

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 28th JUNE 2016

RESULTS OF THE SURVEY ON THE EFFECTIVENESS OF THE AUDIT COMMITTEE

REPORT OF THE AUDIT, INFORMATION GOVERNANCE & INSURANCE SDM

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 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 (compared to the last one taken in 2013) 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

5 BACKGROUND

- 5.1 The 2015/16 survey included the same questions as in 2013. Out of the 22 surveys sent out 9 were returned providing a response rate of nearly 41% (compared to 60% in 2013 and 35% in 2012).
- 5.2 The results have been analysed and the table in Appendix 1 shows the questions and the average scores for 2016 and the previous 2 years (2011/12 and 2012/13). 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 3.2 or more which is an improvement from 2013 where the lowest average score was 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 (same as for 2013).

- 5.3 As there is comparative information available, Appendix 1 also shows the percentage increase or decrease from 2013 to 2016 in responses. For 2016 there have been increases of 10% or more (up to 26%) in 8 areas, decreases of between 3% and 8% for 4 questions and no change for 2 questions.
- 5.4 The full information is shown below for the 4 questions where scores have decreased from 2013 to 2016. (Scores for 2012 are shown for information).

Question	Av. Score Feb 12	Av. Score Feb 13	Av. Score Feb 16
10. The Committee is informed of the Anti-Fraud and Speak Up procedures in place within the Authority	4.0	3.8	3.7
12. The Committee focuses on the right questions and is effective in avoiding minutia	3.5	3.6	3.3
17. Committee meetings encourage a high quality of debate with robust and probing discussions	3.3	3.4	3.2
19. Committee members have a frank and open relationship with senior officers.	4	3.9	3.8

- 5.5 Questions 12 and 19 continue to show a decrease when compared over the 3 years – 2012, 2013 and 2016.
- 5.6 Listed at the end of Appendix 1 for your information is the additional comment made at the end of the surveys submitted.
- 5.7 Although overall the survey results are good and demonstrate improvement the following areas are a starting point for discussion arising from the results and could inform any actions to be taken.
- a) Information about the Anti-Fraud & Corruption and Speak Up procedures – possible area of awareness/training (Q10).
 - b) Questions 12 and 17 in respect to focussing on the right questions, not getting involved in minutia and the quality of the debate/depth (probing) of discussions.

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	There is no legal requirement for a survey to review the effectiveness of

Implications	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).
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 Regulations 2015
- 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 & Insurance SDM 383101

ANALYSIS OF RESULTS SHOWING AVERAGE SCORE FOR EACH QUESTION

PROCESSES

No.	Question	Average Score Feb 12	Average Score Feb 13	Average Score Feb 2016	Change 13 - 16	%age change 13 - 16
1	The Committee members have an appropriate mix of skills and experience.	3.5	3.6	3.6	None	None
2	There are clear, up to date terms of reference for the audit activities of the Committee	3.8	4.0	4.0	None	None
3	The Committee is clear about its role in relation to governance and risk management	3.5	3.7	3.8	+0.1	+3%
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	3.8	3.0	3.6	+0.6	+20%
5	Committee papers are concise, relevant and timely.	3.7	3.5	3.9	+0.4	+11%
6	Committee meetings receiving relevant reports are held sufficiently far in advance of Council meetings to permit resolution of the issues raised	3.5	3.1	3.9	+0.8	+26%
7	All Committee members attend and actively contribute at meetings	2.7	3.0	3.3	+0.3	+10%
8	All Committee members have sufficient time and commitment to fulfil their responsibilities	2.8	3.1	3.6	+0.5	+16%
9	Committee members have access to on-going development activities to update their skills and knowledge	3.6	3.4	3.6	+0.2	+6%
10	The Committee is informed of the Anti-Fraud and Speak Up procedures in place within the Authority	4	3.8	3.7	-0.1	-3%

ACTIVITIES

No.	Question	Average Score Feb 12	Average Score Feb 13	Average Score Feb 16	Change 13 to 16	%age change 13 - 16
11	All Committee members have a good understanding of the different risks inherent in the Authority's business activities	3.2	3.0	3.2	+0.2	+7%
12	The Committee focuses on the right questions and is effective in avoiding minutia	3.5	3.6	3.3	-0.3	-8%
13	The Committee actively engages with the external auditors regarding the scope of their work and audit findings	3.8	3.8	3.9	+0.1	+3%
14	The Committee demonstrates an appropriate degree of involvement in the work of internal audit and its findings	3.7	3.8	3.9	+0.1	+3%
15	The Committee has a good understanding of the key financial issues and key accounting policies.	3.3	3.0	3.6	+0.6	+20%
16	The Committee understands the interaction between the various sources of assurance available to it	3.2	3.0	3.7	+0.7	+23%
17	Committee meetings encourage a high quality of debate with robust and probing discussions	3.3	3.4	3.2	-0.2	-6%
18	The Chair promotes effective and efficient meetings, with an appropriate level of involvement outside the formal meetings	3.7	3.7	3.8	+0.1	+3%
19	Committee members have a frank and open relationship with senior officers.	4	3.9	3.8	-0.1	-3%
20	The Committee has open channels of communication with officers and other members to keep it aware of topical/regulatory issues	3.5	3.6	3.7	+0.1	+3%

APPENDIX 1 (continued)

No.	Question	Average Score Feb 12	Average Score Feb 13	Average Score Feb 16	Change 13 – 16	%age change 13 - 16
21	There is an appropriate balance between the monitoring role and the Committee acting as an “influencer for good”	3.2	3.3	3.4	+0.1	+3%
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.	3.3	3.4	3.8	+0.4	+12%

Additional Comments made:

- I strongly believe that the Audit Committee should have more meetings – regular updates are important within Audit. The help from the internal audit team is very good and I have no problems talking openly to them. The leader of the team puts on excellent training for the committee and I thank her and her team for the effort they put in.