

HIGH PEAK BOROUGH COUNCIL

Audit & Regulatory Committee

24 November 2020

TITLE:	2019/20 Annual Review of the Effectiveness of the Audit & Regulatory Committee
EXECUTIVE COUNCILLOR:	Councillor Alan Barrow - Executive Councillor for Corporate Services and Finance
CONTACT OFFICER:	John Leak – Head of Audit
WARDS INVOLVED:	Non-Specific

**Appendices Attached – Appendix 1 CIPFA Checklist – Self Assessment of Good Practice
Appendix 2 CIPFA Assessment Tool - Evaluating the Effectiveness of the Audit Committee
Appendix 3 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.

2. Recommendation

- 2.1 That the committee consider and approve the annual review of the effectiveness of the Audit & Regulatory Committee.
- 2.2 That the committee make an appropriate recommendation to Council to approve Audit & Regulatory Committee's Terms of Reference.

3. **Executive Summary**

- 3.1 This report and accompanying appendices will assist the Audit & Regulatory Committee in their consideration and discussion on the effectiveness of this Committee, and how this is to be measured. CIPFA guidance published in March 2018 sets out the basis for the self assessment.
- 3.2 The committee are requested to discuss these documents and form agreement on their content.

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. **Alternative Options**

- 5.1 There are no options to consider.

ANDREW P STOKES
Chief Executive

Web Links and Background Papers

Audit Committees Practical Guidance for Local
Authorities and Police 2018 Edition
Accounts & Audit Regulations 2015

Contact details

John Leak
Head of Audit
john.leak@staffsmoorlands.gov.uk

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 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 completed by the Head of Audit in conjunction with the Chief Executive. The committee are requested to discuss these documents and form agreement on their content.
- 6.5 The self-assessment checklist and assessment tool scores reflect the work that was done to develop the committee structure, skills and knowledge following a report presented to this committee in September 2016. Councillors may be aware that following a knowledge and skills framework self-assessment, changes were made to the structure and Terms of Reference of the committee in order to enhance existing arrangements and fill knowledge gaps. This included the appointment of independent members to the committee.
- 6.6 It is planned to use the self-assessment tool developed by CIPFA as part of their publication 'Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition' 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.
- 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 are based on the CIPFA suggested TOR. For ease of reference the Audit & Regulatory Committee's Terms of Reference as agreed at the July 2019 Audit & Regulatory Committee are attached at **Appendix 3**.

6.8 The committee is requested to make an appropriate recommendation to Council to approve Audit & Regulatory Committee's Terms of Reference.