



Audit and Standards Advisory Committee

7th February 2023

Report from the Corporate Director Finance and Resources

Evaluating the Effectiveness of the Audit and Standards Advisory Committee

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	Two Appendix 1: Interactive Self Assessment of Good Practice Appendix 2: Improvement Tool
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Darren Armstrong Head of Audit and Investigations Darren.Armstrong@Brent.gov.uk 020 8937 1751

1. Purpose of Report

- 1.1 This report sets out the suggested approach and timescales for the Audit and Standards Advisory Committee undertaking a self-assessment to review and measures its effectiveness.

2. Recommendations

- 2.1 The Committee is asked to agree the suggested approach and timescales for undertaking a self-assessment, as set out within section 5 of this report.

3. Background

- 3.1 CIPFA published new guidance for Audit Committees in the Autumn 2022, which replaced the previous guidance dated 2018. The guidance comprises of five main documents:

- Position Statement;
- The Audit Committee Member in a Local Authority;

- Guiding the Audit Committee;
- Self-assessment of good practice; and
- A guide for Evaluating the Effectiveness of the Audit Committee

3.2 The position statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements that will enable organisations to meet their statutory responsibilities for governance and internal control, financial management and reporting, and internal audit.

3.3 To this end, the position statement recommends that the Committee should:

- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public; and
- evaluate its impact and identify areas for improvement.

4. Evaluating the Effectiveness of the Committee

4.1 CIPFA's guidance suggests that an audit committee's effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on the Council's business. It further adds that a good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements for delivering effectiveness.

4.2 The guidance recommends that when evaluating the effectiveness of the Committee, the following should be considered:

- An assessment of whether the committee is operating in accordance with the practices recommended in this guidance and complies with legislation (where appropriate);
- How the committee has fulfilled its terms of reference, including the core functions of the committee;
- The operation of the committee, including the support and training provided and how members have developed their knowledge and experience;
- The committee's effectiveness in terms of impact on the quality of governance, risk management and internal control, together with satisfactory audit arrangements; and
- Feedback from those interacting with the committee.

4.3 CIPFA provides two documents to assist audit committees in evaluating their effectiveness:

- An interactive self-assessment – which provides a high-level review that incorporates the key principles set out within the CIPFA Position Statement. **See Appendix 1**; and

- An improvement tool, which is to be used for discussion and evaluation of the strengths of the Committee and identifying areas for improvement.
See Appendix 2.

5. Suggested Approach and Next Steps

- 5.1 CIPFA's Position Statement recommends that a regular self-assessment should be used to support the planning of the audit committee work programme and training plans. Alternatively, an independent review can be undertaken.
- 5.2 CIPFA recommends that the results of the assessment should be included within the Committee's annual report.
- 5.3 In order to fulfil the requirements of the CIPFA Position Statement, it is recommended that all Members of the Committee complete both appendices 1 and 2 independently and return these to officers for collating. A report summarising outcomes will then be brought back to the Committee for consideration; and to agree appropriate actions to address any key themes or matters arising.
- 5.4 The suggested next steps and timescales are summarised in the table below:

Next steps	Timescales
1. Officers circulate the self-assessments to all Members of the Committee for completion.	By 10 th February 2023
2. Members to return completed self-assessments to officers.	By 24 th February 2023
3. Initial outcomes of the self-assessment to be reported to the Committee. The Committee to agree actions to address any matters arising.	At the meeting of the Audit and Standards Advisory Committee on 21 st March 2023
4. Final results of the assessment and agreed actions to be included within the Committee's annual report.	At the meeting of the Audit and Standards Advisory Committee in June 2023 (date tbc)

6. Financial Implications

- 6.1 There are no specific financial implications arising from this report.

7. Legal Implications

- 7.1 The Accounts and Audit Regulations 2015 set out the Council's responsibility for ensuring that it has a sound system of internal control and that it keeps the effectiveness of this system under review. The proposed self-assessment by

the committee will help ensure the effectiveness of the committee and its members as part of the council's system of internal control.

8. Equality Implications

8.1 None

9. Any Other Implications (HR, Property, Environmental Sustainability - where necessary)

9.1 None

10. Proposed Consultation with Ward Members and Stakeholders

10.1 None

Report sign off:

Minesh Patel

Corporate Director Finance and Resources