

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 25 JANUARY 2021

RESULTS OF THE SURVEY ON THE EFFECTIVENESS OF THE AUDIT COMMITTEE

REPORT OF THE AUDIT & GOVERNANCE LEAD MANAGER

1 PURPOSE

- 1.1 To provide members of the Audit Committee with the results of the survey completed to review the effectiveness of the Audit Committee.

2 RECOMMENDATIONS

- 2.1 That members note the results of the effectiveness survey and agree any action to be taken detailed on **Appendix 2**.

3 SUMMARY

- 3.1 Good governance in local government has supported the introduction of Audit Committees. Surveys on the effectiveness of the activities of the Audit Committee have been undertaken in order to demonstrate good governance, best practice and to inform any training requirements of the committee.
- 3.2 This report sets out the results of the survey for members to review and consider any actions to be taken.

4 PREVIOUS MINUTES

- 4.1 Audit Committee 27th March 2012
Audit Committee 29th January 2013
Audit Committee 26th March 2013
Audit Committee 28th June 2016

5 BACKGROUND

- 5.1 The 2021/22 survey included questions from previous surveys used, surveys used by other local authorities and IIA/CIPFA best practice.
- 5.2 The results have been analysed and are detailed in **Appendix 1**.
- 5.3 Although, overall, the survey results are positive, areas have been identified that may require further development. **Appendix 2** of this report details each of these areas with associated actions to improve the overall effectiveness of the committee.

6 OTHER CONSIDERATIONS

| AREA | COMMENTS |
|---------------------------------|--|
| Equal Opportunities | All reviews should ensure that Equality of Opportunity is adhered to. |
| Environmental Impact | During audit work reported to the Committee any environmental issues identified are reported to the appropriate level of management. |
| Legal Implications | There is no legal requirement for a survey to review the effectiveness of the Audit Committee. However, the results of the survey will assist in improving the performance of the Committee and accordingly contributes to the annual “review of the effectiveness of the system of internal control” as required by the Accounts and Audit Regulations 2015 (Regulation 6). Consequently this helps to ensure that the Council has can “undertake an effective internal audit” function (Regulation 5). RP 21.12.21 |
| Links with Corporate Priorities | An effective Audit Committee supports the Council’s good governance arrangements and a modern effective Council. |
| Opportunities and Risks | Reviewing the effectiveness of the Audit Committee supports the management of risks and the operation of controls. |
| Financial Implications | There are no direct financial implications arising from this report, as any costs arising from the actions agreed will be met from within existing budgets. TAS 21.12.21 |
| Ward Implications | None. |

7 BACKGROUND PAPERS

Accounts and Audit Regulations 2015
CIPFA Guidance on Audit Committees 2005
IPF a Toolkit for Local Authority Audit Committees 2006
Previous reports to Audit Committee

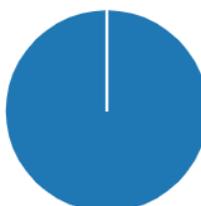
Report by Rob Montgomery, Audit & Governance Lead Manager, 83103.

Analysis of Responses to Audit Committee Effectiveness Survey

1. There are clear, up to date terms of reference for the Audit Committee

[More Details](#)

| | |
|---|---|
| ● Yes | 6 |
| ● No | 0 |
| ● Not Sure | 0 |



2. Do the terms of reference address all the core areas identified in CIPFAs Position Statement listed below?

[More Details](#)

■ Yes ■ Partly ■ No



3. Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?

[More Details](#)

| | |
|--|---|
| ● Yes | 4 |
| ● No | 0 |
| ● Maybe | 2 |



4. Please indicate the date of the last evaluation

[More Details](#)

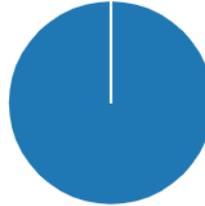
2
Responses

Latest Responses
"30/09/2021"

5. Where coverage of core areas has been found to be limited, are plans in place to address this?

[More Details](#)

● Yes 6
● No 0



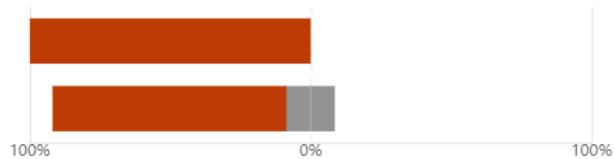
6. An effective Audit Committee structure and composition has been selected, which includes;

[More Details](#)

■ Yes ■ Partly ■ No

Separation from the Chief Executive

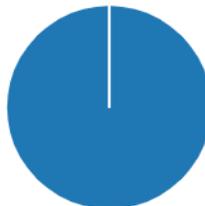
An appropriate mix of knowledge and skills among the members



7. Do committee members have access to on-going development activities to update their skills and knowledge?

[More Details](#)

● Yes 6
● No 0



8. All committee members have a good understanding of the different risks inherent in the council's business activities

[More Details](#)

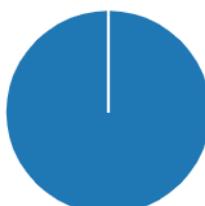
● Yes 4
● No 2



9. Do the terms of reference set out the frequency of Audit Committee meetings?

[More Details](#)

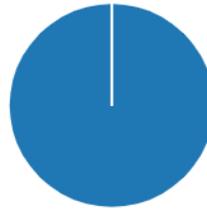
● Yes 6
● No 0



10. Does the Audit Committee calendar meet the council's business needs, governance needs and the financial calendar?

[More Details](#)

| | |
|-------|---|
| ● Yes | 6 |
| ● No | 0 |



11. Are members attending meetings on a regular basis ?

[More Details](#)

| | |
|-------|---|
| ● Yes | 5 |
| ● No | 1 |



12. If not, is appropriate action taken ?

[More Details](#)

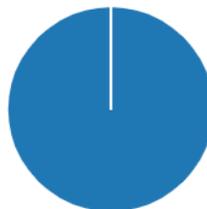
| | |
|------------|---|
| ● Yes | 0 |
| ● No | 0 |
| ● Not Sure | 1 |



13. Are agenda papers circulated in advance of meetings to allow adequate preparation by Audit Committee members?

[More Details](#)

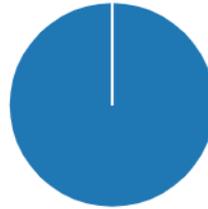
| | |
|-------|---|
| ● Yes | 6 |
| ● No | 0 |



14. Do reports to the Audit Committee communicate relevant information at the right frequency, and in a format that is effective?

[More Details](#)

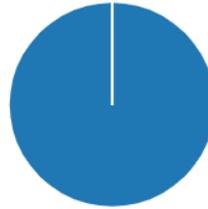
| | |
|-------|---|
| ● Yes | 6 |
| ● No | 0 |



15. Do committee meetings encourage a high quality of debate with robust and probing discussions?

[More Details](#)

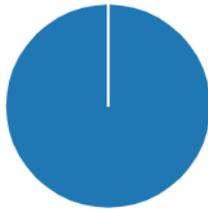
| | |
|-------|---|
| ● Yes | 6 |
| ● No | 0 |



16. The committee demonstrates an appropriate degree of involvement in the work of internal audit and its findings

[More Details](#)

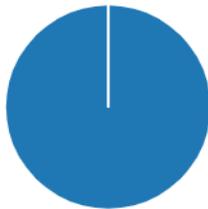
| | |
|-------|---|
| ● Yes | 6 |
| ● No | 0 |



17. The committee actively engages with the external auditors regarding the scope of their work and audit findings

[More Details](#)

| | |
|-------|---|
| ● Yes | 6 |
| ● No | 0 |



18. The committee has open channels of communication with officers and other members to keep it aware of topical/ regulatory issues

[More Details](#)

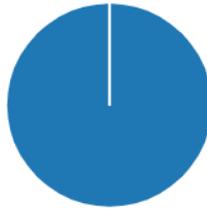
| | |
|-------|---|
| ● Yes | 5 |
| ● No | 1 |



19. The committee is effective in achieving its terms of reference and adding value to the corporate governance of the council.

[More Details](#)

| | |
|-------|---|
| ● Yes | 6 |
| ● No | 0 |



Development Action Plan

| REF | AREA IDENTIFIED FOR DEVELOPMENT | IMPROVEMENT ACTION |
|--------|---|--|
| 1(Q2) | Terms of reference addressing all core areas in the CIPFA Position Statement. | <p>a) The terms of reference for the committee are already under review. Therefore areas that require clarity/development will be looked at as part of this review.</p> <p>b) Revised terms of reference will be presented to the committee for formal approval.</p> |
| 2(Q3) | Annual evaluation to assess if committee is fulfilling its terms of reference. | <p>a) The outline of Audit Committee business will include an evaluation as a standard annual exercise.</p> <p>b) Future evaluation process and results will be reported to the Audit Committee.</p> |
| 3(Q6) | Audit Committee may not include an appropriate mix of knowledge and skills among its members. | <p>a) A skills analysis will be undertaken to identify any knowledge/skill gaps and how to bridge these gaps.</p> <p>b) Gap analysis report will be reported to the Audit Committee.</p> |
| 4(Q8) | Committee members have a good understanding of the different risks inherent in the council's business activities. | <p>a) Increased risk reporting to the Audit Committee.</p> <p>b) Include audit risk rating in activity reports presented to committee.</p> |
| 5(Q11) | Are members attending meetings on a regular basis? | <p>a) Discussions with Democratic Services in respect to the scheduling of meetings.</p> |
| 6(Q18) | Committee has open channels of communication with officers and other members to keep it aware of topical/regulatory issues. | <p>a) This is to be more clearly defined in the terms of reference.</p> <p>b) Investigate asking officers to attend committee meetings to present on topical / regulatory issues.</p> |