
AUDIT COMMITTEE SELF-ASSESSMENT FEEDBACK / ACTION PLAN

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.3

Reason for this Report

1. The Terms of Reference for the Audit Committee sets out its responsibility:
 - To report to Council on an annual basis on the committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.
2. An Audit Committee Self-Assessment was held on 22 January, to represent the 2018/19 review of the Committee's performance and effectiveness. The Audit Committee Annual Report to Council on 12 September 2019, will contain the results of the Audit Committee Self-Assessment.

Background

3. The Audit Committee Self-Assessment was conducted in a workshop format, applying methodology from the CIPFA document, 'Audit Committees – Practical Guidance for Local Authorities and Police, 2018'.
4. The workshop comprised assessments of good practice and effectiveness, and was facilitated by officers from Internal Audit, Finance, Democratic Services and the Wales Audit Office.

Issues

5. The Audit Committee Self-Assessment reported a positive overall position from the reviews of 'good practice' and 'effectiveness', and considered that previous identified actions have been sufficiently progressed.
6. An additional assessment of 'core knowledge and skills' has been introduced this year. This assessment, performed by individual Audit Committee Members, has identified examples of strong individual performance in each core area. It has enabled attention to be given to training Members in areas where collective knowledge and skills are lower.
7. The assessment results have been used to develop seven aspirational areas for improvement, in the 'Audit Committee Action Plan' in Appendix A.

a) Review of Good Practice

8. The assessment of good practice is included in Appendix B. It includes the assessed scores from the Audit Committee workshop, of which:
 - Eighteen areas were assessed as 'fully in place'
 - Six areas were assessed as 'partly in place'
 - One area, was assessed as 'not in place'
9. The area reported as 'not in place', related to the Committee evaluating the value it adds to the Council. Members considered that whilst comments were generally received from Council, when the Chairperson has presented the Audit Committee Annual Report, there is an opportunity to request feedback from those attending Audit Committee meetings on an ongoing basis for wider awareness and insight.
10. For the areas reported as 'partly in place', the Committee recognised an improved awareness of its training needs, through Individual Assessments against the CIPFA Knowledge and Skills Framework, but acknowledged that with a completion rate of 75%, the action should not be considered as complete. It was also recognised that the delivery of the in-year training for the priority areas identified through the assessment process needs to take place to report full arrangements for training as in place.
11. A further area for good practice improvement related to Audit Committee meetings. It was considered that there was scope to achieve greater engagement, and involvement from all Members, and to make further use of audit findings and identified risks when engaging with senior officers. It was also considered that Audit Committee recommendations may be made, where appropriate.

b) Review of Effectiveness

12. The assessment of Audit Committee effectiveness used a 5-point rating scale, ranging from 'no evidence', to 'clear evidence' of the work and support of Audit Committee to delivering improvement in a range of areas. The full assessment key and results are included in Appendix C.
13. Of the nine areas reviewed
 - Two were assessed at point 5, with clear evidence from a number of sources that the Committee is actively supporting improvements;
 - Three areas were assessed at point 4, with clear evidence from some sources of the effective support for improvements;
 - Four areas were assessed as having mixed experience and evidence of Audit Committee support.

c) Core Knowledge and Skills Assessments

14. The assessment process was strengthened this year to include an Individual Assessment against the CIPFA core knowledge and skills areas. This additional process was identified as an action in last year's assessment, and was completed in advance of the collective workshop, to enable the results to be reflected upon when considering the overall assessment.

15. To assess the core knowledge and skills each Member of the Audit Committee was provided with the CIPFA assessment criteria, together with further supporting materials developed by officers in Internal Audit, Accountancy and the Wales Audit Office. Nine Members undertook Individual Assessments, for whom the results are included in Appendix D.
16. The responses in Appendix D relate to ten core areas, which have been assessed using a 5-point rating scale, ranging from 'no' knowledge and skills, to a 'full/complete' in each area. For the ten areas, Audit Committee Members assessed their 'knowledge' and 'application' separately.
17. From the Individual Assessments completed, whilst there was strong performance in each core area, four areas were identified for further training and support over the next year. These areas were:
 - Treasury Management
 - Internal Audit
 - Financial Management and Accounting
 - Counter Fraud
18. It is intended for training in these areas to be delivered after the conclusion of certain Audit Committee meetings.

d) Role Descriptions

19. The Head of Democratic Services has engaged with the Audit Committee to develop Role Descriptions for the Audit Committee Chairperson and for the other Audit Committee Members. During the Audit Committee Self-Assessment workshop, Members were provided with model Role Descriptions, which they were asked to consider and provide comment.
20. The role description for a Member of the Audit Committee has been subsequently updated to reflect the role of independent members and discussions are ongoing. The Role Descriptions will be provided in a future meeting for agreement.

Reason for recommendation

21. To enable the Audit Committee to approve an Action Plan for Audit Committee development.

Legal Implications

22. There are no legal implications arising from this proposal.

Financial Implications

23. There are no financial implications arising from this proposal.

Recommendations

24. Audit Committee to

- Approve the Audit Committee Action Plan, reflecting on the results of the Self-Assessment workshop, and Individual Assessments of core knowledge and skills.

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CORPORATE DIRECTOR RESOURCES

Appendix A: Audit Committee Action Plan

Appendix B: Good Practice - Committee Self-Assessment

Appendix C: Effectiveness - Committee Self-Assessment

Appendix D: Core Knowledge and Skills - Individual Assessments