

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

Date: **2 June 2010**

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**

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**RECOMMENDATION: Members are recommended to note the positive outcome of the survey, to discuss the issues raised to agree what action should be taken to improve further the Committee's effectiveness.**

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## **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) to review the effectiveness of its system of internal audit each year, and in line with best practice (published by CIPFA) this process includes a periodic review of the effectiveness of the audit committee itself (as ABVSC is a key part of the system of internal audit). The last review was carried out in late 2007 and it is now timely to repeat the exercise as it is 12 months since the appointment of a new Chairman and several new members, following the local elections in June 2009.

2.2 In order to inform this review a desktop assessment was carried out against the checklist included in the CIPFA Toolkit for Local Authority Audit Committees 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 in line with their terms of reference within the Council's constitution. The only material issue 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;*

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

3.2 Four out of seven Members completed and returned the survey, along with one who provided narrative comments only and a summary of their 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. There were, however, a number of themes that emerged from the survey which indicate that there is the potential for further improvement:

- ⇒ The extent to which all members attended and felt able to contribute at meetings
- ⇒ The extent of members understanding of the key risks that face the Council across all its areas of business
- ⇒ Whether the discussion at meetings always focussed on the right areas and members felt able to ask the “killer” question.

3.3 At the same time the Committee can reflect on its successful involvement in influencing improvement agendas in a number of key areas for example the property improvement project and the council’s strategic risk management approach. The Committee has also adopted the approach of identifying areas of concern, for example through the strategic risk log, internal or external audit reports, and requiring relevant senior officers to attend the Committee and report progress on control improvement. In this way the Committee has been able to focus on specific themes and actively engage with officers in seeking appropriate reassurance. This approach has been positively received by both officers and Members and has covered issues as diverse as: payment of invoices, Putting People First, Adult Social Care Business Transformation, Home to School Transport and Age Well PFI. It also reflects the benefits of the dual role of the Committee and in particular the transferable nature of audit and scrutiny skills.

3.4 In overall terms therefore, the key issue could be summarised as: how does the Committee think it can best move from being a good audit committee with effective processes that are compliant with best practice to an excellent one that consistently seeks reassurance on areas of concern and influences improvement in internal control, risk management and governance?

3.5 It is suggested that the Committee consider building on and developing the successful approaches described in paragraph 3.3 in order to address the improvement areas by:

- extending the use of briefings, presentations and progress reports from officers to seek reassurance on specific areas of concern;
- identifying any specific risks or areas upon which they wish to focus their attention over the coming year;
- reviewing any training needs for the Committee when the outcomes from the current review of Member training and development needs is completed (probably September / October) and how these might best be met.

#### **4. Recommendation**

4.1 Members are recommended to note the positive outcome of the survey, to discuss the issues raised and to agree what action should be taken to improve further the Committee’s effectiveness.

SEAN NOLAN  
Deputy Chief Executive and Director of Corporate Resources

Contact Officer: Duncan Savage                      Tel No. 01273 482330  
Local Members: All

BACKGROUND DOCUMENTS – Self assessment against the CIPFA Audit Committee Toolkit and survey of Members views.

# Audit & Best Value Scrutiny Committee

## Self assessment of effectiveness

Assessment scores:

<b>N/A</b> = not applicable	<b>1</b> = disagree strongly	<b>2</b> = disagree
	<b>3</b> = agree	<b>4</b> = 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       2       3       4

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

n/a       1       2       3       4

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## Activities

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

n/a       1       2       3       4

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

n/a       1       2       3       4

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

n/a       1       2       3       4

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

n/a       1       2       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       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       3       4

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

n/a       1       2       3       4

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

n/a       1       2       3       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
11	Although answering agree I am concerned about the development opportunities offered to Members such as “awayday” and external courses
12	<p>This is a demanding requirement on non-exec members so we must rely on internal and external auditors. Perhaps the question should be “do we have confidence that internal auditors have a good understanding of the different risks?”</p> <p>I am sorry to say that some members make no contribution and have no idea what’s going on; others natter away until they find something to say</p>
22	I really don’t know yet, but some real positives such as the compensation briefing and the SME work
Other comments	I find it difficult to assess the work of the ABVSC. I found it difficult to follow all that the Auditor said. I think that we did quite a decent job looking at the SMEs I find that attendance is patchy. I am not certain that we are asking the awkward questions but am not clear what they are.