

SUBJECT:	REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	AMANDA STANISLAWSKI, AUDIT MANAGER JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

- 1.1 To review the effectiveness of the Audit Committee against the CIPFA guidance on Audit Committees 2022.

2. Background

- 2.1 The report provides an assessment of the effectiveness of the Audit Committee against the recent guidance issued by CIPFA in October 2022.
- 2.2 A review of the effectiveness of the Audit Committee has been carried out in accordance with the Audit Committee Terms of Reference and good practice as recommended by CIPFA. The previous review was carried out in June 2021. This assessment focussed on reviewing Good Practice and the Impact and Effectiveness elements. The Knowledge and Skills element will be completed by June 2024.
- 2.3 As part of their guidance on good practice for Audit Committees, CIPFA produced a set of evaluation tools for use in assessing the effectiveness of the Audit Committee. We have used these when making our assessment.
- 2.4 The assessment was completed by the Chief Finance Officer and the Audit Manager initially and then a round table discussion took place, as agreed at Audit Committee in December, prior to being presented to the full Audit Committee.
- 2.5 A score of 165/200 was achieved for the Self Assessment of Good Practice and, whilst not scored, a good level of compliance was achieved against the evaluation of the impact and effectiveness of the Audit Committee. The assessment is summarised within the following report and appendices and an Action Plan is also attached covering the areas to be addressed.
- 2.6 A key area within the Action Plan is ensuring that members of the Committee have the necessary skills and training. A number of actions have been made to address the issues identified including providing the Group Leaders with more information on the skills required for Members of the Committee and the completion of an individual skills and knowledge assessment to inform a new Committee training plan. Transparency of attendance and inclusion of substitutes on the training will also be improved to ensure that all Members of the Audit Committee are fully trained.

- 2.7 The results of the review and progress on the actions is fed into the Annual Report and the Annual Governance Statement.

3. Audit Committee Effectiveness Review

3.1 Terms of reference review (TOR)

The TOR were last reviewed against the CIPFA guidance in February 2021 and reported to this Committee. A report was presented to Committee in December setting out the revised TOR which will now be presented to Full Council for approval. The assessment considers the TOR as it currently stands and the changes which have been suggested.

3.2 CIPFA Self Assessment

An assessment against the CIPFA Audit Committee self-assessment is attached at Appendix A. A score of 165/200 has been achieved with some improvements linked to the assessment being included within an Action Plan, attached as Appendix C. These improvements include:-

- Review and approval of the Audit Committee TOR.
- Providing the Group Leaders with more information to inform the selection of Members appointed to the Audit Committee.
- Completing a Member Skills and Knowledge framework assessment.
- Improvements to training including maintaining a separate register and inviting Committee substitutes to all training events.
- Improved contact with External Audit, Internal Audit and Managers in respect of private meetings and attendance at Committee meetings.

3.3 CIPFA Evaluation of the impact and effectiveness of the Audit Committee

An assessment against the CIPFA Evaluation is attached as Appendix B. This was not scored but overall there was a good level of compliance. Some improvements have been identified and have been included in the Action Plan, attached as Appendix C. These improvements include:-

- Audit Plan coverage for 2024/25.
- Providing additional training sessions where Members are unable to attend the original date.
- Making the quality report from the Financial Reporting Council available.

4. Summary and Conclusions

The assessment has resulted in an overall good level of compliance with CIPFA good practice. The Chair and Vice Chair have only been in place since June 2023, ensuring that they have the necessary processes in place, support, skills and knowledge is key to maintaining the effectiveness of the Audit Committee. The completion of the Action Plan, attached as Appendix C, will ensure that this is achieved and enable a revised training plan to be compiled to address any 'gaps' in knowledge and skills identified for the Audit Committee as a whole.

5. Strategic Priorities

Ensuring that the Council has effective arrangements in place for its Internal Audit Services and Audit Committee is a key part of the Council's overall governance framework.

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

There are no direct financial implications arising as a result of this report.

6.2 Legal Implications including Procurement Rules

The review of effectiveness ensures best practice is met and compliance with the Accounts and Audit regulations.

6.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

Due to the nature of this report there are no direct equality, diversity or human rights implications.

7. Recommendations

7.1 Members consider and comment on the points raised from the review of effectiveness of the Audit Committee.

7.2 Note and comment on actions for the Audit Committee included within the Action Plan (Appendix C).

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? 3

List of Background Papers: None

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