

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 5 DECEMBER 2018

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| Title of report | CIPFA'S PRACTICAL GUIDE FOR LOCAL AUTHORITIES AND POLICE (2018 EDITION) - SELF-ASSESSMENT OUTCOME REPORT |
| Contacts | Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk |
| Purpose of report | To update the Committee on the work to review the effectiveness of the Audit and Governance Committee. To ensure that the Committee are confident and equipped to provide challenge and assurance to the Council and to identify training needs for members in fulfilling their roles. |
| Council priorities | |
| Implications: | |
| Financial/Staff | Any training can be delivered within existing budgets. |
| Link to relevant CAT | None. |
| Risk Management | None. |
| Equalities Impact Screening | Not applicable. |
| Human Rights | Not applicable. |
| Transformational Government | Not applicable. |
| Consultees | Audit and Governance Committee three member working group, Head of Finance / S151 Officer, Corporate Leadership Team. |
| Background papers | Report to Audit and Governance Committee - 25.07.18 |
| Recommendations | THAT THE COMMITTEE: 1. NOTE THE WORK OF THE WORKING GROUP. 2. AGREE THE ACTION PLAN (APPENDIX B). |

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| | <p>3. RECOMMEND THE REVISED TERMS OF REFERENCE FOR THE AUDIT AND GOVERNANCE COMMITTEE TO COUNCIL FOR ADOPTION AT ITS MEETING ON 26 FEBRUARY 2019.</p> |
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1. INTRODUCTION

- 1.1 At its meeting on 25 July 2018, the Audit and Governance Committee considered the Chartered Institute of Public Finance & Accountancy (CIPFA) revised and updated edition of the document *Audit Committees: Practical Guidance for Local Authorities and Police*.
- 1.2 The revised version included updates to the core functions of the Committee and pulled together, in one document, all relevant changes in legislation and governance frameworks introduced since 2013. Any changes which have impacted the work of the Audit and Governance Committee or required changes to the way that information is presented have already been addressed by the Council in respect of the:
 - Annual Governance Statement.
 - Public Sector Internal Audit Standards.
 - Recommendations made following an internal audit of the Council's arrangements for countering fraud and corruption.
 - Adoption of the Public Sector Audit Arrangements framework for appointing external auditors.
 - Adoption of the Local Code of Corporate Governance consistent with the CIPFA/Solace framework "Delivering Good Governance in Local Government".
- 1.3 The Committee were advised that the Guidance continued to include a strong focus on the factors that supported improvement in the working of audit committees. This included the knowledge and skills that Audit Committee members require and an emphasis on where the Audit Committee can add value. It also provided practical support in evaluating the existing Committee and planning any improvements identified.

2. SELF-ASSESSMENT PROCESS

- 2.1 Appendix C of the Guidance sets out a knowledge and skills framework for Audit Committee members and the Committee Chair. A distinction is made between core areas of knowledge that all Audit Committee members should seek to acquire and a range of specialisms that can add value to the Committee.
- 2.2 At the meeting of the Audit and Governance Committee in July 2018 it was agreed that a small working group comprising of three members, working with the Audit Manager, the Head of Legal and Commercial Services and Head of Finance would lead this work. This would involve conducting both an assessment of the Committee's effectiveness, using the assessment tools within the CIPFA Guidance and a training needs analysis which was to be distributed to all members for completion.
- 2.3 The 3 members of the working group were Councillors Sheahan, Hoult and Harrison. The working group met in September and October 2018 to review the outcomes of the completed

knowledge and skills questionnaires and to undertake a self-assessment of the Committee's effectiveness.

3. KEY FINDINGS AND OUTCOMES

- 3.1 Prior to the first meeting of the working group the knowledge and skills questionnaire was completed by four members of the Audit and Governance Committee and further responses were considered from the working group at the September meeting. The level of responses received is considered representative of the views of the Committee as a whole.
- 3.2 A summary of responses received and the areas for improvement identified are attached at Appendix A.
- 3.3 The main areas identified for which training is required as part of the member induction process and on an ongoing basis are:
 - Organisational Knowledge
 - Audit Committee Role and Functions
 - Governance
 - Internal Audit Protocol
 - Financial Management and Accounting
 - External Audit
 - Risk Management
 - Counter Fraud
 - Treasury Management
- 3.4 Following the self-assessment of the effectiveness of the Audit and Governance Committee a number of areas for improvement were identified. Actions have been built in to the summary action plan below and detailed findings are included at Appendix B.
- 3.5 Following review and approval at both CLT and the Audit and Governance Committee, the action plan will be finalised and training requirements identified will feed into the member induction programme following the election in 2019 with additional training taking place throughout the year.
- 3.6 As part of the self-assessment exercise the Terms of Reference for the Audit and Governance Committee have been reviewed and updated. They will require approval by Council in February 2019 and subsequent incorporation to the Constitution. The draft Terms of Reference are attached at Appendix C for consideration.
- 3.7 In addition it is proposed that the Audit and Governance Committee produce an Annual Report to reflect on the work undertaken by the Committee during the year. The Head of Legal and Commercial Services has, for a number of years, produced an annual report on members' conduct which summarises the work of the Committee in connection with the Standards regime. This report is traditionally presented by the Chair of the Committee at Council.
- 3.8 It is proposed that the next annual report for 2018/19 will incorporate the work of the Committee in respect of its audit and standards functions. It will be a joint report of the Head

of Finance and Head of Legal and Commercial Services and will continue to be presented by the Chair of the Committee to full Council. This recognises the broad remit of the Committee and the important role that the Committee plays in good governance and the assurance process of the Council. Officers will seek to tie in the timing of the report with the production of other significant corporate documents such as the end of year report and Council Delivery Plan and work to align the reporting timetable.