

AUDIT AND GOVERNANCE COMMITTEE

29 September 2009

ASSESSMENT OF THE REMIT AND EFFECTIVENESS OF THE AUDIT AND GOVERNANCE COMMITTEE

Report of the Director of Financial Resources

1. Purpose of Report

- 1.1 The purpose of this report is to present the outcome of the workshop held on 20th July 2009 to assess the remit and effectiveness of the Audit and Governance Committee. The report also sets out the format of the workshop and the decisions made as a result of the discussions.

2. Background

- 2.1 The Audit Commission's review of the Effectiveness of Internal Audit in May 2009 identified that the Committee had not reviewed its remit and effectiveness since its inception in April 2006. It was agreed at the Committee meeting on 22nd May 2009 that a workshop be held to carry out the review, this took place on 20th July 2009.
- 2.2 The format of the workshop included an assessment of the current Terms of Reference for the Committee against guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), '*Audit Committees: Practical Guidance for Local Authorities*'. A self assessment, based on the CIPFA guidance, was completed during the workshop following detailed discussion by committee members in relation to each area of the operation of the Committee. The self assessment was supported by a list of all of the previous reports which had been presented to the Committee, detailing the purpose of each report and its impact.

3. Outcome of the Workshop

- 3.1 The self assessment and supporting documentation, attached at Appendix 1, were considered during the workshop and discussed in detail by the committee members. The evidence or comments supporting the assessment are recorded on the self assessment. The external auditor also attended the workshop and provided advice or commentary as appropriate. Discussions concluded that, in the main, the current arrangements compare favourably to the CIPFA guidance. However, a number of recommendations were agreed where it was considered that the current arrangements could be improved or enhanced.

- 3.2 A number of the recommendations agreed during the workshop require amendments to the current Terms of Reference for the Committee. The proposed revised Terms of Reference, with the changes underlined, are attached at Appendix 2.
- 3.3 One of the recommendations related to the production of a forward plan of reports to be presented to the Committee. Appendix 3 shows the proposed schedule of reports for 2009/2010.
- 3.4 Action will be taken to address the remaining recommendations as appropriate throughout the rest of the financial year. A further report will be presented to the Committee demonstrating how the recommendations have been implemented.

4. Recommendations

- 4.1 The Committee is asked to:
- Agree the completed self assessment as an accurate reflection of the discussions held at the workshop, at Appendix 1.
 - Agree to the recommendations documented within the self assessment.
 - Agree for the proposed updated Terms of Reference to be submitted for agreement by Cabinet, and subject to Cabinet's agreement, Council at the next opportunity, at Appendix 2.
 - Approve the proposed schedule of reports to be presented to the Committee, at Appendix 3.

5. Background Papers

- Chartered Institute of Public Finance and Accountancy (CIPFA), '*Audit Committees: Practical Guidance for Local Authorities*'
- Cabinet Report, 12th April 2006 regarding the creation of the Audit and Governance Committee
- Schedule of Report considered by the Audit and Governance Committee