

# **TELFORD & WREKIN COUNCIL**

**AUDIT COMMITTEE 26th MARCH 2013**

**RESULTS OF THE SURVEY ON THE EFFECTIVENESS OF THE AUDIT COMMITTEE**

**REPORT OF THE AUDIT & INFORMATION GOVERNANCE 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:  
a) note the results of the effectiveness survey and agree any action to be taken.

## **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 taken place annually since 2008 (apart from 2011 due to the impending Unitary elections and potential changes to the Audit Committee membership).
- 3.2 This report sets out the results of the survey for members (compared to previous years) to review and consider any actions to be taken.

## **4 PREVIOUS MINUTES**

- 4.1 Audit Committee 27<sup>th</sup> March 2012  
Audit Committee 29<sup>th</sup> January 2013

## **5 BACKGROUND**

- 5.1 The 2013 survey included the same questions as in previous years. Out of the 15 surveys sent out 9 were returned providing a response rate of 60% (compared to 35% in 2012). The response rate for members was 60% (33% in 2012). For key officers the response rate was 75% (36% in 2012). There were no returns from other officers who attended the Committee. This is due to these officers previously responding that they did not have enough knowledge to contribute to the survey. There was no response received from the External Auditor due to his concern over a possible conflict of interest.
- 5.2 The results have been analysed and the table in Appendix A shows the questions and the average scores for 2013 and the previous 4 years (2007/2008, 2008/2009, 2009/2010 and 2011/2012). The survey scores were graded:
- 1 = hardly ever/poor
  - 2 = occasionally/inadequate
  - 3 = most of the time/satisfactory
  - 4 = all of the time/good

Out of the 22 questions asked all had an average response score of 3 or more which is a slight improvement from 2012 when 2 questions averaged less than a score of 3. Members should note that the results show that overall the Audit Committee is at least “most of the time/satisfactory” in all areas and is performing “all the time/good” in one area (down from 2 areas in 2012).

- 5.3 As there is comparative information available, Appendix A also shows the percentage increase or decrease from 2012 to 2013 in responses. For 2013 there has been a decrease of 5% or more for 8 questions, a minor decrease for 1 question and no change for 2 questions. For the 11 other questions there were increases with 4 showing improvements of more than 5%.
- 5.4 The full information is shown below for the 8 questions where scores have decreased by 5% or more from 2012 to 2013. (Scores for 2010 are shown for information).

<b>Question</b>	<b>Av. Score Feb 10</b>	<b>Av. Score Feb 12</b>	<b>Av. Score Feb 13</b>
4. The number and length of meetings and access to resources is sufficient to allow the audit activities of the Committee to be fully discharged	3.63	3.8	3.0
5. Committee papers are concise, relevant and timely.	3.38	3.7	3.5
6. Committee meetings receiving relevant reports are held sufficiently far in advance of Council meetings to permit resolution of the issues raised	3.5	3.5	3.1
9. Committee members have access to on-going development activities to update their skills and knowledge	3.25	3.6	3.4
10. The Committee is informed of the Anti-Fraud and Speak Up procedures in place within the Authority	3.86	4	3.8
11. All Committee members have a good understanding of the different risks inherent in the Authority’s business activities	3.38	3.2	3.0
15. The Committee has a good understanding of the key financial issues and key accounting policies.	3.25	3.3	3.0
16. The Committee understands the interaction between the various sources of assurance available to it	3.25	3.2	3.0

- 5.5 There are two questions that continued to show a decrease when compared over 3 years – 2010, 2012 and 2013:

Question 11 - All Committee members have a good understanding of the different risks inherent in the Authority’s business activities; and

Question 16 - The Committee understands the interaction between the various sources of assurance available to it.

- 5.6 Question 4 had the largest decrease by 21% falling from 3.8 to 3.0 - The number and length of meetings and access to resources is sufficient to allow the audit activities of the Committee to be fully discharged.

- 5.7 Listed at the end of Appendix A for your information are the additional comments made at the end of the surveys submitted.
- 5.8 Although overall the survey results are good the following areas are a starting point for discussion arising from the results and could inform any actions to be taken.
- Possible concern over the number and length of the meetings and access to resources is sufficient to allow audit activities to be fully discharged (Q4).
  - Possible concern that the receipt of relevant reports is far enough in advance of Council meetings to permit resolution of the issues raised (Q6)
  - Areas for training/awareness (Q's 9,10,11,15,16, comments) – different risks inherent in the Authority's business activities; understanding of the interaction between the various sources of assurance available to the committee; key financial issues and accounting principles; Anti-Fraud and Corruption Policy and also the type/style of training.
  - Committee papers are concise, relevant and timely (Q5).
  - Consideration of briefings for other members (comment).

## **6 OTHER CONSIDERATIONS**

<b>AREA</b>	<b>COMMENTS</b>
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 contribute towards ensuring that the Council maintains an adequate and effective system of internal audit as required by the Accounts and Audit (England) Regulations 2011.
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.
Ward Implications	None.

## **7 BACKGROUND PAPERS**

Accounts and Audit (England) Regulations 2011  
 CIPFA Guidance on Audit Committees 2005  
 IPF a Toolkit for Local Authority Audit Committees 2006  
 Previous reports to Audit Committee

Report by Jenny Marriott, Audit & IG Manager 383101

## ANALYSIS OF RESULTS SHOWING AVERAGE SCORE FOR EACH QUESTION

## PROCESSES

No.	Question	Average Score Jan 08	Average Score Feb 09	Average Score Feb 10	Average Score Feb 12	Average Score Feb 13	Change 12 - 13	%age change 12 - 13
1	The Committee members have an appropriate mix of skills and experience.	3.00	3.31	3.25	3.5	3.6	+0.1	+2.8
2	There are clear, up to date terms of reference for the audit activities of the Committee	3.67	3.92	3.38	3.8	4.0	+0.2	+5.3
3	The Committee is clear about its role in relation to governance and risk management	3.63	3.58	3.69	3.5	3.7	+0.2	+5.7
4	The number and length of meetings and access to resources is sufficient to allow the audit activities of the Committee to be fully discharged	3.11	3.54	3.63	3.8	3.0	-0.8	-21.0
5	Committee papers are concise, relevant and timely.	3.5	3.62	3.38	3.7	3.5	-0.2	-5.4
6	Committee meetings receiving relevant reports are held sufficiently far in advance of Council meetings to permit resolution of the issues raised	3.25	3.31	3.5	3.5	3.1	-0.4	-11.4
7	All Committee members attend and actively contribute at meetings	2.63	2.77	3.38	2.7	3.0	+0.3	+11.1
8	All Committee members have sufficient time and commitment to fulfil their responsibilities	2.75	2.85	3.31	2.8	3.1	+0.3	+14.3
9	Committee members have access to on-going development activities to update their skills and knowledge	3.22	3.38	3.25	3.6	3.4	-0.2	-5.6
10	The Committee is informed of the Anti-Fraud and Speak Up procedures in place within the Authority	3.67	3.62	3.86	4	3.8	-0.2	-5.0

## ACTIVITIES

No.	Question	Average Score Jan 08	Average Score Feb 09	Average Score Feb 10	Average Score Feb 12	Average Score Feb 13	Change 12 to 13	%age change 12 -13
11	All Committee members have a good understanding of the different risks inherent in the Authority's business activities	2.75	3.08	3.38	3.2	3.0	-0.2	-6.3
12	The Committee focuses on the right questions and is effective in avoiding minutia	2.78	3.08	3.00	3.5	3.6	+0.1	+2.9
13	The Committee actively engages with the external auditors regarding the scope of their work and audit findings	3.33	3.31	3.13	3.8	3.8	No change	N/A
14	The Committee demonstrates an appropriate degree of involvement in the work of internal audit and its findings	3.33	3.77	3.75	3.7	3.8	+0.1	+2.7
15	The Committee has a good understanding of the key financial issues and key accounting policies.	2.63	2.92	3.25	3.3	3.0	-0.3	-9.1
16	The Committee understands the interaction between the various sources of assurance available to it	3.25	3.15	3.25	3.2	3.0	-0.2	-6.3
17	Committee meetings encourage a high quality of debate with robust and probing discussions	2.89	3.15	3.75	3.3	3.4	+0.1	+3.0
18	The Chair promotes effective and efficient meetings, with an appropriate level of involvement outside the formal meetings	3.33	3.38	3.38	3.7	3.7	No change	N/A
19	Committee members have a frank and open relationship with senior officers.	3.44	3.62	4	4	3.9	-0.1	-2.5
20	The Committee has open channels of communication with officers and other members to keep it aware of topical/ regulatory issues	3.11	3.69	3.75	3.5	3.6	+0.1	+2.9

No.	Question	Average Score Jan 08	Average Score Feb 09	Average Score Feb 10	Average Score Feb 12	Average Score Feb 13	Change 12 to 13	%age change 12 -13
21	There is an appropriate balance between the monitoring role and the Committee acting as an “influencer for good”	3.13	3.38	3.14	3.2	3.3	+0.1	+3.1
22	The Committee is effective in achieving its terms of reference for the audit activities and adding value to the corporate governance of the Authority.	3.00	3.23	3.43	3.3	3.4	+0.1	+3.0

**Additional Comments made:**

- I feel we need more member training and joint officer/member "workshop" events in order to increase knowledge and experience of committee members
- I believe the committee is working well but needs to evolve as the financial challenges facing the council intensifies
- This coupled with the new ways of working that are likely to emerge will mean that the committee will need to consider its priorities
- I consider that the committee could meet 3 times a municipal year but with relevant reports issued to Audit Committee members between meetings
- I have little contact with the Audit Committee. Probably should be more aware of remit/agendas/outcomes. Should have a discussion/briefing