

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 31st JANUARY 2012

REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2011/12 AND SKILLS AUDIT

REPORT OF THE AUDIT & ASSURANCE MANAGER

1 PURPOSE

- 1.1 For members of the Audit Committee to agree the survey to measure the effectiveness of the Audit Committee.
- 1.2 For members of the Audit Committee to agree to undertake a skills audit and it's content to inform the training programme and any requirement for co-optees.
- 1.3 The results of the effectiveness review and skills audit will be reported to the Audit Committee on 27th March 2012.

2 RECOMMENDATIONS

- 2.1 That members agree the survey attached as Appendix A and to issue it to those outlined in paragraph 5.2 to measure the effectiveness of the Audit Committee;
- 2.2 That members of the committee agree and complete the skills survey attached as Appendix B to inform their training plan; and
- 2.3 That the results of the effectiveness survey and skills audit be presented to the March 2012 Audit Committee where members will decide any action to be taken in respect to training and the appointment of co-optees.

3 SUMMARY

- 3.1 A survey was undertaken in February 2010 to review the effectiveness of the Audit Committee. Previously surveys were undertaken in February 2008 and 2009. No survey was undertaken in 2011 due to the impending Borough Elections and it was agreed by the then Chairman that the survey should be undertaken when the 2011/12 Audit Committee membership was agreed. As the majority of the 2011/12 Committee members were new it seemed reasonable to postpone the survey until some experience had been gained of the business of the Committee.
- 3.2 Following the issue of the 2010 results at their meeting in March 2010 members requested that a co-optee appointment process be commenced. However at their meeting of 27th July 2010 it was agreed that given the re-structuring of the Council at that time, the financial uncertainty and also that the Borough elections were scheduled for May 2011 the process for the appointment would commence, if required, after the Borough Elections following a skills audit of the members of the Committee.
- 3.3 To demonstrate good governance it is important for the Council to measure the effectiveness of the Audit Committee. To complement the effectiveness survey the skills audit will identify additional training needs for members of the Audit Committee now they

have experienced 6 months operation. The results of both will also assist in the assessment by the Committee on whether to appoint any co-optees. Any training needs that are identified will clearly have to be met from within existing limited resources.

- 3.4 The government’s proposals for the future of external audit have suggested that Audit Committees should include independent¹ members. Any decisions on co-optees should be taken in light of the possible future make up of the Audit Committee.

4 PREVIOUS MINUTES

- 4.1 Standards & Audit Committee 29th January 2008
 Audit Committee 27th January 2009
 Audit Committee 2nd February 2010
 Audit Committee 1st February 2011

5 BACKGROUND

- 5.1 It is proposed to use the same survey as was used in February 2010 which included questions on co-optees (similar to 2009) to review the effectiveness of the Audit Committee. This will enable comparisons with previous years to be made. The proposed survey is attached as Appendix A.
- 5.2 It is proposed that the survey should be issued to and completed by:
- a) Members of the Audit Committee;
 - b) The Leader, Cllrs Richard Overton and Bill McClements – relevant Cabinet Members;
 - c) Managing Director, Chief Financial Officer (Corporate Director - Paul Clifford), Head of Finance, Head of Governance and the Audit & Assurance Manager;
 - d) Heads of Service/other officers who have attended the Committee in the last 12 months; and
 - e) the External Auditor (KPMG).
- 5.3 Attached as Appendix B is a draft skills audit which reflects the current committee’s terms of reference.
- 5.4 The analysis of the effectiveness surveys and skills audit returns will assist the Committee in discussions about their training programme and the appointment of co-optees. Any appointment will have to follow an open and transparent process.

6 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	The review and skills audit should ensure Equality of Opportunity for all those completing them.
Environmental Impact	None

¹ Independent here means independent of the Council i.e. not officers or members and not politically orientated

Legal Implications	<p>(i) The Council are a relevant body within the meaning of the Accounts and Audit (England) Regulations 2011 and therefore must comply with the requirements set out in the Regulations. This includes, at Regulation 4 (2), a requirement for an annual review of the effectiveness of its system of internal control. The effectiveness of the Audit Committee survey within recommendation 2.1 will contribute towards meeting this requirement as the Audit Committee is part of the Council's system of internal control. The findings of the effectiveness review must come back to this Committee following which the Council must approve its annual governance statement. This will be undertaken by the Committee in accordance with its powers, functions and responsibilities as set out in Section 4, part 10 of the Council's Constitution.</p> <p>(ii) Regulation 6 (3) sets out an annual requirement for a review of the effectiveness of the Council's internal audit. The method of compliance with both these requirements is not specified and therefore is a matter for the Council to determine.</p> <p>(iii) Recommendation 2.3 of the report refers to the issue of co-optees. The membership of the Audit Committee as set out in the Council's Constitution states "one or more persons can be co-opted to the Committee who are not councillors or officers of the Council. Co-opted members will not be entitled to vote".</p>
Links with Corporate Priorities	An effective Audit Committee supports the Council's good governance arrangements encompassing the internal control and internal audit arrangements.
Opportunities and Risks	<p>Reviewing the effectiveness of the Audit Committee supports the effective management of risks and opportunities across the Council.</p> <p>The Audit Committee challenges and seeks assurances that the risk management processes are working effectively.</p>
Financial Implications	Any costs associated with the distribution and analysis of the survey will be met from within existing budgets. Any additional costs arising from training will also have to be met from within existing cash limited budgets. When the decision to appoint any co-opted members is made then the proposals should include the consideration of any allowances or additional costs that this would incur as they will have to be met from existing cash limited budgets
Ward Implications	None.

7 **BACKGROUND PAPERS**

The Accounts and Audit (England) Regulations 2011
 Previous surveys and skills audit reports to Audit Committee

Report by Jenny Marriott, Audit & Assurance Manager 383101