

**Committee: Performance & Audit Committee**

**Agenda Item**

**Date: 15 May 2014**

**8**

**Title: Performance & Audit Committee Self-assessment 2013/14**

**Author: Sheila Bronson, Internal Audit Manager  
01799 510610**

Item for information

## **Summary**

1. The Performance & Audit Committee fulfils the Audit Committee functions for the Council. To ensure it is meeting its responsibilities against the provided by Chartered Institute of Public Finance and Accountancy (CIPFA), a self-assessment of its work 2013/14 has been undertaken. This self-assessment will be included as evidence in support of the Annual Governance Statement 2013/14.

## **Recommendations**

2. The Committee note the outcome of Performance & Audit Committee Self-Assessment 2013/14

## **Financial Implications**

None. There are no costs associated with this report

## **Background Papers**

None

## **Impact**

- 3.

Communication/Consultation	none
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none

Ward-specific impacts	none
Workforce/Workplace	none

## Situation

- In December 2013, CIPFA brought out its new publication - "Audit Committees – Practical Guidance for Local Authorities and Police". This new guidance contains a new Self-Assessment of Good Practice and an Evaluation of Effectiveness of audit committees, replacing the self-assessment checklist previous used by this Committee in 2012 and 2013.
- Members were invited to take part in self-assessment exercise on 25 April 2014 using the checklists for the Self-Assessment of Good Practice and Evaluation of Effectiveness to consider the performance of this Committee in fulfilling its Audit Committee functions in 2013/14.

## Self-Assessment of Good Practice

- There are 20 questions contain in the CIPFA Self-assessment of Good Practice checklist which were considered during the exercise on 25 April. The completed self-assessment with comments to evidence the responses to each question is attached at Appendix A; below is a summary of the responses.
- Of the 20 questions, responses were assessed as follows:

Yes	Partly	No
13	4	3

- The 3 "No" responses are:

Ref	Good Practice question	Comments / Actions
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	There are no known gaps in the Committee's skills and knowledge however it is felt that to satisfy this Good Practice Question a formal skills assessment should be carried out. This will inform the preparation of the Committee's training programme, as noted below. The objective is to ensure that all Members of the Committee are able to actively participate and make effective contributions to the Committee's work.

<b>19</b>	Has the committee evaluated whether and how it is adding value to the organisation?	The work of the committee is clearly important and valuable and its Audit function is essential but there is no formal evaluation of how it adds value. The committee should investigate this and look to see how other audit committees have addressed this point
<b>20</b>	Does the committee have an action plan to improve any areas of weakness?	The committee will be responding to those questions not answered 'yes' by evaluation of the processes and development of an action plan to improve any area of weakness identified.

9. The 4 "Partly" responses are:

Ref	Good Practice question	Comments / Actions
<b>3</b>	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	The Specific Functions of the P&A Committee in section 6.3 of the Terms of Reference cover the core functions of an audit committee as identified in the 2006 CIPFA guidance. The Terms of Reference are to be reviewed and revised where necessary to meet CIPFA's Position Statement in the new CIPFA Guidance published in December 2013.
<b>7</b>	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	<b>Partly</b> - The Terms of Reference are to be reviewed and revised where necessary to meet CIPFA's Position Statement in the new CIPFA Guidance published in December 2013
	• Good governance	<b>Partly</b> - Not explicitly addressed in the current terms of reference
	• Assurance framework	<b>Partly</b> - Not explicitly addressed in the current terms of reference
	• Internal audit	yes
	• External audit	yes
	• Financial reporting	yes
	• Risk management	yes

	<ul style="list-style-type: none"> <li>• Value for money or best value</li> </ul>	yes
	<ul style="list-style-type: none"> <li>• Counter-fraud and corruption</li> </ul>	<b>Partly</b> - There is no formal system of regular reporting and monitoring of the Council's Anti-fraud and Corruption Strategy & Policies and its counter-fraud work in place.
<b>14</b>	Are arrangements in place to support the committee with briefings and training?	In order to satisfy this criterion of the self-assessment it is felt that a formal programme of training needs to be put in place. This will be a priority for the Committee in the new municipal year.
<b>18</b>	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	The P&A Committee has received informal feedback from External Auditors, CFO and Internal Audit. There is opportunity for views to be relayed but no formal mechanism for feedback on the Committee's performance.

### Evaluation of Effectiveness

10. The CIPFA Evaluation of Effectiveness requires consideration of 9 areas where the audit committee can add value by supporting improvement, to be assessed against the following key:

<b>Assessment key</b>	
<b>5</b>	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.
<b>4</b>	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
<b>3</b>	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.
<b>2</b>	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
<b>1</b>	No evidence can be found that the audit committee has supported improvements in this area.

11. At the exercise on 25 April it was assessed that the Committee is scoring:

5 in 6 of the areas and

4 in 3 of the areas

The completed evaluation with comments to evidence the responses to each of the 9 areas is attached at Appendix A.

## Conclusion

12. The conclusion from the Self-Assessment of Good Practice and Evaluation of Effectiveness carried out on 25 April 2014 is therefore, that in 2013/14 the Performance & Audit Committee has effectively fulfilled its Audit Committee functions in accordance with the CIPFA guidance for an Audit Committee.

## Risk Analysis

13.

Risk	Likelihood	Impact	Mitigating actions
The Performance & Audit Committee fails to fulfil its function as the Council's Audit Committee	1 = Little or no Likelihood Annual self-assessment to be carried out as part of the evidence required for the Annual Governance Statement	2 = Some impact – action may be necessary	The annual self-assessment The Annual governance Statement is reviewed by the External Auditor and by the Performance & Audit Committee

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.