

TITLE	Audit Committee Effectiveness Self-Assessment
FOR CONSIDERATION BY	Audit Committee on 7 February 2024
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

This report provides assurance that the Council's Audit Committee has considered its arrangements and effectiveness, and that an improvement plan is in place to further enhance the value that the Committee adds to the Council's overall governance arrangements.

RECOMMENDATION

That the Audit Committee: -

- 1) Reviews and agrees its annual assessment of the Committee's effectiveness at Appendix A based on the October 2022 CIPFA guidance on local authority audit committees;
- 2) Reviews and agrees the associated action plan

SUMMARY OF REPORT

The effectiveness of the Audit Committee has been reviewed in line with the Chartered Institute of Public Finance (CIPFA) self-assessment of good practice. The overall effectiveness was found to be satisfactory with a few areas of improvement which require consideration.

The overall score has increased from 162/200 to 179/200. Since the previous review in February 2023 the main changes have been the update to the Committee's terms of reference in line with the CIPFA best practice and the appointment of a second independent member to the Committee.

The two main improvement points for the Committee to consider are to ensure that the Committee's annual report to Council explicitly refers to this self-assessment and action plan and to proactively see feedback from stakeholders on the Committee's performance. In addition, there are six minor areas for improvement identified. These are detailed in the action plan element of this report.

Background

Recommended practice is for audit committees to review and assess themselves annually, or to seek an external review. The results of the assessment should be available in the annual report to full Council from the committee. Last year, the Committee undertook its first self-assessment against the CIPFA Position Statement on Audit Committees in Local Authorities. This was reported to the February 2023 Audit Committee.

Analysis of Issues

This year's assessment has seen an overall improvement from a score 162/200 to 179/200. The most significant areas of improvement have been the update of the Committees Terms of Reference to bring it in line with CIPFA best practice and the appointment of the second independent member of the Committee. The Committee has also strengthened its annual report to Council in May 2023 and met privately with External and Internal Audit. The Committee has undertaken a knowledge and skills assessment that shows that collectively the Committee possess the knowledge and skills identified by CIPFA. As part of the Internal Audit External Quality Assessment the Committee has received assurance that the Council is operating in accordance with the CIPFA Statement on the Role of the Head of Internal Audit. The Committee has strengthened its oversight of Fraud and Corruption and will consider an assurance map at its February meeting.

This year's assessment has identified two moderate areas for improvement: referencing this self-assessment and action plan in its annual report and to obtain feedback from stakeholders on the Committees performance. In addition, there are six minor areas for improvement covered by five actions.

Action Plan

The ref in the table below relates to the number of the good practice question in Appendix E. The first two actions are moderate improvements the remaining actions are minor improvements.

Ref	Action	Owner	Date
8	Audit Committee Annual Report to Council report on compliance with the 2022 CIPFA Position Statement and results of this evaluation and development work undertaken and planned improvements	Chair	March 24
20	Audit Committee to obtain feedback from stakeholders on the Committees performance.	Chair	May 24
10	Authors of Audit Committee reports to ensure that there is an explicit link within the report to the Committees terms of reference	Clerk	Feb 25
14	Political Leaders to be provided with the knowledge and skills required of Committee members prior to nominating members.	AD Governance	May 24
16	Following nomination of new Committee members in May 2024 undertake a knowledge and skills survey to identify any learning and training needs	Governance and Risk Manager	June 24

25 & 27	Audit Committee Annual Report to Council to fully capture the value that the Committee adds to the Council including recommendations to improve governance, risk and internal control.	Chair	March 24
29	Individual Audit Committee Members to participate in the self-assessment process.	Governance and Risk Manager	Feb 25

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
An effective Audit Committee is central to the effective governance and assurance framework over the Council's risks and controls to delivering the Council's vision and objectives. In a challenging economic environment good governance is particularly important to reassure stakeholders that the Council is well run and delivery value for money.

Public Sector Equality Duty
The Council has not identified any equality duty impacts from the work of the Committee.

Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i>
The Audit Committee has sought assurances on the Council's management of the Climate Change risk and ensuring that the level of risk is understood by Council.

Reasons for considering the report in Part 2
Not applicable.

List of Background Papers
CIPFA Position Statement on Audit Committees in Local Authorities

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