

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

9 JUNE 2014

1. **AUDIT COMMITTEE – SELF ASSESSMENT OF GOOD PRACTICE AND EFFECTIVENESS**

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED

THAT the Committee gives consideration to the results of the self-assessment of good practice and effectiveness exercise completed during its March 2014 meeting.

2. **PURPOSE OF REPORT.**

- 2.1 To ask the Committee to give consideration to the results of its self-assessment of good practice and effectiveness exercise, and to agree an action plan where areas for improvement have been identified.

3. **BACKGROUND**

- 3.1 The Audit Committee undertook a self-assessment of good practice and effectiveness exercise, based on the model provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their Audit Committees – Practical Guidance for Local Authorities 2013 Edition.
- 3.2 This self-assessment forms part of an overall review of the Audit Committee, again based around guidance Chartered Institute of Public Finance and Accountancy (CIPFA) in their Audit Committees – Practical Guidance for Local Authorities 2013 Edition. This includes three separate activities:

Self-assessment exercise

i.e. this report.

Members knowledge and skills framework

Copies of this have been provided to the Committee and once they have all been completed and returned, the results will be fed back to the Committee.

Evaluating the effectiveness

Once the above framework exercise has been completed, a more detailed evaluating the effectiveness of the Audit Committee will be undertaken.

3.3 The results of the self-assessment exercise are summarised below.

Good practice questions	Yes	Partly	No
Audit committee purpose and governance			
Does the authority have a dedicated audit committee?	X		
Does the audit committee report directly to full council?	X		
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	X		
Is the role and purpose of the audit committee understood and accepted across the authority?		X	
Does the audit committee provide support to the authority in meeting the requirements of good governance?	X		
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	X		
Functions of the committee			
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? <ul style="list-style-type: none"> • Good governance • Assurance framework • Internal audit • External audit • Financial reporting • Risk management • Value for money • Counter-fraud and corruption 	X		
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	X		
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?		X	
Where coverage of core areas has been found to be limited, are plans in place to address this?	X		
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	X		

Membership and support			
Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> • Separation from the executive • An appropriate mix of knowledge and skills among the membership • A size of committee that is not unwieldy • Where independent members are used, that they have been appointed using an appropriate process. 		X	
Does the chair of the committee have appropriate knowledge and skills?	X		
Are arrangements in place to support the committee with briefings and training?	X		
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		X	
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	X		
Is adequate secretariat and administrative support to the committee provided?	X		
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			X
Has the committee evaluated whether and how it is adding value to the organisation?			X
Does the committee have an action plan to improve any areas of weakness?			X

3.3 The Committee is now requested to give consideration to the results of the self-assessment and agree with officers a plan of action. In particular around the three questions with a “No” answer:

- Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?
- Has the committee evaluated whether and how it is adding value to the organisation?
- Does the committee have an action plan to improve any areas of weakness?

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Accounts and Audit Regulations Act states that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

None

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