's 2012/13 work plan in 2012/13.
Is more advanced specialist training available as required.	General training has been provided along with specific sessions on specialist areas such as the Statement of Accounts. However investigation of further opportunities for training will be undertaken in 2012/13 in addition to any general member induction training.
Is there a mechanism to keep aware of topical legal and regulatory issues throughout the year.	Specific issues are subject to reports as part of the Committee's work plan. However topical update approach will be considered for inclusion in the regular reporting cycle potentially as part of the Table of Outstanding Issues report.
Committee's input into the External Audit Programme.	To be reviewed in consultation with the new External Audit in the second half of 2012/13.
Does the Committee periodically obtain the views of External Audit on the work and effectiveness of the Committee.	To be reviewed in consultation with the new External Audit in the second half of 2012/13.

Items where no further action currently required / planned

Issue Identified	Update / Proposed Action
Are members sufficiently independent of the other key Committees of the Council	CIPFA Guidance highlights that if cross membership between the Audit Committee and for example the Executive is implemented, then it should be limited to one Cabinet member and/or

	<p>one member of an overview and scrutiny committee.</p> <p>Current membership of the Committee does not give rise to any cross membership.</p>
Is induction training provided.	Whole Committee or one to one training is available as requested along with the production of an 'induction pack' for new members of the Committee.
Are meetings open and free without political influence being displayed.	No significant issues currently experienced and based on the current membership of the Committee there is no cross membership with other the Executive or Scrutiny Committee.
Are members attending all meetings on a regular basis.	No significant issues currently experienced.
Does the authorities S151 officer or deputy attend all meetings.	From 2011/12 onwards, the S151 Officer has been in attendance at all meetings where possible with an appointed deputy attending as necessary.
Does the Audit Committee regularly review its own effectiveness.	This activity features on the Audit Committee's work plan on a regular basis and is otherwise based on a continuous review process.
Satisfaction with mechanism / reporting line for Internal Audit matters.	As reported to the Committee at its 19 January 2012 meeting, as part of the outcomes of the recent reorganisation, the Internal Audit function is placed within the Resource Management Department with all practical and proportionate steps taken to ensure adequate independence remains in place.
Does the Committee adequately consider whether anti-fraud and corruption policies and procedures are in place and operating effectively.	This is addressed via the various reports considered by the Committee as part of its current Terms of Reference.
Does the Committee have an understanding of the arrangements and procedures for preparing the Statement of Accounts.	Specific training has been provided on this technical subject and is readily available as and when required in the future.
Are the number of members of the Committee sufficient to deal adequately with the agenda.	No significant issues currently experienced.
Can separate private meetings be held with the External Auditor.	A 15 minute 'slot' is included before every formal meeting of the Committee where private discussions can be held between the Committee and the External Auditor. This is included / highlighted as part of the Committee's formal agenda. Any additional meetings / discussions will be accommodated as necessary.