

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT AND STANDARDS COMMITTEE	22 SEPTEMBER 2016	8
EFFECTIVENESS OF THE AUDIT AND STANDARDS COMMITTEE			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The report presents the findings of a self-assessment exercise undertaken by the Chair and Vice Chair of the Committee in relation to the effectiveness of the Audit and Standards Committee in relation to the audit element. The self-assessment compared existing arrangements with those advocated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their published advice.

RECOMMENDATIONS

1. The Committee agrees the findings of the self-assessment of the effectiveness of the Audit Committee against the checklist provided by CIPFA in their publication 'Audit Committees: Practical Guidance for Local Authorities and Police' undertaken by the Chair and Vice Chair of the Committee supported by the Head of Internal Audit.
2. The Committee adopts the improvement action plan arising from the checklist to be implemented prior to the next annual review.

SUMMARY OF PREVIOUS DECISIONS

The previous review of the Committee's effectiveness was carried out in 2014 when the effectiveness of the former Audit Committee was confirmed. No assessment was undertaken in 2015 because a completely new Audit and Standards Committee was established, retaining the same Chair but with all new members.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	
Promoting Fylde as a great destination to visit (A Great Place to Visit)	

REPORT

1. The Audit and Standards Committee forms a key component in the corporate governance and internal control framework that provides accountability to stakeholders on all areas of governance, risk and financial management. The effectiveness of the Council's Audit and Standards Committee forms part of the evidence used in preparing the Annual Governance Statement.
2. An effective audit committee helps to raise the profile of internal control, risk management and financial reporting within the Council, as well as providing a forum for the discussion of issues raised by both internal and external auditors. It also enhances public trust and confidence in the financial governance of the Council.
3. Best practice guidance set out by CIPFA in its publication 'Audit Committees: Practical Guidance for Local Authorities and Police', recommends that committees periodically review their own effectiveness in discharging their responsibilities. The guidance incorporates an effectiveness self-assessment checklist to permit benchmarking against good practice.
4. Evidence of effectiveness comprises influence, persuasion and support for improvement in various key areas. In addition, the committee itself must be properly constituted, with a knowledgeable and experienced membership, and proper authority in relation to all the core areas identified by CIPFA's guidance:
 - good governance
 - assurance framework
 - internal audit
 - external audit
 - financial reporting
 - risk management
 - value for money
 - counter-fraud and corruption
5. The Chair and Vice Chair of the Audit and Standards Committee carried out the self-assessment review against the checklist, supported by the Head of Internal Audit, and this report presents the results. The review, which relates solely to the audit element of the committee's mandate, will be re-performed annually to ensure the effectiveness of the committee is maintained.
6. The main conclusion that can be drawn from the self-assessment is that the Audit and Standards Committee has the framework in place to act effectively and does so in practice. However, there were certain areas where divergence from best practice was noted and actions to achieve improvements are proposed.
7. The self-assessment checklist is attached as an Appendix to this report.

IMPLICATIONS	
Finance	The report presents the findings of a self-assessment exercise undertaken by the Chair and Vice Chair of the Committee in relation to the effectiveness of the Audit and Standards Committee. Adoption of the improvement action plan arising from the exercise, as the report proposes, will enhance the governance and probity regime.
Legal	No specific implications
Community Safety	No specific implications
Human Rights and Equalities	No specific implications
Sustainability and Environmental Impact	No specific implications
Health & Safety and Risk Management	In completing this review the Council seeks compliance with best practice in demonstrating the effectiveness of the Audit and Standards Committee, which is a key component in the consideration of the system of internal control and risk

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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Effectiveness of the Audit Committee 2014	June 2014	S:\Internal Audit\Effectiveness of Audit Cttee - Report 2014.doc

Attached documents

1. Self-Assessment of Good Practice Checklist 2016
2. Evaluation of Areas Where the Committee Can Add Value 2016
3. Audit and Standards Committee Improvement Plan 2016/17