

Committee: Performance & Audit Committee

Agenda Item

Date: 30 July 2015

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Title: Performance & Audit Committee Self-assessment 2014/15

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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 guidance provided by Chartered Institute of Public Finance and Accountancy (CIPFA), a self-assessment of its work 2014/15 has been undertaken. This self-assessment will be included as evidence in support of the Annual Governance Statement 2014/15.

Recommendations

2. The Committee note the outcome of Performance & Audit Committee Self-Assessment 2014/15

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 published its “Audit Committees – Practical Guidance for Local Authorities and Police”. This guidance contains a Self-Assessment of Good Practice and an Evaluation of Effectiveness of audit committees.
- Members were invited to take part in self-assessment exercise on 14 April 2015 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 2014/15.

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 14 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
15	2	3

In comparison with the 2013/14 responses:

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 has been no formal assessment but it is felt that the P&A Committee has performed well with a good mix of skills allowing for robust exchanges of views and giving opportunity to bring particular knowledge and skills to the committee. This informal assessment has been considered to be satisfactory, but should be an action for the new P&A Committee to consider.

19	Has the committee evaluated whether and how it is adding value to the organisation?	There has not been any evaluation of how the P&A Committee is adding value to the organization. There is felt to be some merit in understanding how this could be done and how other Audit Committee have addressed this point. This should be an action for the new committee to consider.
20	Does the committee have an action plan to improve any areas of weakness?	<p>Areas identified as those requiring improvement in last year's self-assessment were addressed without an action plan being drawn up e.g. training was addressed by the bespoke training arranged for the P&A Committee.</p> <p>It is considered that no significant area of weakness have been identified in this year's self-assessment, the need for an action plan to address any weaknesses identified should be for the new committee to consider.</p>

9. The 2 "Partly" responses are:

Ref	Good Practice question	Comments / Actions
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	Partly - The Terms of Reference will be reviewed and revised if considered necessary to meet CIPFA's Position Statement in the CIPFA Guidance published in December 2013
	• Good governance	Partly - Not explicitly addressed in the current terms of reference
	• Assurance framework	Partly - Not explicitly addressed in the current terms of reference
	• Internal audit	yes
	• External audit	yes
	• Financial reporting	yes
	• Risk management	yes
	• Value for money or best value	yes
	• Counter-fraud and corruption	This was an areas of weakness identified in last year's self-assessment which has been addressed with the formation of the Counter Fraud Working Group which

		now reports through the Internal Audit Manager at least annually to the P&A Committee, the first report having been made to the Committee in November 2014.
18	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:

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

11. At the exercise on 14 April it was assessed that the Committee as scoring:

5 in 7 of the areas and
4 in 2 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 14 April 2015 is therefore, that in 2014/15 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.