



**Governance and Audit
Committee**

Tuesday 21st July 2020

**Subject: Results of Governance & Audit Committee Effectiveness
Survey**

Report by:

Corporate Policy Manager & Deputy Monitoring
Officer

Contact Officer:

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Purpose / Summary:

To present to the Committee the results of the
survey on its effectiveness which Members
completed previously.

RECOMMENDATION(S):

- 1. Committee approves the appointment of a working group to develop an improvement plan to address the identified issues and agrees its terms of reference.**
- 2. Committee will monitor the progress of the improvement plan and seek assurance that measures put in place are proportionate and effective.**

IMPLICATIONS

Legal: None

Financial: FIN/42/21/TJB

None from this report.

Staffing: None

Equality and Diversity including Human Rights: None

Data Protection Implications: None

Climate Related Risks and Opportunities: None

Section 17 Crime and Disorder Considerations: None

Health Implications: None

Title and Location of any Background Papers used in the preparation of this report:

None.

Risk Assessment: None

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1 Introduction

1.1 In March 2020, Members of the Governance & Audit Committee completed a survey to establish the effectiveness of the Committee. This was based on advice offered by the Chartered Institute of Public Finance and Accountancy (CIPFA) (2018) suggesting that it is useful for audit committees to undertake a self-assessment of its effectiveness, the results of which would help audit committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the audit committee should be able to identify evidence of its impact or influence linked to specific improvements.

1.2 The survey contained the following sections:

- Audit Committee purpose and governance
- Functions of the Committee
- Membership and support
- Effectiveness of the Committee
- Evaluation the effectiveness of the Committee

A number of supplementary considerations were posed under each main heading.

1.3 Eight members of the Committee completed the survey; a response rate of 80%.

2. Summary of Survey Results

2.1 Appendix One contains the full results of the survey.

2.2 In general terms, the findings suggest that Members feel that the Committee is operating in an effective manner. An overview of the thoughts of Members, grouped under the headings set out at 1.2 is provided thus:

2.3 Audit Committee Purpose and Governance

A number of statements were considered under this heading. Responses were positive across all of them bar the statement relating to *Is the role and purpose of the audit committee understood and accepted across the authority?* Three respondents felt that it was not.

2.4 Functions of the Committee

Questioning under this section was split across two topics:

Firstly, *do the Committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?* The only aspect within this section that suggests some work is required related to whether the Committee effectively supports the Council's ethical

framework. Two respondents felt that this was partly effective while one felt that this was not at all reflected in the work of the Committee.

The second section under the heading of Functions of the Committee asked *whether a number of core functions were undertaken by the Committee?* Five respondents considered that the Committee had not considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the Committee to undertake them. Four respondents felt that where coverage of core areas has been found to be limited, plans were not in place to address this.

2.5 Membership and Support

Within this section of the survey, the one statement that elicited a negative response related to *whether the membership of the committee has been assessed against the core knowledge and skills framework and found to be satisfactory.* Two Members indicated that it had; five felt it had partly been achieved and the remaining Member believed that it had not.

2.6 Effectiveness of Committee

This aspect of the survey contained the highest level of negative responses. A majority of respondents felt that the Committee only partly or does not at all:

Obtain feedback on its performance from those interacting with the committee or relying on its work.

Conduct effective meetings with a good level of discussion and engagement from all the members.

Evaluate whether and how it is adding value to the organisation.

Has an action plan to improve any areas of weakness.

2.7 Evaluating the Effectiveness of the Committee

The final section of the survey asked a number of questions across nine areas. By undertaking a self-evaluation and providing areas of strength and weakness and then scoring the assessment out of five using the key below, respondents were asked to look at each area where the audit committee can add value by supporting improvement:

Assessment Key:

5 - Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

4 - Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.

3 - The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.

2 - There is some evidence that the committee has supported improvements, but the impact of this support is limited.

1 - No evidence can be found that the audit committee has supported improvements in this area.

2.8 The nine topic areas and the evaluation scores are set out in the table below. From an initial analysis of these results, based on the number of respondents providing a rating of three to the questions posed, focus may be required on the areas highlighted in the table.

Topic Area	Scoring				
	1	2	3	4	5
Promoting the principles of good governance and their application to decision making			1	5	2
Contributing to the development of an effective control environment				3	5
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks				2	6
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively			2	1	5
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence				4	4
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements			2	3	3
Supporting the development of robust arrangements for ensuring value for money			4	3	1
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks				6	2
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability			4	3	1

2.9 Taking account of the overall findings of the survey, the potential areas where room for improvement has been expressed by Members of the Committee are those highlighted in the table above plus the previously mentioned matters related to:

- Is the role and purpose of the audit committee understood and accepted across the authority?
- Does the Committee effectively support the Council's ethical framework?

- Have the wider areas identified in CIPFA's Position Statement been considered and whether it would be appropriate for the committee to undertake them?
- Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?
- Does the Committee obtain feedback on its performance from those interacting with the committee or relying on its work?
- Does the Committee conduct effective meetings with a good level of discussion and engagement from all the members?
- Does the Committee evaluate whether and how it is adding value to the organisation?
- Has an action plan been developed by the Committee to improve any areas of weakness?

3. Next Steps

- 3.1 To make progress against the issues raised, it is proposed that the Committee forms a working group of at least three members to further review the findings and devise an improvement plan which the Committee will oversee.
- 3.2 A draft terms of reference of the group is attached as Appendix Two.
- 3.3 The Governance & Audit Committee is already committed to the inclusion of its improvement plan among the issues detailed within the Annual Governance Statement Action Plan for 2019/20. Progress will be tracked and reported.