



Havering
LONDON BOROUGH

AUDIT COMMITTEE

11 March 2015

Report

Subject Heading:

Annual Review of the Effectiveness of the Audit Committee

Report Author and contact details:

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Policy context:

It is best practice to review the effectiveness of the Committee annually against a defined criteria

Financial summary:

N/a

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	X
Excellence in education and learning	X
Opportunities for all through economic, social and cultural activity	X
Value and enhance the life of every individual	X
High customer satisfaction and a stable council tax	X

SUMMARY

This report provides the Audit Committee with the results of the Annual Review into the Audit Committee's effectiveness based on a toolkit developed by PricewaterhouseCoopers. An Annual Review is undertaken to comply with best practice and so that the Council demonstrates its commitment to good Governance.

The review was undertaken by seeking views of officers who interact with the activity of the Committee and the Members of the Committee themselves.

RECOMMENDATIONS

1. To note and discuss the contents of the report.
2. To agree any actions or recommendations for improvement for implementation in 2015/16 prior to the next review.

REPORT DETAIL

1. Introduction

- 1.1 In previous years the Committee's effectiveness has been reviewed against best practice guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) these reviews have provided good levels of assurance with regards the effectiveness of the Council's Audit Committee, with only minor areas for improvement noted.
- 1.2 PricewaterhouseCoopers (PwC) have developed a toolkit that can assist with the review of effectiveness. The toolkit comprises a series of questions which relate to processes and the underlying knowledge and behaviors of the Committee as these processes are carried out. This toolkit and the prescribed methodology have been the basis of the 2014/15 review of effectiveness.
- 1.3 The toolkit has been completed in accordance with the methodology outlined by PwC by the Internal Audit & Corporate Risk Manager with input from officers who interact with the Committee all Members who attend the Committee were given the opportunity to feed into the assessment.

2. Developments in 2014/15

- 2.1 The composition and Chair of the committee changed in May 2014 following the local elections. The new Chairman was a longstanding member of the Audit Committee all other members were new to the Committee. There was a further change in year as a result of change to the political make up of the Authority however this brought an experienced Member back onto the Committee.
- 2.2 The Committee has not yet completed its first year training plan; this is expected to be completed by June 2015.

3. Results of the Review

- 3.1 The toolkit contains 32 questions regarding the effectiveness of the committee and asked for ratings to be provided against each one where applicable as follows:
- 1 = Hardly ever/Poor
 - 2 = Occasionally/Below average
 - 3 = Some of the time/Average
 - 4 = Most of the time/Above average
 - 5 = All of the time/Fully satisfactory
- 3.2 The toolkit questions, scoring and comments are attached in Appendix 1.
- 3.3 Of the 32 questions asked 5 were deemed n/a. There were six (22%) rated as 5; 14 (52%) rated as 4; 6 (22%) rated as 3; 1 (4%) rated as 2; No areas were rated as poor.
- 3.4 The main areas where scoring is low relate to risk, as members are yet to receive training or reports relating to Risk Management; Whistleblowing for the same reason and due to the delay in reporting issues as a result of the frequency of meetings.
- 3.5 Actions for members to consider have been identified where scoring is not at the desired level.

4. Conclusions

- 4.1 Overall the assurances provided to the Council and Audit Committee with regards effectiveness is good. Some ratings are lower simply because this is the first year of a new committee and not all training has been delivered.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications arising from noting this report. However, the actions/recommendations for improvement identified by the committee may have financial implications. It is envisaged that most areas of improvement will be delivered within existing resources (staffing/budgets) and where this is not possible the financial implications will be raised through the appropriate channels as required.

The risks of our arrangements not complying with best practice may lead to the Council not being viewed as open and transparent by stakeholders or a failure to demonstrate good governance.

Legal implications and risks:

There are no apparent risks in noting the content of this Report.

Human Resources implications and risks:

None arising directly from this report.

Equalities implications and risks:

None arising directly from this report.

BACKGROUND PAPERS

PricewaterhouseCoopers Effectiveness Tool kit.