

**AUDIT COMMITTEE
26 SEPTEMBER 2013**

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.2 AUDIT COMMITTEE SELF ASSESSMENT UPDATE

(Report prepared by Steve Blake)

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

A review of the effectiveness of the Audit Committee was considered by the Committee at its 16 December 2010 meeting, and an update was reported to its 28 June 2012 meeting. **Appendix A** provides a further update regarding the individual actions identified from the review.

RECOMMENDATION(S)

That the Audit Committee consider the self assessment update and notes the proposed actions against the outstanding items 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 formal 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 December 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.

An update regarding the proposed responses considered by the Committee as referred to in a) above was provided to the 28 June 2012 meeting. **Appendix A** provides an update regarding the outstanding items at that time.

Since the review was undertaken there have been changes regarding the arrangement for external audit, and the Local Audit and Accountability Bill is currently being considered by Parliament that will introduce further changes. A report will be presented to a future meeting of the Committee once the bill becomes law, with the current position against the relevant action set out in **Appendix A**.

The Public Sector Internal Audit Standards were introduced from 1st April 2013. A report was submitted to the June 2013 meeting of the Committee regarding the standards, and future reporting by the Audit and Governance Manager to the Committee will take account of those standards, and compliance requirements. Whilst the standards make reference to issues such as the Audit and Governance Manager's functional reporting relationship with the Committee, and specify the nature of issues that he should bring to the attention of, discuss with, or seek approval from the Committee, these do not have a material impact on the self assessment or associated actions.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Review of Audit Committee Self Assessment Actions (September 2013)

Review of Audit Committee Self Assessment Actions (September 2013)

Issue Identified	Update / Proposed Action
<p>Does the Committee assess the performance of External Audit</p> <p>Committee's input into the External Audit Programme.</p>	<p>COMPLETED - Ernst and Young as the Council's External Auditors attend Audit Committee meetings. The opportunity exists for the committee to consider and debate the reports submitted on the work undertaken and work programmes planned by Ernst and Young.</p> <p>REMAINS IN PROGRESS - The Local Audit and Accountability Bill is currently going through Parliament, and sets out arrangements for the appointment of auditors and monitoring of audits. The role of the Committee in relation to the performance of the external auditor and the input into work programmes will need to be reviewed once this bill becomes law.</p>
<p>Is the Committee's role in various areas of responsibilities clearly defined.</p> <p>Do Audit Committee members have a clear understanding of what is expected of them in their role.</p>	<p>COMPLETED - A review of the Committee's Terms of Reference was reported to the Committee at its 21 March 2013 meeting with the proposed amendments to the terms of reference approved for inclusion in the wider review of the Council's Constitution that is currently underway.</p>
<p>Is more advanced specialist training available as required.</p>	<p>COMPLETED - General training has previously been provided along with specific sessions on specialist areas such as the Statement of Accounts.</p> <p>It is currently intended to provide the Committee with Risk Management / Insurance training later in 2013/14.</p> <p>Opportunities to provide the Committee with further training will be kept under review.</p>
<p>Is there a mechanism to keep aware of topical legal and regulatory issues throughout the year.</p>	<p>COMPLETED - Specific issues are subject to reports as part of the Committee's work plan. Any topical issues not covered by a specific report will be added to the Table of Outstanding Issues report.</p>
<p>Does the Committee periodically obtain the views of External Audit on the work and effectiveness of the Committee.</p>	<p>REMAINS IN PROGRESS - The practicality of adding this to the Audit Committee's work plan as a regular item to be investigated.</p>