

Subject:	Self-assessment review of Audit & Standards Committee		
Date of Meeting:	21 June 2016		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	Graham Liddell	Tel: 29-1323
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report summarises the results of the Audit & Standards Committee self-assessment of its effectiveness. This review is based on a comparison with the Chartered Institute of Chartered Accountants (CIPFA) good practice principles (see appendix 2) and was carried out by members of the committee with support from Graham Liddell, Head of Internal Audit and Ian Young of EY.

2. RECOMMENDATIONS:

- 2.1 That the Committee recommends that the actions set out in paragraph 4.2 should be used to draw up a detailed action plan to develop further the effectiveness of the Audit & Standards Committee.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Audit functions of the Audit & Standards Committee relate to the Council's arrangements for the discharge of its powers and duties in connection with financial governance and stewardship, risk management and audit. The Committee makes recommendations to the Council, Policy & Resources Committee, Officers or other relevant body within the Council.
- 3.2 The Standards functions of the Committee seek to ensure that the Members, Co-opted Members and Officers of the Council observe high ethical standards in performing their duties. These functions include advising the Council on its Codes of Conduct and administering related complaints and dispensation procedures.
- 3.3 In addition to the Councillors who serve on the Audit and Standards Committee, the Committee includes at least two independent persons who are not Councillors. They are appointed under Chapter 7 of the Localism Act, or otherwise co-opted, and act in an advisory capacity with no voting powers.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The Audit & Standards Committee meets many of the key characteristics of good practice and added value set out by CIPFA. In particular members consider that the committee:

- supports risk management and internal audit
- helps the council to implement values
- promotes good governance.

4.2 Members also identified three key areas for development and a range of proposed actions. These are set out in table 1.

Table 1 – key areas for development and proposed actions

Key area for development	Proposed actions
<p>The Audit & Standards Committee has the potential to play a more active role in contributing to a more effective control environment that is trusted by citizens and stakeholders.</p>	<ul style="list-style-type: none"> • Review terms of reference of the Audit & Standards Committee to ensure that it is clear how its role is distinct from other committees and consider: <ul style="list-style-type: none"> ○ how other committees (and statutory officers) can refer issues to the Audit & Standards Committee ○ the role the committee can play in building trust in the council’s governance arrangements. • Develop an internal and external communications strategy to promote the work of the Committee.
<p>Members would be better placed to discharge their responsibilities if they were supported by more structured information on assurance sources and co-ordinated training.</p>	<ul style="list-style-type: none"> • Develop and share an assurance framework with the Committee to set out how the council ensures that it delivers its corporate strategy and manages its risks. • Ensure members have access to relevant public reports and good practice guides. • Develop a coordinated training programme to support key activities for the Committee.
<p>The effectiveness of the Committee could be improved through a more</p>	<ul style="list-style-type: none"> • Review Committee dates to ensure that they take place at the

<p>flexible agenda that focusses on the issues that are most important for the council and considering these issues in more depth.</p>	<p>most appropriate time, taking account of statutory requirements and dates of other key meetings.</p> <ul style="list-style-type: none"> • Review and update the forward plan following each Committee meeting to ensure that it: <ul style="list-style-type: none"> ○ is sufficiently flexible to deal with new and emerging issues ○ concentrates on reviewing a fewer number of issues in more detail. • Build on the success of private meetings with auditors to explore: <ul style="list-style-type: none"> ○ further development of the committee ○ sharing detailed audit reports and other information between committee meetings ○ examine specific issues in detail to inform a future committee meetings • Provide regular monitoring reports to ensure that actions arising from Committee discussions are implemented.
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4.3 Subject to approval by the Committee, these actions will be developed into an action plan and progress reported back to members.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 This review has been carried out by the Audit & Standards Committee with support from the Head of Internal Audit and the council's external auditors, EY.

6. CONCLUSION

6.1 The Audit & Standards Committee has carried out a self-assessment of the effectiveness of its audit function in line with best practice.

6.2 The Committee has many of the characteristics of a good practice audit committee and has identified areas for further development which will be developed into a detailed action plan.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no direct financial implications arising from this report. Support for the areas of development and key actions set out in paragraph 4.2 will be met from within existing council resources.

Finance Officer Consulted: James Hengeveld

Date: 07/06/16

Legal Implications:

- 7.2 The recommendations in the report will assist the Council to meet its responsibilities in relation to governance and audit.

Lawyer Consulted: Elizabeth Culbert

Date: 7June 2016.

SUPPORTING DOCUMENTATION

Appendices:

1. terms of reference of the Audit & Standards Committee
2. CIPFA best practice questions for audit committees

Documents in Members' Rooms

1. None

Background Documents

1. None