

**Report of the Executive Director of Finance,
Assets and Information and the Executive
Director, Legal and Governance**

AUDIT COMMITTEE – 23rd March 2016

REVIEW OF THE AUDIT COMMITTEE WORKSHOP AND DRAFT ACTION PLAN

1. Purpose of the Report

1.1 This report presents the updated action plan as requested by the Committee at its meeting on 20th January.

2. Recommendations

2.1 The Audit Committee is recommended to:-

- i. consider and agree the action plan; and
- ii. receive regular reports on progress.

3. Introduction and Background

3.1 It is accepted good practice that audit committees review their terms of reference regularly (usually annually), including a self-assessment on effectiveness, a skills assessment and a general review of working arrangements.

3.2 The Audit Committee has seen a significant change in membership over the last 12 months and it was therefore considered appropriate to undertake a more fundamental review of arrangements. To facilitate this review a workshop was held on 4th November 2015.

3.3 The outcomes from the workshop were initially presented in an action plan to the meeting on 20th January. The attached action / development plan provides an update and timescales.

4. Action / Development Plan

4.1 By way of reminder, the key areas discussed at the Workshop that have been incorporated into the proposed action / development plan.

4.2 The key areas are:

- a. Complete the Committee effectiveness self-assessment utilising the CIPFA questionnaire and identify any areas for improvement or development

- b. Complete the individual skills and experience self-assessment utilising the CIPFA guidance and identify any personal training and development requirements
- c. Consider options for changes to the terms of reference of the Committee
- d. Improve the profile and status of the Committee within the Council
- e. Invite the Chief Executive and other SMT members to attend the Committee to reinforce the importance of the Committee
- f. Utilise the strategic risk register and periodically invite 'risk owners' to present details of how they are managing the risks they are responsible for
- g. Change the focus of Committee activity to ensure assurance is obtained and develop / improve the recommendations to prompt a opinion or judgement on the assurance provided
- h. Consider establishing 'champions' within the Committee to match the key themes of the terms of reference, e.g. financial management, internal audit, risk management, information governance
- i. Obtain more information, training or development in key areas of Council or general local government issues, e.g. Better Care Fund, devolution, other partnership activities
- j. Develop opportunities for Committee members to obtain practical experience in the operational areas covering the terms of reference ('walk the floor')
- k. Improve the quality of reports to the Committee to focus on key issues and particularly where issues have slipped such as audit recommendations, incorporating inviting senior managers to the Committee to account for any missed timescales etc.
- l. Review the meeting structure to include time and space for in-depth review work and development
- m. Propose change of name for the Committee to the Governance Assurance Committee

4.3 Although not all members of the Committee have as yet returned the questionnaires, the ones received provide some key messages. In respect of the assessment of the Audit Committee in terms of its organisation and constitution (4 returned questionnaires), the key issue was the evaluation process, which is substantially being addressed as part of this process. In addition there is clearly scope to better formalise the Committee's arrangements; again a feature of the current process. The assessment of the Committee's effectiveness (4 returned questionnaires) there was a theme of needing to delve a little deeper into key areas, utilise the experience of other audit committees and consider the Council's overall assurance framework. These issues are likely to be addressed as the Committee's profile and status are improved.

4.4 With regards the self-assessment of members' personal knowledge and skills, of the 5 returns received the following areas have been highlighted as those where members have requested further training, information or support:

- CIPFA/SOLACE Good Governance Framework
- General BMBC awareness
- Treasury Management
- Financial Statements
- Appointment of External Auditors
- Project and Programme management
- Financial management

A programme of 'training' activity will be developed to accommodate these requirements.

- 4.4 The Committee are asked therefore to consider the actions and timescales.
- 4.5 In addition to the areas above and the actions, it will also be necessary to consider how best to support the Committee within limited officer resources. This aspect will also be kept under review and any issues brought to the Committee's attention.
5. **Appendix** – Updated Action / Development plan
6. **Background Papers** – papers previously provided for the Workshop on 4th November 2015.

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Date: 14th March 2016

Action / Development Plan

Ref.	Action / Area for Development	Activity	Lead Officer	<u>Implementation Date</u>
a	Complete the Committee effectiveness self-assessment utilising the CIPFA questionnaire and identify any areas for improvement or development.	Each AC member to complete the Committee Self-Assessment. Assessments will be collated with a report presented to a future AC meeting.	ED Legal and Governance	Still awaiting a few returns. Will collate for next meeting.
b	Complete the individual skills and experience self-assessment utilising the CIPFA guidance and identify any personal training and development requirements.	Each AC member to complete the individual skills and experience self-assessment. Assessments will be collated with a report presented to a future AC meeting.	ED Legal and Governance	Still awaiting a few returns. Will collate for next meeting.
c	Consider options for changes to the terms of reference of the Committee.	In the light of the CIPGA guidance provided to AC members, consider where the ToR require changing.	ED Legal and Governance	
d	Improve the profile and status of the Committee within the Council.	Audit and Governance issues to be included on the quarterly SMT meeting focussing on performance issues Issues arising from future work programmes to be circulated/discussed at BLT	ED Finance, Assets and Information	ongoing
e	Invite the Chief Executive and other SMT members to attend the Committee to reinforce the importance of the Committee.	AC to consider the future work programme and identify with ED Finance appropriate members of SMT to attend and add value.	ED Finance, Assets and Information	ongoing
f	Utilise the strategic risk register and periodically invite 'risk owners' to present details of how they are managing the risks they are responsible for.	AC to select one or two risk in the SRR and for the relevant Risk Owner to attend to report/present how the risk has been identified, assessed, mitigated and the current status of outstanding actions.	ED Finance, Assets and Information	To be scheduled for future meeting following update of SSR
g	Change the focus of Committee activity to ensure assurance is obtained and develop / improve the recommendations to prompt a opinion or judgement on the assurance provided.	For each report author to consider the extent and degree of assurance being provided and ensuring that any recommendations are suitably phrased to prompt the Committee to express an assurance judgement.	ED Legal and Governance / ED Finance, Assets and Information.	ongoing
h	Consider establishing 'champions' within the Committee to match the key themes of the terms of reference, e.g. financial	Identify the key areas within the ToR and allocate an AC member to take a lead on	ED Legal and Governance / ED Finance, Assets	For New Municipal year

Ref.	Action / Area for Development	Activity	Lead Officer	<u>Implementation Date</u>
	management, internal audit, risk management, information governance.	behalf of the Committee. Specific senior lead officers to be identified to act as contacts to facilitate the member role.	and Information.	
i	Obtain more information, training or development in key areas of Council or general local government issues, e.g. Better Care Fund, devolution, other partnership activities.	Utilise the results of the skills and experience self-assessments to identify training and development requirements. Prepare a programme of sessions or identify sources of information to support AC development.	ED Legal and Governance	For New Municipal year
j	Develop opportunities for Committee members to obtain practical experience in the operational areas covering the terms of reference ('walk the floor').	Linked to the 'champion' roles and any changes to the ToR, identify lead senior officers to arrange time for AC members to get practical experience of relevant operational areas.	ED Finance, Assets and Information	For New Municipal year
k	Improve the quality of reports to the Committee to focus on key issues and particularly where issues have slipped such as audit recommendations, incorporating inviting senior managers to the Committee to account for any missed timescales etc.	For each report author to consider the key issues and messages necessary to provide assurance and/or information. AC to invite relevant key officers to explain any slippage in the implementation of recommendation etc.	ED Legal and Governance / ED Finance, Assets and Information.	Ongoing
L	Review the meeting structure to include time and space for in-depth review work and development.	Identify one or two of the scheduled meeting dates and designate them as training and development sessions or as dedicated time to look at an issue or area in more detail.	ED Legal and Governance	For New Municipal year
m	Propose change of name for the Committee to the Governance Assurance Committee.	Formal report required to Council in May 2016.	ED Legal and Governance	May 2016
n.	Consider the officer requirements and resources to support the Audit Committee.	Lead officers to assess the revised support arrangements necessary for the AC.	ED Legal and Governance / ED Finance, Assets and Information.	