

Report to: **Audit and Best Value Scrutiny Committee**

Date: **21 November 2007**

By: **Deputy Chief Executive and Director of Corporate Resources**

Title of report: **Self assessment of the effectiveness of the Audit and Best Value Scrutiny Committee**

Purpose of report: **To provide Members with the results of the self assessment exercise carried out in line with best practice and as part of the annual review of the system of internal audit**

RECOMMENDATION:

Members are recommended to welcome the very positive outcome of the survey, to discuss the issues raised by the self assessment, and to agree what action should be taken to improve further the Committee's effectiveness

1. Financial Appraisal

1.1 There are no direct financial implications arising from the recommendations in this report. Any additional costs of training provision will need to be funded from within the Member's Training Budget.

2. Supporting Information

2.1 The Council is required under the Accounts and Audit Regulations 2003 (as amended 2006) to review the effectiveness of its system of internal audit each year, and for 2006/07 this was included in the Annual Internal Audit Report and Opinion, but focussed mainly on the internal audit service – we now need to expand this review to include the effectiveness of the audit committee itself (as ABVSC is a key part of the system of internal audit).

2.2 The terms of reference for this Committee were reviewed and updated in June 2006 in line with earlier guidance published by CIPFA – it is therefore timely to assess how well we are performing against these terms of reference – this will also assist in demonstrating our desire for improvement and contribute to the CPA Use of Resources Assessment 2007.

2.3 Best Practice guidance set out by CIPFA in its Toolkit for Local Authority Audit Committees, recommends that Committees periodically review their own effectiveness in discharging their responsibilities.

2.4 In order to inform this review a desktop assessment against the checklist included in the CIPFA Toolkit was carried out and this was supported by a survey sent to all Members of the Committee.

3. Summary and Key findings

3.1 The assessment against the Checklist confirms that this Committee complies with the Toolkit in the vast majority of areas. It highlighted a number of functions where responsibility rests with the Governance Committee rather than this Committee – this is in line with the revised terms of reference and the report submitted to this Committee in June 2006. Other material issues identified from the assessment are as follows:

- ⇒ The Audit and Best Value Scrutiny Committee does not make a formal annual report on its work and performance to full council (this requirement is rated priority level 2 in the toolkit) – the work of the Committee is reflected in the Annual Internal Audit Report and the Corporate Assurance Statement – Members may wish to consider whether an additional report as suggested by the Toolkit would add any further value;
- ⇒ The Committee has not adopted the guidance included in the “Managing the risk of fraud” and ensured that any resulting actions are being implemented (priority level 1) – work is ongoing to assess our compliance with this guidance and a report is planned for the March meeting of this Committee.

A copy of the desktop assessment and the full Toolkit can be made available on request.

3.2 Five out of seven Members completed and returned the survey and a summary of the responses is attached at Appendix A. In most cases all of the responses agreed or agreed strongly with the statements in the survey and this indicates that overall Members believe that the Committee is effective in carrying out its audit role. Those areas where responses were less positive are highlighted below:

- ⇒ Q6. ABVSC papers are concise, relevant and timely and are received sufficiently far in advance of meetings (comments indicated that the issue was the volume of papers received)
- ⇒ Q9. All ABVSC members attend and actively contribute at meetings
- ⇒ Q10. New ABVSC members are provided with appropriate induction and briefing to allow them to understand their responsibilities and carry out their role
- ⇒ Q11. ABVSC members have access to on-going development activities to update their skills and knowledge
- ⇒ Q12. All ABVSC members have a good understanding of the different risks inherent in the Authority’s business activities

4. Recommendation

4.1 Members are recommended to discuss the issues raised by the assessment against the Toolkit Checklist and the Survey and consider what additional action should be taken further to improve effectiveness in relation to these areas.

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Deputy chief Executive and Director of Corporate Resources

Contact Officer: Duncan Savage Tel No. 01273 482330

Local Members: All

BACKGROUND DOCUMENTS
None

Audit & Best Value Scrutiny Committee

Self assessment of effectiveness

Assessment scores:

| | | |
|-----------------------------|------------------------------|---------------------------|
| N/A = not applicable | 1 = disagree strongly | 2 = disagree |
| | 3 = agree | 4 = agree strongly |

Processes

Q1. Audit & Best Value Scrutiny Committee (ABVSC) comprises members with an appropriate mix of skills and experience

n/a 1 2 3 4

Q2. I understand the Committee's terms of reference, and am clear on my role in relation to its audit responsibilities

n/a 1 2 3 4

Q3. ABVSC is clear about its role in relation to risk management

n/a 1 2 3 4

Q4. There is a structured annual agenda of matters to be covered, with focus on the right areas

n/a 1 2 3 4

Q5. The number and length of meetings and access to resources is sufficient to allow the Committee fully to discharge its duties

n/a 1 2 3 4

Q6. ABVSC papers are concise, relevant and timely and are received sufficiently far in advance of meetings

n/a 1 2 3 4

Q7. Senior officers and others are asked to present on issues as appropriate

n/a 1 2 3 4

Q8. ABVSC meetings are timed to meet the business needs of the Council and reporting timescales for Cabinet and other Committees

n/a 1 2 3 4

Q9. All ABVSC members attend and actively contribute at meetings

n/a 1 2 3 4

Q10. New ABVSC members are provided with appropriate induction and briefing to allow them to understand their responsibilities and carry out their role

n/a 1 1 2 4 3 4

Q11. ABVSC members have access to on-going development activities to update their skills and knowledge

n/a 1 1 2 3 3 1 4

Activities

Q12. All ABVSC members have a good understanding of the different risks inherent in the Authority's business activities

n/a 1 3 2 2 3 4

Q13. ABVSC focuses on the right questions and is effective in avoiding minutia

n/a 1 2 4 3 1 4

Q14. ABVSC actively engages with the external auditors regarding the scope of their work and audit findings

n/a 1 2 3 3 2 4

Q15. ABVSC demonstrates an appropriate degree of involvement in the work of internal audit and its findings

n/a 1 2 2 3 3 4

Q16. ABVSC receives sufficient information and assurance from internal and external sources to allow it to carry out its role effectively

n/a 1 2 2 3 3 4

Q17. ABVSC meetings encourage a high quality of debate with robust and probing discussions and without political influences being displayed

n/a 1 2 2 3 3 4

Q18. ABVSC responds positively and constructively to bad news to encourage future transparency

n/a 1 2 3 3 2 4

Q19. The Chairman promotes effective and efficient meetings, with an appropriate level of involvement outside the formal meetings

n/a 1 2 3 3 1 4

Q20. ABVSC members have a frank and open relationship with senior officers

n/a 1 2 3 4

Q21. ABVSC has open channels of communication with officers and other members to keep it aware of topical/ regulatory issues

n/a 1 2 3 4

Q22. There is an appropriate balance between the monitoring role and the Committee acting as an “influencer for good”

n/a 1 2 3 4

| Question number | Comments on individual questions |
|-----------------|---|
| 6 | <p>Volume of paper for each meeting is usually very large. This compared with complex / technical reports make it very time consuming to read and understand.</p> <p>This can make it difficult for Members to fully participate (Q9).</p> <p>I consider the reports to be timely but not always concise</p> |
| 10 | <p>I received no specific induction training when I became a member of ABVSC. If it was not for my experience of a district council and my general interest, I would have struggled and could well have lost interest.</p> |
| 2 & 3 | <p>Although I understood the expected role of ABVSC, I am not convinced that it is totally effective as I believe in many cases we are replicating the role that should be undertaken by Head of Service / Director.</p> <p>Also, when we are not involved in the day to day activities such as an Officer, we do not know the things we should be aware. “Knowledge is power!”</p> |