

## **Audit Committee Review of its own Effectiveness**

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### **REASON FOR ITEM**

To enable the committee to discuss progress made on the self assessment form which was compiled at the workshop which was held on 30 November 2009 and identified items for further action or clarification.

### **OPTIONS AVAILABLE TO THE COMMITTEE**

To note the information reported.

### **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.

Issue	Comments/Actions	Progress
<b>Terms of Reference and duties</b>		
<p>Are the terms of reference reviewed annually to take into account;</p> <ul style="list-style-type: none"> <li>• governance developments; and</li> <li>• the remit of other committees within the Council?</li> </ul>	<p><b>No</b> – Should this be put on the agenda – possibly in March?</p>	<p>The Council's Constitution is reviewed on a regular basis to keep it up to date with legislative changes, best practice and to continue to meet the needs of the political interface. This includes the Terms of Reference of Audit. The Committee could consider an item once a year on their Terms of Reference which could tie in with them looking at the Audit Committee's effectiveness. However, it must be stressed that the Audit Committee receives its powers from Council and any suggestions for changing Terms of Reference would need to be a recommendation to Council.</p>
<p>Can the Committee access other committees and full Council as necessary?</p>	<p><b>Not clear</b> Review relationship between us and other committees. Include formal calling of members where appropriate</p>	<p>As above. The Committee if it wishes to suggest changes to its Terms of Reference would need to make a recommendation to Council</p>
<p>Are changes to the Committee's current and future workload discussed and approved at Council level?</p>	<p><b>No</b> Need to clarify role and who reports and answers questions.</p>	<p>The direction of the Committee's workload is a matter for the Committee. The terms of reference clearly state the remit of the Committee</p>

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<b>Meetings and Reporting</b>		
Are Committee papers distributed in sufficient time for members to give them due considerations?	<b>Not always</b> Members require .hard copy on time. Important to keep members informed and consider part distributions.	Agenda and reports are produced in accordance with Access to Information legal requirements. Paper copies are sent to the political group offices for Members to collect. A paper copy of the Chairman's agenda is sent by 1st class post and he should receive this the next day. There is an issue with late reports, as with all Committees, but this can only be improved if report authors produced reports on time.
Are minutes received as soon as possible after the meetings?	<b>No often delayed.</b> Committee felt that this was an issue to bring to the attention of Head of Democratic Services.	The intention is to produce a draft of these as quickly as possible after a meeting, but this is subject to the exigencies of other work pressures. Audit Minutes are technical and detailed so officer comments are crucial. This can delay the Minutes being sent to Members for information. Minutes are always published well in advance of the next meeting and officers are aware of actions when they see the draft of the minutes.
Do action points arising from the meetings indicate who is to do what and by when?	<b>Not always by when.</b> 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	Minutes are produced in a house style and actions points clearly indicate which officer(s) is responsible for taking forward an action. Actions are usually carried out before the next meeting and this can be

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	<p>end of the minutes? Can agenda then include outstanding action points?</p>	<p>discussed at the next meeting when the Chairman goes through the minutes of the previous meeting, page by page.</p> <p>Having action points at the end of the Minutes does not fit in with the house style and there seems little benefit for doing this.</p>
<p>Does the Committee report regularly to Council?</p>	<p><b>Has reported but not regularly</b> 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.</p>	<p>Report to committee is included in this agenda and will be included in each June going forward. This can be considered as fully implemented.</p>
<b>Committee Membership</b>		
<p>Are members, particularly those new to the Committee, provided with training in all areas of its remit?</p>	<p><b>Insufficient for a member with no relevant background</b> Devise an induction programme for members. Consider intranet web site for members. Consider topical pre meeting sessions to increase knowledge and skills.</p>	<p>New members of the committee have been invited to meet with the Head of Audit and Chair of Governors to assess their needs. Two members have availed themselves of this opportunity and they had had productive discussions and have been given a range of documents to increase their understanding. Given that there are new members, the committee may want to take this opportunity to look at its needs again.</p>
<p>Do members have sufficient knowledge of the organisation to identify key risk areas and to challenge both management and the auditors</p>	<p><b>Yes</b> But it was felt that this was very dependent on the selection of</p>	

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on critical and sensitive matters?	experienced councillors to serve on the committee. A discussion issue for the whips?	
<b>Compliance with Laws and Regulations</b>		
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?	<b>Partly</b> It was felt that Committee support is not always adequate.	An experienced Democratic Services Manager supports the Committee, with additional expertise from the Head of Democratic Services
Does the Committee have a mechanism to keep it aware of topical, legal and regulatory issues?	<b>No</b> Standing item to be put on agenda. – Current issues/information	Now included as an agenda item.
<b>Internal Control and Risk Management</b>		
Has the Committee considered how its work integrates with the wider performance and risk management responsibilities of other committees / cabinet?	<b>Partly</b> Needs more clarity. How do we close the circle?	This has been clarified in a report to the audit committee in December 2009.
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?	<b>Partly</b> How do we get assurance on external partnerships?	Partnership risks are reviewed as part of the process for producing the Annual Governance Statement, the as are the controls in place to ensure that partnership work effectively to achieve their objectives.
Does the Committee receive progress reports with regard to the action plan produced to address any significant internal control issues	<b>Yes</b> At the year-end. Should the committee get a six monthly report – say in December?	The committee decided it only wanted such a report if there were significant items that needed to be brought to its

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reported in the Statement of Internal Control?	For this year it could be included in the interim AGS report already timetabled for March 2010.	attention.
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.	The red book review has been rescheduled to September 2010. However, the current agenda includes an assessment of our compliance with the checklist contained in the Audit Commission guidance – Protecting the Public Purse – and we can demonstrate good levels of assurance.
<b>Officer Attendance</b>		
Does the Committee have the benefit of attendance of appropriate officers at its meetings?	<b>Yes</b> But request that CEO or DCE attend the June meeting with the Annual Governance Statement is approved with the accounts.	The Chief Executive or the Deputy Chief Executive will attend the June 2010 meeting of this Committee to introduce the Annual Governance Statement. Also when requested other officers when invited to attend meetings do so.
<b>Audit Planning and Reporting</b>		
Has the Committee established a process whereby it reviews any material objection to the plans and associated assignments that cannot be resolved through negotiation?	<b>No</b> If there were an issue the committee would consider what action to take. Do we need to formalise?	The committee decided that this was not necessary.
Does the Committee review the adequacy of staffing and resources within Internal Audit to deliver the plan?	<b>No</b> Resources are included in the strategy. Head of audit could do a report on staffing. Is this required?	The committee decided that this could be reviewed with the annual audit plan and strategy and information was included in those reports.

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<b>Independence and Relationships</b>		
Does the Committee hold periodic private discussions with the Head of Internal Audit?	<b>No</b> To be organised at the beginning of a meeting	This was to be organised for the beginning of a meeting but has not so far taken place. Consider for September 2010?
<b>External Audit &amp; Inspection</b>		
Has the Committee satisfied itself that work in the plan not relating to the financial statements reflects the Council's significant risks?	<b>In part</b>	The committee was to be alert to its own role in reviewing the external audit plan and to discuss the plan fully when it was presented to them.
Does the Committee assess the performance of External Audit?	<b>No</b> Committee to discuss with Deloitte	Deloitte to provide a checklist to the Director of F&R to see if it would be useful
Does the Committee hold periodic private discussions with the External Auditor / Relationship Manager?	<b>Yes</b> But check future timetable.	The committee needs to set a timetable at this meeting.
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.	To produce a report on the process in the coming year.