

Audit Committee Review of its own Effectiveness

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REASON FOR ITEM

To enable the committee to discuss the outcome of the meeting on 30 November 2009, where it completed a self assessment form and identified items for further action or clarification.

OPTIONS AVAILABLE TO THE COMMITTEE

The committee needs to formulate an action plan for any gaps identified during the review of its effectiveness.

INFORMATION

1. Background

1.1 On the 30 November 2009 the audit committee met and conducted a self assessment exercise to review its own effectiveness. The committee was compliant in most respects but there were some issues it felt needed further action. The table below lists only the issues that arose as needing further clarification or action.

Outcome of self assessment

Issue	Comments/Actions
Terms of Reference and duties	
Are the terms of reference reviewed annually to take into account; <ul style="list-style-type: none">• governance developments; and• the remit of other committees within the Council?	No – Should this be put on the agenda – possibly in March?
Can the Committee access other committees and full Council as necessary?	Not clear Review relationship between us and other committees. Include formal calling of members where appropriate
Are changes to the Committee's current and future workload discussed and	No Need to clarify role and who reports and

Issue	Comments/Actions
approved at Council level?	answers questions.
Meetings and Reporting	
Are Committee papers distributed in sufficient time for members to give them due considerations?	Not always Members require hard copy on time. Important to keep members informed and consider part distributions.
Are minutes received as soon as possible after the meetings?	No often delayed. Committee felt that this was an issued to bring to the attention of Head of Democratic Services.
Do action points arising from the meetings indicate who is to do what and by when?	Not always by when. Having a date would make it easier to track progress. Can a date be included? Actions are included throughout the minutes. Can action points be listed at the end of the minutes? Can agenda then include outstanding action points?
Does the Committee report regularly to Council?	Has reported but not regularly Report to be produced annually in June at the same time as the Head of Audit Annual Assurance statement. It will reflect activities in the previous financial year.
Committee Membership	
Are members, particularly those new to the Committee, provided with training in all areas of its remit?	Insufficient for a member with no relevant background Devise an induction programme for members. Consider intranet web site for members. Consider topical pre meeting sessions to increase knowledge and skills.
Do members have sufficient knowledge of the organisation to identify key risk areas and to challenge both management and the auditors on critical and sensitive matters?	Yes But it was felt that this was very dependent on the selection of experienced councillors to serve on the committee. A discussion issue for the whips?
Compliance with Laws and Regulations	
Has the Committee formally assessed whether the support it receives is sufficient and enables it to ensure that it complies with relevant laws and regulations?	Partly It was felt that Committee support is not always adequate.
Does the Committee have a mechanism to	No

Issue	Comments/Actions
keep it aware of topical, legal and regulatory issues?	Standing item to be put on agenda. – Current issues/information
Internal Control and Risk Management	
Has the Committee considered how its work integrates with the wider performance and risk management responsibilities of other committees / cabinet?	Partly Needs more clarity. How do we close the circle?
Does the Committee receive regular assurance statements encompass all the organisation's responsibilities, that the system of internal control is operating effectively and that it is effective in managing risk?	Partly How to we get assurance on external partnerships?
Does the Committee receive progress reports with regard to the action plan produced to address any significant internal control issues reported in the Statement of Internal Control?	Yes At the year-end. Should the committee get a six monthly report – say in December? For this year it could be included in the interim AGS report already timetabled for March 2010.
Has the Committee satisfied itself that the Council's approach to dealing with fraud and corruption is reviewed annually, is fit for purpose and creates a strong counter fraud culture throughout the Council?	Anti Fraud and corruption strategy has been reviewed regularly but now needs to be completely overhauled to meet the standards set out in CIPA's 'Red Book' Managing the risk of Fraud. This is already timetabled for the March meeting. Note; Southend have offered to share their strategy documents.
Officer Attendance	
Does the Committee have the benefit of attendance of appropriate officers at its meetings?	Yes But request that CEO or DCE attend the June meeting with the Annual Governance Statement is approved with the accounts.
Terms of Reference	
Are the key principles of the terms of reference set out in the Financial Procedure Rules?	Yes Most recent revision to Financial rules sets out the financial role <i>The Audit Committee will provide independent scrutiny of the authority's financial and non-financial performance and oversee the financial reporting process. It will also consider reports from the external and internal auditors and</i>

Issue	Comments/Actions
	<i>approve the annual statement of accounts. The Audit Committee reports to full Council</i>
Audit Planning and Reporting	
Has the Committee established a process whereby it reviews any material objection to the plans and associated assignments that cannot be resolved through negotiation?	No If there were an issue the committee would consider what action to take. Do we need to formalise?
Does the Committee review the adequacy of staffing and resources within Internal Audit to deliver the plan?	No Resources are included in the strategy. Head of audit could do a report on staffing. Is this required?
Independence and Relationships	
Does the Committee hold periodic private discussions with the Head of Internal Audit?	No To be organised at the beginning of a meeting
External Audit & Inspection	
Has the Committee satisfied itself that work in the plan not relating to the financial statements reflects the Council's significant risks?	In part
Does the Committee assess the performance of External Audit?	No Committee to discuss with Deloitte
Does the Committee hold periodic private discussions with the External Auditor / Relationship Manager?	Yes But check future timetable.
Does the Committee receive reports on large write offs, changes in accounting treatment or other significant financial matters arising during the year?	Assurance around budget setting? Large write offs Compliance with contract procedure rules.

BACKGROUND PAPERS

Good Practice Guidance Sources: CIPFA Audit Committees, Practical Guidance for Local Authorities, CIPFA A Toolkit for Local Authorities Audit Committees, NHS Audit Committee Handbook 2005, Accounts and Audit Regulations 2003, The Accounts and Audit (Amendment) (England) Regulations 2006