

AUDIT COMMITTEE	AGENDA ITEM No. 7
6 FEBRUARY 2012	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	☎ 384 557

REVIEW OF EFFECTIVENESS OF THE AUDIT COMMITTEE

R E C O M M E N D A T I O N S	
FROM : John Harrison, Executive Director: Strategic Resources	Deadline date : N/A
1. The Committee is asked to:	
a) Consider and approve the review and its conclusion that the Committee is operating effectively in all material respects.	

1. ORIGIN OF REPORT

This report is submitted to the Audit Committee in line with its agreed Work Programme for 2011 / 2012.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to present the results of the annual review of the Committee's effectiveness, carried out using the principles established by the Chartered Institute of Public Finance and Accountancy (CIPFA). The review uses a questionnaire approach as set out in the Audit Committee Handbook.

2.2 This report is for Committee to consider under its Terms of Reference:

- *2.2.17 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.*

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. BACKGROUND

4.1 In order to provide suitable assurance for the Annual Governance Statement (AGS), the Committee's work programme requires it to review its own effectiveness on an annual basis. Unlike the review of internal audit, this is not a statutory requirement but an element of best practice.

4.2 CIPFA published its Practical Guidance for Local Authority Audit Committees, which includes a short self-assessment checklist for councils to measure the effectiveness of their audit committees. This has been included within the Audit Committee Handbook.

The checklist has been used and critically appraised by the Chief Internal Auditor. Although the checklist and review have been developed and carried out in-house, it is believed that they are robust enough to withstand examination, particularly as they have had the benefit of independent appraisal via Internal Audit.

4.3 The resulting completed questionnaire is attached as **Appendix 1**. The review concludes that the Committee can demonstrate that overall it has been established in accordance with best practice and that it has operated effectively during the last year. The Committee should be alert to any changes in its membership and the expertise of its Members so that it can arrange suitable training. Secondly, the Committee is expected to provide challenge to the Cabinet and across the Council: some evidence of this is available for previous years but Members should consider how this could be ensured in future.

4.4 In order to continue to provide suitable information and ongoing training for Audit Committee members, it is proposed to circulate information circulars received from the CIPFA Better Governance Forum. Recent issues have covered *Countering Fraud; Strategic Risk Management; and Reviewing the Annual Governance Statement*. These documents provide further information on top of the Audit Committee Handbook on how to challenge and scrutinise work through the Committee. However, these are only available through membership of this forum, so are restricted documents. They will be issued separately to members.

5. **CONSULTATION**

The effectiveness review has been discussed with the Head of Corporate Services.

6. **ANTICIPATED OUTCOMES**

Inform Audit Committee that the governance and scrutiny arrangements in place continue to operate effectively.

7. **REASONS FOR RECOMMENDATIONS**

In accordance with best practice, Audit Committee is expected to be informed of any material governance issues which may impact on the Annual Governance Statement.

8. **ALTERNATIVE OPTIONS CONSIDERED**

The Committee can challenge and alter the detail or the conclusion of the review, however it is believed that the assessment is accurate and can be evidenced.

9. **IMPLICATIONS**

None

BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

Audit Committee Effectiveness Checklist
CIPFA Better Governance Forum Briefing Papers

10. **APPENDICES**

- Appendix 1 - Review Of Effectiveness Of The Audit Committee: Self Assessment Checklist