



# AUDIT COMMITTEE

## *Committee Report*

### Public

**Date of Meeting:** 15<sup>th</sup> April 2008

**Title:** Audit Committee Self Assessment – Action Plan

**Report of:** Head of Audit Services

**Report reference:** CORP 3/08

### **Summary:**

This report presents Members with an Action Plan arising from the results of the Audit Committee's Self-Assessment exercise

### **Recommendation:**

Members are requested to adopt and undertake the actions as outlined in the Action Plan.

**Contact Officer:** Ian Beckett, Head of Audit Services      **Ext:** 7292

### **Audit Committee Self Assessment – Action Plan**

#### **1 Background**

- 1.1 At the meeting of the Audit Committee which was held on 23<sup>rd</sup> January 2007, the first draft of the “Audit Committee Checklist”, which forms part of the CIPFA Audit Committee Toolkit, was presented to Members.
- 1.2 This identified a number of areas where further action was required, one of these being *“does the Audit Committee periodically assess its own effectiveness?”*
- 1.3 After seeking advice in this area from the Institute of Public Finance (IPF), a self-assessment questionnaire was obtained, from another Authority, which had been used for this purpose.
- 1.4 This questionnaire was discussed with the (then) Chairman of the Audit Committee and it was agreed that it should be used for this Committee’s self-assessment review.
- 1.5 This approach was later discussed with, and agreed by, the current Chairman of the Audit Committee. It was also agreed that the questionnaire should be completed by those senior officers who regularly attend the Committee.

#### **2 Summary of Results**

- 2.1 In all, 12 questionnaires were completed and returned. The responses given were summarised and were shown on Appendix A to report CORP46/07, which was presented to members at the meeting held on 16<sup>th</sup> January 2008.
- 2.2 In order to give a clearer indication of the responses received, a “percentage score” was calculated for each of the questions.
- 2.3 The overall average score for the questionnaire was 60% - this indicated that there is a significant effort required to bring the effectiveness of the Audit Committee up to the standard implied by the questionnaire.
- 2.4 Members requested the production of an Action Plan to identify those areas where improvement is deemed to be necessary, the actions required and the responsible person/s for ensuring that the appropriate remedial action is taken.

2.5 The Action Plan forms **Appendix A** to this report.

### 3 Recommendation

3.1 Members are requested to adopt and undertake the actions as outlined in the Action Plan.

Ian Beckett  
Head of Audit Services  
April 2008.

## CARLISLE CITY COUNCIL – AUDIT COMMITTEE EFFECTIVENESS

### ACTION PLAN – FOR RESPONSES AVERAGING LESS THAN 60%

APRIL 2008

| Question | Score % | Action required and Time-scale  | Responsibility   |
|----------|---------|---|--|
| 9        | 46      | <p>To ensure that Audit Committee Members attend and contribute to the meetings.</p> <p><b>No fixed time-scale</b> – this is a continuous process.</p>  | <p>This can only be actioned by the Members themselves.</p>  |
| 10       | 29      | <p>To ensure that those Members who attend the Audit Committee have sufficient time and commitment to fulfil their responsibilities.</p> <p><b>No fixed time-scale</b> – this is a continuous process.</p>  | <p>This can only be actioned by the Members themselves.</p>  |
| 11       | 56      | <p>To ensure that Members are made aware of, and have access to, a programme of ongoing development activities.</p> <p><b>Time-scale</b> – in effect, continuous, as new Members join the Committee from time to time and will require training</p> | <p>Members Learning and Development Group should develop and maintain such a programme, bearing in mind the potential “turnover” of new/inexperienced Members each year.</p> |

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|----|----|---|---|
| 12 | 42 | <p>To ensure that Members are made aware of the Authority's Confidential Reporting Policy.</p> <p><b>Time scale</b> – immediate – there is no reason for any Member or Officer not to be aware of this Policy.</p>  | Members Learning and Development Group should ensure that this forms part of the induction procedure for new Members. The Policy itself is readily available on the Intranet. |
| 14 | 56 | <p>To ensure that Members focus on the right questions and avoid minutiae. This is a matter of individual Members' experience and their understanding of the Audit Committee's role.</p> <p><b>Time-scale</b> – in effect, continuous on-going development.</p>   | Audit Committee Chairman and Members – also the Members Learning and Development Group.   |
| 17 | 58 | <p>To ensure that Members understand key financial issues, critical accounting policies and complex transactions.</p> <p><b>Time-scale</b> – as soon as possible for those Members who have not already received this training. <b>Ongoing process.</b></p>   | Members Learning and Development Group – training for Members including training on financial issues and procedures.  |
| 18 | 54 | <p>To ensure that Members understand the interaction between the various sources of assurance available.</p> <p><b>Time-scale</b> – as soon as possible – Members need to be told/reminded of the roles of Internal Audit, External Audit, Financial Services, Corporate Risk Management Group etc.</p> | Members Learning and Development Group – training.  |
| 19 | 56 | <p>To ensure that Audit Committee meetings ensure a high quality of debate and discussions.</p>   | Audit Committee Chairman and Members.   |

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|----|----|--|---------------------------------------|
|    |    | <p><b>Time-scale</b> – this depends on the actions taken in relation to some of the previous points – the quality of debates and discussions will improve as Members’ training, understanding and experience in their role develop.</p>  |                                       |
| 21 | 54 | <p>To ensure that the Chairman promotes effective and efficient meetings.</p> <p><b>Time-scale – not applicable</b> - this is a perceived weakness that can be addressed only by the Chairman of the Committee.</p>  | Chairman of the Audit Committee       |
| 24 | 31 | <p>To ensure that Members are achieving the terms of reference for the Audit Committee.</p> <p><b>Time-scale – ongoing</b> - as discussed at the most recent meeting of the Committee, the impact will be seen to increase as officers become more aware of the Committee’s role – and in particular if/when Members require senior officers to attend when more detailed responses to Audit recommendations may be requested, or to explain any failure to act on agreed recommendations.</p> | Audit Committee Chairman and Members. |