

<b>Meeting:</b>	<b>Audit and Governance Committee</b>	<b>Date:</b>	<b>22<sup>nd</sup> July 2019</b>
<b>Subject:</b>	<b>The Review of the Effectiveness of the Audit and Governance Committee</b>		
<b>Report Of:</b>	<b>Head of Audit Risk Assurance (Chief Internal Auditor)</b>		
<b>Wards Affected:</b>	<b>Not applicable</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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<b>Appendices:</b>	<b>A: The Review of the Effectiveness of the Audit and Governance Committee – Outcomes and Action Plan</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To ascertain the Committee's views on the outcomes and associated action plan in respect of reviewing the effectiveness of the Audit and Governance Committee.

### 2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** to:

Approve the action plan emanating from the effectiveness review and consider any further training / developmental requirements to support them in their role.

### 3.0 Background and Key Issues

- 3.1 The Chartered Institute of Public Finance and Accountancy, CIPFA, have recently produced revised guidance on the function and operation of audit committees; "Audit Committees in Local Authorities and Police, 2018 edition". The guidance represents CIPFA's view of best practice for Audit Committees in local authorities throughout the UK and replaces the Position Statement of Audit Committees in Local Government issued in 2013.
- 3.2 Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- 3.3 Good audit committees are characterised by:
- A membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.

- The political balance of a formal committee of a council will reflect the political balance of the council however, it is important to achieve the right mix of apolitical expertise.
- A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives.
- A strong independently minded chair – displaying a depth of knowledge, skills and interest. There are many personal qualities needed to be an effective chair, but key to these are:
  - Promoting apolitical open discussion.
  - Managing meetings to cover all business and encouraging a open approach from all participants.
  - An interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.

3.4 In the guidance, CIPFA provide a suggested self-assessment against recommended practice. By reviewing the Committee’s effectiveness against a good practice self-assessment on an annual basis, the Committee can demonstrate a high degree of performance and evidence that the Committee is soundly based with a knowledgeable membership that is not impaired in any way.

Completion of the self-assessment can also be used to support the planning of the Committee’s work programme and training plans and inform the Committee’s annual report to Council.

#### **4.0 Asset Based Community Development (ABCD) Considerations**

4.1 There are no ABCD implications as a result of the recommendation made in this report.

#### **5.0 Alternative Options Considered**

5.1 No other options have been considered

## **6.0 Reasons for Recommendations**

- 6.1 The role of the Audit and Governance Committee within the Council's Constitution is to gain and provide assurance that the Council's governance arrangements are operating effectively in line with good practice guidance. It was therefore agreed at the Committee's meeting on 11<sup>th</sup> March 2019 that a self assessment against the new CIPFA guidance would be undertaken via a survey. Appendix A attached to this report provides the Committee with the outcomes of the self assessment via an action plan proposing the next steps to further enhance the committee's effectiveness.

## **7.0 Future Work and Conclusions**

- 7.1 The outcomes of this and future self assessments will be included in the Audit and Governance Committee's annual report to Council and the Council's Annual Governance Statement 2019/20.

## **8.0 Financial Implications**

- 8.1 There are no direct financial costs arising out of this report.

(Financial Services have been consulted in the preparation this report).

## **9.0 Legal Implications**

- 9.1 The revised Guidance provides the Committee with a good opportunity to assess itself against the most current best practice for Audit Committees.

(One Legal have been consulted in the preparation this report).

## **10.0 Risk and Opportunity Management Implications**

- 10.1 Failure to deliver an effective Audit and Governance Committee will prevent the non-executive, advisory function supporting those charged with governance.

## **11.0 People Impact Assessment (PIA):**

- 11.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

### Sustainability

- 12.2 There are no 'Sustainability' implications arising out of the recommendations in this report.

### Staffing & Trade Union

12.3 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

**Background Documents:** CIPFA – Audit Committees – Practical Guidance for Local Authorities and Police 2018.

CIPFA's Position Statement – Audit Committees in Local Authorities and Police 2018