

Audit Committee Effectiveness – progress report on implementation of Action Plan.

No.	Observation	Proposed action	Council response	Implementation details
1.	<p>The Committee has access to other Council forums, but the self assessment and our observations indicated inconsistent awareness of:</p> <ul style="list-style-type: none"> • reporting lines between, and the respective terms of reference and responsibilities of, the Audit Committee and Resources and Governance Overview and Scrutiny Committee • the primary source of information and guidance on roles and responsibilities of the Audit Committee <p>Members may receive inconsistent guidance and briefings on their role and remit.</p>	<p>The initial point of contact for role, remit and responsibility queries should be formalised and communicated to members.</p>	<p>Members to be advised that the initial point of contact for all queries regarding their role and remit is the Committee Secretary (Roger Fielding). Given that a number of other officers have key roles in serving the requirements of the Audit Committee a group will also be formalised to ensure that these requirements are being met and to support the Committee Secretary in the effective servicing of the Committee's requirements. The other officers will comprise the following:</p> <p>Assistant Chief Executive (Performance)</p> <p>Head of Financial Management</p> <p>Interim Head of Internal Audit</p> <p>Risk Manager</p>	<p>30 October 2008</p> <p>Liaison at officer level evidenced in the various reports submitted to this meeting</p>

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2.	<p>Feedback indicates that whilst some members have a good awareness of their role and remit, others explain their role in operational rather than strategic and oversight terms.</p> <p>We have observed occasions when members have raised questions of a detailed operational nature, which should not be the focus of the Audit Committee.</p>	<p>Officer briefings and induction training should be provided to clarify member roles, including the differing roles of Audit and Scrutiny Committees.</p>	<p>A briefing on roles and responsibilities will be integrated into the workplan for the Committee. This will include clarification as to the different roles of the Council's Audit and Scrutiny Committees.</p>	<p>Target date: 31 December 2008</p> <p>Training and skills development Plan reported to Audit Committee on 4 December 2008.</p>
3.	<p>Discussions indicate that member awareness and understanding of their role could be improved. This is consistent with our observations of the Committee over the last year.</p> <p>Feedback indicates that members are not yet satisfied that:</p> <ul style="list-style-type: none"> • the Council allows them to focus on key and emerging risk issues • its work plan is appropriately aligned to emerging issues • they have sufficient and timely access to all appropriate information and reports. <p>Members identified that a schedule of work, clearly identifying assurances the Audit</p>	<p>The Committee Clerk and Head of Internal Audit should work with the Chair to revise the work plan to align the assurance the Audit Committee is required to give, with the inputs it will receive during the year.</p> <p>This revised work plan should be used to confirm the completeness and timetable for receipt of inputs to ensure the Committee is able to discharge its responsibilities efficiently.</p>	<p>Whilst there is a formal process for the identification of matters to be presented to the Audit Committee this will be formalised through the production of an annual workplan / schedule of business concerning financial, risk management, audit, governance and other issues as appropriate. This workplan will also be used to inform a training needs assessment for Members.</p>	<p>Target Date: 31 December 2008</p> <p>Annual Work Plan reported to Audit Committee on 4 December</p>

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	<p>Committee is required to give, and the assurances it requires, would be helpful and give comfort that they are receiving timely and sufficient information to enable them to discharge their role effectively.</p>			
	<p>Feedback indicates that:</p> <ul style="list-style-type: none"> • induction and ongoing training is not yet considered effective • there could be more robust arrangements to determine the required skills and competencies for the Committee to be most effective, and to measure the current skill set against this • not all members consider other members to be sufficiently robust in their understanding of risk and financial management or fully aware of their roles and responsibilities • not all members have received training or fully understand the wider risk management oversight role of the Audit Committee in respect of risk management • the Committee does not review its own 	<p>Officers should work with the Chair of the Audit Committee to agree an appropriate induction programme for new members of the Committee (see recommendation 2 above).</p> <p>An annual self-assessment should be carried out, including identification of further briefings and/or training to support members in the most effective discharge of their role.</p>	<p>Whilst we note that the timetable for annual appointments to the Audit Committee means it can be difficult to schedule briefings / training in advance of the first formal meeting in June. The workplan agreed in 3 above will include time for a briefing / induction session, an annual self assessment by Members (including an assessment of skills and experience) and a subsequent development plan for each Member where appropriate. Development issues will be considered in the broader context of the Council's Member development programme.</p>	<p>Target: 31 December 2008</p> <p>Appointments made by the City Council on 3 December and effective from 31 December 2008. Reported to Audit Committee on 4 December</p>

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	<p>performance periodically, or take time outside of meetings to come together to resolve issues that may improve its effectiveness.</p>			
5.	<p>Feedback and further discussion during the workshop identified a need for a range of training for members to facilitate the discharge of their role, for example:</p> <ul style="list-style-type: none"> • financial statements briefing • operational services briefing • risk management briefing. <p>The attached slides at Appendix 2 identify other areas where members may benefit from additional guidance.</p>	<p>The revised work plan should be used to timetable appropriate and relevant Committee briefings that would help members discharge their responsibilities effectively.</p>	<p>As above</p> <p>This report provides a useful starting point for the identification of training needs to be considered for individual Members of the Committee as part of the process set out in 4 above.</p>	<p>Part of Training and skills development plan reported to this meeting.</p>
6.	<p>Members of the Committee are also members of other major committees of the Council. CIPFA good practice guidance states that Audit Committee members should not be members of other key Council Committees, since this may impact their independence and objectivity. It may be</p>	<p>To improve the independence and effectiveness of the Audit Committee, the Council should:</p> <ul style="list-style-type: none"> • decide whether to appoint the two independent members to the Audit 	<p>The CIPFA good practice raises appropriate concerns that Members of the Executive should not serve on the Audit Committee. Audit Committee Members are not part of the Executive and we consider this does help ensure</p>	<p>31 December 2008 for the self assessment.</p> <p>No members of the Executive serve on the</p>

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	<p>useful to note that in other areas of the public sector the trend is away from good practice into formal requirement in this area.</p> <p>We recognise the challenges that local authorities face in implementing this good practice and recognise that the Council regards shared membership with the Resources and Governance Overview and Scrutiny Committee as a benefit.</p> <p>Although the Audit Committee membership allows for two independent members, and members agree this provision useful, no independent members have been appointed.</p> <p>Our observations and self-assessment feedback indicated that not all members are free from political bias during meetings with examples of dwelling on the past rather than future, and not discussing items within the context of the control of risk and assurance. The workshop explored the difficulties in avoiding party political 'point scoring' during meetings, and identified a number of options for dealing with it.</p>	<p>Committee</p> <ul style="list-style-type: none"> ensure that training, workshops and briefings are provided and meetings are managed in a way that supports and encourages members to be independent, objective and non party political in their role as Audit Committee members. <p>Following implementation of these actions, the Council should periodically assess the effectiveness of the Audit Committee and confirm that shared membership with the Resources and Governance Overview and Scrutiny Committee remains the preferred model.</p>	<p>independence and objectivity. There is a balance to be struck between an effective, experienced and informed Committee and the need to retain this objectivity. Whilst we consider that the current arrangements are appropriate at this time, the Committee membership will be considered formally as part of the annual self assessment.</p> <p>We recognise the potential benefits of independent members on the Audit Committee and will consider the skills and competencies that may be required as part of the self assessment set out in 4 above with a view to identifying and appointing appropriate, independent Members.</p> <p>The effective use of training, workshops and briefings will be integrated into the annual work plan.</p>	<p>Audit Committee. Member other than those serving on the Resources and Governance Overview and Scrutiny Committee now appointed to serve on the Committee</p>

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7.	<p>Members raised issues with the length of some meetings and expressed a preference for more control over the timing of agenda items.</p> <p>From feedback and the workshop it is clear that members would like clearer, shorter and more proactive reporting, that highlights the actions they are being required to approve or take.</p> <p>This is consistent with our observations around the length of some agendas and meetings.</p> <p>We recognise that additional meetings in early June and October, and the suggestion of member briefings and training outside of the Audit Committee, should help with this.</p>	<p>Clearer briefings on the role of the Committee in advance of taking key items should be made, either through briefing sessions or via a cover sheet for each Audit Committee paper detailing:</p> <ul style="list-style-type: none"> • purpose of the paper • the assurance that it informs • key matters of emphasis that the Committee may wish to consider <p>the action required by the Committee.</p>	<p>The annual workplan will be used to schedule the order of business throughout the year and will provide advance notice to Members of reports they will receive, what reports relates to and how they contribute to the overall assurance and governance framework within the Council.</p> <p>Individual reports will be reviewed by all authors on an ongoing basis to ensure that key issues and actions required are clearly emphasised.</p>	<p>Target: 31 December 2008</p> <p>Workplan and Training and Skills Development reports submitted to this meeting make provision for briefings as part of ordinary meetings</p>
8.	<p>Members do not yet consider that Internal Audit is providing a full and effective contribution and assurance to the Committee.</p> <p>We reported during the year that Internal Audit did not fully comply with relevant professional standards.</p>	<p>The newly appointed Acting Head of Internal Audit should work closely with Officers and the Chair of the Committee to confirm what action will be taken to ensure the Committees requirements are achieved. We understand this will include:</p>	<p>The Interim Head of Internal Audit has been charged with the development of the service and the delivery of assurance reports in accordance with the approved 2008/09 audit plan.</p> <p>The role of internal audit was discussed with the Chair of the</p>	<p>Target: 31 December 2008.</p> <p>Reported to this meeting as part of the Training and Skills</p>

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		<p>understand this will include:</p> <ul style="list-style-type: none"> • supporting the Committee's understanding of Internal Audit's roles and responsibilities • clear alignment of the Internal Audit plan to the Council's risk profile and assurance required • demonstration of appropriate Internal Audit cover over the full range of Council business • effective and timely reporting. 	<p>Audit Committee in September 2008 and an update briefing for the Audit Committee was presented at its meeting in September 2008. This included the vision for internal audit. An internal audit progress report and assurance update will be presented to the Audit Committee in October 2008 and this will be followed by quarterly updates thereafter. The demonstration of timely reporting, appropriate cover and alignment of the audit plan to the Councils developing risk management process will be an ongoing requirement culminating in the annual internal audit report and 2009/10 audit plan.</p>	<p>Development Plan</p>