



## Audit and Standards Advisory Committee

21 March 2023

### Report from the Corporate Director Finance and Resources

## Evaluating the Effectiveness of the Audit and Standards Advisory Committee

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Two <ul style="list-style-type: none"><li>• Appendix A – Summary of Self Assessment Scores</li><li>• Appendix B – Audit and Standards Advisory Committee Improvement Action Plan</li></ul>
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <b>(Name, Title, Contact Details)</b>	Darren Armstrong, Head of Audit and Investigations <a href="mailto:Darren.Armstrong@Brent.gov.uk">Darren.Armstrong@Brent.gov.uk</a> 020 8937 1751

### 1. Purpose of Report

- 1.1 This report summarises the outcomes of a recent self-assessment exercise undertaken by members of the Audit and Standards Advisory Committee.

### 2. Recommendations

- 2.1 The Committee is asked to note the outcomes of the self-assessment and to agree suggested actions, seen at Appendix B, to address the areas for improvement that have been identified.

### 3. Background

- 3.1 CIPFA published new guidance for Audit Committees in the Autumn 2022. The guidance comprises of five main documents, including a position statement; a self-assessment of good practice; and a guide for evaluating the effectiveness of the audit committee.

- 3.2 The guidance recommends that Audit Committees 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.
- 3.3 To this end, the self-assessment of good practice and the guide for evaluating the effectiveness of the Audit Committee documents are designed to assist audit committees in evaluating their effectiveness.
- 3.4 A report was presented to the Committee on 7<sup>th</sup> February 2023, which recommended that in order to fulfil the requirements of the position statement, all members of the Committee should undertake a self-assessment by completing and returning both documents.

#### **4. Summary outcomes of the self-assessment**

- 4.1 In total seven members completed and returned the self-assessment of good practice questionnaire. One member also completed and returned the guide for evaluating the effectiveness of the Audit Committee document.
- 4.2 The self-assessment questionnaire asked Members to consider the Committee's effectiveness across 40 separate questions (including sub-questions) covering a number of areas. The questionnaire used the following scoring criteria:
- 0- Major Improvement
  - 1- Significant Improvement
  - 2- Moderate Improvement
  - 3- Minor Improvement
  - 5- No further improvement
- 4.3 Each survey is therefore scored out of a maximum score of 200. Of the seven surveys returned, **the average score was 154 out of 200 (77%)**. A summary of the seven completed surveys is as follows:

	<b>Total Score (out of 200)</b>	<b>%</b>
Member 1	<b>188</b>	<b>94%</b>
Member 2	<b>162</b>	<b>81%</b>
Member 3	<b>188</b>	<b>94%</b>
Member 4 <i>(did not provide a response for Q22)</i>	<b>147</b>	<b>74%</b>
Member 5 <i>(did not provide a response for Q8 – 4 responses expected)</i>	<b>163</b>	<b>82%</b>
Member 6 <i>(did not provide a response for Q21)</i>	<b>125</b>	<b>63%</b>
Member 7	<b>106</b>	<b>53%</b>

### Highest scoring questions

- 4.4 The highest scoring questions (questions with an average score of 4.5 or greater) are summarised in the table below:

		Average Score (out of 5)
<b>Functions of the Committee</b>		
9.	Does the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?	
	- Annual Governance Statement	<b>4.7</b>
	- Internal Audit	<b>4.7</b>
<b>Membership and support</b>		
13.	Has the committee been established in accordance with the 2022 guidance as follows?	
	- Separation from the Executive	<b>5</b>
	- Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation	<b>5</b>
	- A size that is not unwieldy and avoids use of substitutes	<b>4.6</b>
19.	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	<b>4.7</b>
<b>Effectiveness of the Committee</b>		
21.	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	<b>4.5</b>

### Lowest scoring questions

- 4.4 The lowest scoring questions (those with an average score of 3 or less) are summarised in the table below:

		Average Score (out of 5)
<b>Audit Committee Purpose and Governance</b>		
1.	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	<b>3</b>
7.	Does the governing body hold the audit committee to account for its performance at least annually?	<b>2.4</b>
<b>Membership and support</b>		
15.	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	<b>2.7</b>

16.	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	<b>2.9</b>
17.	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	<b>2.7</b>
<b>Effectiveness of the Committee</b>		
27.	Has the committee evaluated whether and how it is adding value to the organisation?	<b>2.9</b>
28.	Does the committee have an action plan to improve any areas of weakness?	<b>2.9</b>

- 4.5 A summary of average scores across all questions can be seen at **Appendix 1**.
- 4.6 Overall, the survey results have indicated that the Committee is adequately fulfilling its duties across all areas set out and prescribed within the CIPFA guidance. However, a number of areas have been identified where minor improvements are required to further enhance the effectiveness of the Committee.
- 4.7 To this end, an action plan has been prepared at **Appendix B** which contains suggested actions to address the lowest scoring areas arising from the self-assessment (as shown in the table above). It is proposed that the Chair and Vice-Chair of the Committee, in conjunction with officers, will take responsibility for the implementation of the action plan. Progress updates will be reported to the Committee as appropriate. It is also suggested that the action plan is appended to the Committee's Forward Plan/Training Plan, to ensure regular oversight.
- 4.8 In addition to the actions raised at Appendix B, officers are in the process of reviewing the Committee's terms of reference to make explicit some responsibilities of the committee that are currently implicit, to better reflect the CIPFA 2022 Position Statement.

## **5. Financial Implications**

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

## **6. Legal Implications**

- 6.1 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 self-assessment by the committee and the proposed action plan will help ensure the effectiveness of the committee and its members as part of the council's system of internal control.

## **7. Equality Implications**

- 7.1 None

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

8.1 None

**9. Proposed Consultation with Ward Members and Stakeholders**

9.1 None

**Report sign off:**

***Minesh Patel***

Corporate Director Finance and Resources