

HIGH PEAK BOROUGH COUNCIL

Audit & Regulatory Committee

31 July 2024

TITLE:	2023/24 Annual Review of the Effectiveness of the Audit & Regulatory Committee
EXECUTIVE COUNCILLOR:	Councillor Alan Barrow – Executive Councillor for Corporate Services and Finance
CONTACT OFFICER:	Martin Owen – Executive Director (Resources)
WARDS INVOLVED:	Non-Specific

Appendices Attached: **Appendix 1 CIPFA Self-Assessment of Good Practice**
Appendix 2 CIPFA Assessment Tool - Evaluating the Impact and Effectiveness of the Audit Committee
Appendix 3 Analysis of the knowledge and skills questionnaire
Appendix 4 Audit & Regulatory Committee Terms of Reference

1. Reason for the Report

- 1.1 Having considered the report on the Annual Review of the Effectiveness of Internal Audit, members of the Audit & Regulatory Committee will be aware of the requirement to comply with the Accounts & Audit Regulations 2015. As part of this process of assurance, best practice suggests that an annual review of the effectiveness of the Audit & Regulatory Committee should be undertaken. This review has not been undertaken for several years following the pandemic and subsequent changes to the committee's membership.

2. Recommendations

- 2.1 The Committee nominates a member to complete the self-assessment checklist (**Appendix 1**) and the assessment tool (**Appendix 2**) in conjunction with the Head of Audit and Executive Director (Resources).
- 2.2 That the Committee approve the outcome of the self-assessment and the development of a training programme that includes the seven priority areas for development (**Appendix 3**).

- 2.3 The Committee notes the review of its TOR against the current CIPFA guidance with a view to presenting an updated version for consideration at its next meeting.

3. Executive Summary

- 3.1 This report and accompanying appendices will assist the Audit & Regulatory Committee in its consideration and discussion on the effectiveness of the Committee, and how this is to be measured. CIPFA guidance published in October 2022 sets out the basis for the self-assessment.
- 3.2 The recent exercise to identify and evaluate the overall knowledge and skills of the current members of the committee, to identify training needs and to enable the committee to perform effectively, has identified seven areas as high priorities for training.
- 3.3 As the Committee will be considering and discussing the effectiveness of the Audit & Regulatory Committee, it is appropriate for the Audit & Regulatory Committee's Terms of Reference (TOR) to be considered also.

4. How this Report Links to Corporate Priorities

- 4.1 The assurance provided by the work of the Audit & Regulatory Committee informs the Annual Governance Statement and therefore helps to ensure our future financial resilience can be financially sustainable whilst offering value for money.

5. Options and Analysis

- 5.1 Approve the recommended actions. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership will ensure that the Audit & Regulatory Committee meets the essential requirements for delivering effectiveness.
- 5.2 Do not approve the recommended actions. The Audit & Regulatory Committee may not meet the essential requirements for delivering effectiveness.

MARTIN OWEN
Executive Director (Resources)

Web Links and Background Papers

Audit Committees Practical Guidance
for Local Authorities and Police 2022
Edition
Accounts & Audit Regulations 2015 (as
amended)

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6. Detail

- 6.1 An audit committee's effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on, the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership are essential requirements for delivering effectiveness.
- 6.2 Using the recommended practice in the CIPFA Audit Committees Practical Guidance should help the authority to achieve a good standard of performance. Included within this guidance is a checklist 'Self-Assessment of Good Practice' which will support an assessment against recommended practice to inform and support the audit committee.
- 6.3 Also contained within the guidance is an assessment tool 'Evaluating the Impact and Effectiveness of the Audit Committee' to help audit committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the audit committee should be able to identify evidence of its impact or influence linked to specific improvements.
- 6.4 The draft self-assessment checklist (**Appendix 1**) and the draft assessment tool (**Appendix 2**) have been provided for information and will need to be completed. It is proposed that this is done by a nominee of the committee (Chair and/or Vice Chair) in conjunction with the Head of Audit and Executive Director (Resources).
- 6.5 The Committee will recall that the self-assessment tool developed by CIPFA as part of its publication 'Audit Committees Practical Guidance for Local Authorities and Police 2022 Edition' was utilised recently to identify and evaluate the overall knowledge and skills of the current members of the committee, to identify training needs and to enable the committee to perform effectively. The result of this assessment was that seven areas were identified as 'Category A' high priorities for training:
- Financial management and accounting
 - Counter-fraud
 - Treasury management
 - Internal audit
 - Governance and legal
 - Service knowledge relevant to the functions of the organisation
 - IT systems and IT governance
- 6.6 Each of these areas will be included in the development programme. The full analysis of the results of this exercise are attached as **Appendix 3**.
- 6.7 As the Committee will be considering and discussing the effectiveness of the Audit & Regulatory Committee, it is appropriate for the Audit & Regulatory Committee's Terms of Reference (TOR) to be considered also. The current TOR was based on the CIPFA suggested TOR. However, the CIPFA suggested TOR has been

updated and it is therefore proposed that the TOR is reviewed against this latest CIPFA guidance for consideration at the next meeting. For ease of reference, the Audit & Regulatory Committee's Terms of Reference as agreed at the July 2019 Audit & Regulatory Committee is attached at **Appendix 4**.