

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

19 NOVEMBER 2019

6

Report Title	REVIEW OF THE EFFECTIVENESS OF THE AUDIT AND STANDARDS COMMITTEE - OUTCOMES AND ACTION PLAN
Purpose of Report	To ascertain the Committee's views on the outcomes and associated action plan in respect of reviewing their effectiveness.
Decision(s)	The Audit and Standards Committee RESOLVES to approve the action plan emanating from the effectiveness review and consider any further actions / training / developmental requirements to support them in their role.
Consultation and Feedback	Monitoring Officer, Chief Financial Officer (S151) Head of Audit Risk Assurance (ARA).
Financial Implications and Risk Assessment	<p>Actions 1 and 5 may generate small additional costs through allowances payable and training fees respectively. These can be contained within existing budgets.</p> <p>Andrew Cummings, Strategic Director of Resources Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk</p> <p>Risk Assessment: Failure to deliver an effective Audit and Standards Committee will prevent the non-executive, advisory function support those charged with Governance.</p>
Legal Implications	<p>There are no legal implications arising from this report.</p> <p>Patrick Arran Interim Head of Legal Services & Monitoring Officer Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk</p>
Report Author	<p>Theresa Mortimer, Head of Audit Risk Assurance (Chief Internal Auditor) Tel: 01453 754111 Email: theresa.mortimer@stroud.gov.uk</p>
Options	The Committee could decide not to approve the action plan but this is not recommended.
Performance Management Follow Up	<p>The outcomes of this and future self assessments will be included in the Audit and Standards Committee's annual reports to Council and the Council's Annual Governance Statements.</p> <p>In addition, an update report on actions completed will be presented to a future committee.</p>
Background Papers/ Appendices	<p>Appendix A –The Review of the Effectiveness of the Audit and Standards Committee – Action Plan.</p> <p>Background papers:</p> <ul style="list-style-type: none"> ➤ CIPFA – Audit Committees – Practical Guidance for Local Authorities and Police 2018. ➤ CIPFA's Position Statement – Audit Committees in Local Authorities and Police 2018.

1.0 Background

- 1.1 The Chartered Institute of Public Finance and Accountancy, CIPFA, have recently produced revised guidance on the function and operation of audit committees; “Audit Committees in Local Authorities and Police, 2018 edition”. The guidance represents CIPFA’s view of best practice for Audit Committees in local authorities throughout the UK and replaces the Position Statement of Audit Committees in Local Government issued in 2013.
- 1.2 Audit committees are a key component of an authority’s governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- 1.3 Good audit committees are characterised by:
- A membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.
 - The political balance of a formal committee of a council will reflect the political balance of the council however, it is important to achieve the right mix of apolitical expertise.
 - A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives.
 - A strong independently minded chair – displaying a depth of knowledge, skills and interest.
- 1.4 There are many personal qualities needed to be an effective chair, but key to these are:
- Promoting apolitical open discussion.
 - Managing meetings to cover all business and encouraging a open approach from all participants.
 - An interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime.
 - Unbiased attitudes – treating auditors, the executive and management fairly.
 - The ability to challenge the executive and senior managers when required.
- 1.5 In the guidance, CIPFA provide a suggested self-assessment against recommended practice. By reviewing the Committee’s effectiveness against a good practice self-assessment on an annual basis, the Committee can demonstrate a high degree of performance and evidence that the Committee is soundly based with a knowledgeable membership that is not impaired in any way. Completion of the self-assessment can also be used to support the planning of the Committee’s work programme and training plans and inform the Committee’s annual report to Council.
- 1.6 The role of the Audit and Standards Committee within the council’s Constitution is to gain and provide assurance that the council’s governance arrangements are operating effectively in line with good practice guidance. A workshop was held on 27th June 2019 to undertake a self assessment against the new CIPFA guidance with the outcomes of this self assessment presented via an action plan proposing the next steps to further enhance the Committee’s effectiveness.