

**SUBJECT: MONMOUTHSHIRE CC
AUDIT COMMITTEE SELF ASSESSMENT 2019/20**

**DIRECTORATE: Resources
MEETING: Audit Committee
DATE: June 2020
DIVISION/WARDS AFFECTED: All**

1. PURPOSE

To receive feedback from the Audit Committee's own self assessment exercise undertaken during 2019/20.

2. RECOMMENDATION(S)

That Audit Committee Members consider the feedback of its own self assessment and agree that the comments are a consensus of the group; consider any improvements they have identified in the governance arrangements or the way Audit Committee operates to take forward via an agreed action plan.

3. KEY ISSUES

- 3.1 Audit Committee previously undertook a self assessment of itself in 2014 /15 which was reported into Audit Committee in April 2015. This was based on a similar suite of good governance questions as this recent exercise and was facilitated by Wales Audit Office.
- 3.2 For the 2019/20 self assessment exercise, a questionnaire was sent out to all Members of the Council's Audit Committee in November 2019 by the Chief Internal Auditor. The responses were collated and are shown at Appendix 1; the majority of Members responded but not all. The responses were generally positive. The questionnaire covered the following 7 themes:
- Roles and Responsibilities
 - Monitoring and Oversight
 - Internal Audit
 - External Audit
 - Membership
 - Meetings
 - Skills and Training of Members
- 3.3 The benefits of undertaking such an exercise is that the Audit Committee is able to evaluate its own effectiveness, it demonstrates good governance and identifies improvements to the way in which the Audit Committee operates but can also give assurance that it is meeting its terms and conditions.
- 3.4 Members were generally comfortable with the Roles and Responsibilities of the Audit Committee and were aware of its terms and conditions; some were aware that the Council's

Constitution was being reviewed and updated. One Member was concerned that sometimes an agenda has late papers which may not be assimilated in time.

3.5 Generally, Monitoring and Oversight sat well with Members. Members were comfortable that the Committee obtained feedback on its performance from those interacting with the committee or relying on its work. The Audit Committee Annual Report is presented to full Council annually and Members have the opportunity to put questions to the presenter (usually the chair or vice chair). The chair also attends meetings with the heads of other scrutiny committees.

3.6 Committee Members felt as though they receive adequate and timely information in relation to:

- Corporate Governance
- Risk Management
- Internal Control
- Treasury Management
- Financial Affairs and Statements

And received appropriate support from key officers.

3.7 Although there is an opportunity to invite officers and members to attend and be held accountable for their actions, Members felt that sometimes it is difficult to get officers to respond in a timely manner as other pressures taking priority. There was also a sense of reluctance at times for officers to accede to invite, and sometimes takes a prod to get action followed up.

3.8 The majority of Members were aware of the Seven Principles of Public Life, known as the Nolan Principles and are committed to the Council's Vision and Values.

3.9 Members were generally positive about the support the Committee got from Internal Audit and External Audit. Level of detail in reports was appropriate and further information is given at meetings if required. Members didn't always get regular information on client perceptions of the Internal Audit Service and weren't entirely sure if they could hold private meetings with the external auditor.

3.10 The Membership of the Audit Committee was felt to be working well, with the chairperson being an independent lay member and it was felt that he had good experience and leadership skills. A comment was made around whether or not Corporate needs override the Audit Scrutiny function, ie conflict of a Member's role opposed to Committee functionality. This was balanced with "I think it is a strength of the Committee that some Members will also sit on other key Committees, but I have never noted any conflict".

3.11 Members felt that the number of meetings was appropriate, although the push for paperless (agendas / reports) was sometimes to the detriment of work / debate. They all agreed that meetings were public and records relating to the Committee were open, transparent and easily available and that they can actively contributed to discussion at meetings, and are encouraged to do so.

3.12 With regards to Skills and Training, the membership of the committee felt it had not really been assessed against a knowledge and skills framework but commented that "as Elected Members come to the Council from all walks of life, and with varying skill sets, I believe therefore, equips the Committee to carry out its functions." "Skill sets will, change as Committee Membership adjusts to Political balance, but political neutrality to should remain." When training is requested it is provided. Members develop appropriate skills which are clear when discussions take place.

- 3.13 Some Members felt as though they were not given specific training for Audit Committee but were aware that the Scrutiny Manager has been assessing training needs generally.
- 3.14 In specialised areas such as treasury management most Members felt they have the appropriate skills to fulfil the role expected of them; officer support is good here and Finance Officers provide excellent briefings. In some cases further training could be provided.

4 REASONS

- 4.1 A self assessment exercise undertaken by the Audit Committee enables it to evaluate its own effectiveness and clearly demonstrates good governance.

5 RESOURCE IMPLICATIONS

None.

6 CONSULTEES

Chief Officer Resources

7 BACKGROUND PAPERS

CIPFA / SOLACE Delivering Good Governance 2016

8 AUTHOR AND CONTACT DETAILS

Andrew Wathan, Chief Internal Auditor

Telephone: x.4243

Email: andrewwathan@monmouthshire.gov.uk

Audit Committee Self-Assessment – November 2019

[previous self-assessment April 2015 – facilitated workshop]

Measuring the Effectiveness of the Audit Committee

Master response – prepared to feedback to Members of the Audit Committee

X 7 responses at 23-3-20

Not all members answered all questions

Introduction and Background

1. Regular self assessment by the Audit Committee is encouraged by CIPFA (“Audit Committees – Practical Guidance for local Authorities and Police” (2013)).

2. The checklist was used as a prompt for Members to consider a number of aspects relevant to the operation and conduct of the Committee across the following 7 themes:

- Roles and Responsibilities
- Monitoring and Oversight
- Internal Audit
- External Audit
- Membership
- Meetings
- Skills and Training of Members

Issue	AC Member Response	Yes	No	Partia I	Comment	Future Considerations / Proposed Improvement Actions
Roles and Responsibilities						
1	Have the Committee's Terms of Reference been approved by Full Council?		7		September 2014	
2	Do the Terms of Reference follow best practice, as set out in the CIPFA model and the Local Government Measure 2011?		7		Presume so Grateful for officers' guidance on this, but appears to be the case. September 2014	
3	Is the Terms of Reference reviewed periodically to ensure it remains fit for purpose?		6		Unsure I understand there is a constitutional review taking place at present	Council Constitution is currently under review
4	Does the agenda for meetings and work programme support the role and responsibilities of the Committee?		6	1	Sometimes an agenda has late papers which may not be assimilated in time. As detailed in the Audit Committee Annual Report 2018/2019	Have papers prepared in time
5	Does the Committee take a role in reviewing and scrutinising:		<ul style="list-style-type: none"> • 6 • 7 		1 x unsure	

Issue		AC Member Response	Yes	No	Partial	Comment	Future Considerations / Proposed Improvement Actions
	<ul style="list-style-type: none"> Annual Governance matters Risk Management Strategies Internal Control Statements Anti-Fraud arrangements Corporate Policies and Strategies Financial Affairs and Statements External & Internal Audit Reports 		<ul style="list-style-type: none"> 7 7 6 7 7 			1 x unsure	
6	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work.		5		1	<p>Generally yes, but feedback is slow in being received.</p> <p>Can be concise feedback</p> <p>A report is made to full council annually and members have the opportunity to put questions to the presenter (usually the chair or vice chair). The chair also attends meetings with the heads of other scrutiny committees.</p> <p>Not sure about this question</p>	<p>Geer up responses</p> <p>Officer attendance to clarify actions</p>
Monitoring and Oversight							
7	Does the Committee consider that it receives adequate and						

Issue		AC Member Response	Yes	No	Partia I	Comment	Future Considerations / Proposed Improvement Actions
	<p>timely information in relation to:</p> <ul style="list-style-type: none"> • Corporate Governance • Risk Management • Internal Control • Treasury Management • Financial Affairs and Statements 		7				
8	<p>Does the Committee consider that it received appropriate support from:</p> <ul style="list-style-type: none"> • Statutory Officers • Senior management • External Audit • Internal Audit • Secretariat services 		<ul style="list-style-type: none"> • 6 • 6 • 6 • 6 • 7 			As an elected Member I was unable to progress an issue	
9	<p>Does the Committee consider it has the opportunity to invite officers and members to attend and be held accountable for their actions?</p>		6		In part	<p>Sometimes it is difficult to get Officers to respond in a timely manner...other pressures taking priority!!!!</p> <p>I sense a reluctance at times for officers to accede to invite</p> <p>Yes I have seen this carried out at meetings</p>	<p>Encourage Officers to understand the importance of the Audit function</p> <p>Obligatory & promptly</p>
10	<p>Has the Committee agreed set criteria when an officer may be invited to attend Committee?</p>		4	1	1	<p>However it is a fairly loose arrangement, somewhat suck it</p>	<p>Committee Members need to consider a standard</p>

Issue		AC Member Response	Yes	No	Partial	Comment	Future Considerations / Proposed Improvement Actions
						<p>and see, depending upon the depth of interest by Members.</p> <p>I am unaware of</p> <p>Not formally, but it is generally understood that officers will be invited after two limited opinions from Internal Audit, or if there has been a breach of Contract and Procedure Rules where the value of the work is significant, or where there are other major concerns.</p>	<p>criteria before asking to call upon Officers</p> <p>Set criteria</p>
11	Does the Committee consider they have the mechanisms to ensure that officers are acting on and monitoring action taken to implement recommendations?		5		1	<p>Not sure, it sometimes takes a prod to get action followed up.</p> <p>Sense procrastination</p> <p>Usually the Committee will be satisfied by the attendance of officers, as above, to provide the necessary assurance. The Committee also notes the activities of Internal Audit in following up unsatisfactory opinions.</p>	<p>Perhaps a standard response mechanism be set up.</p> <p>Officer to attend to recount action</p>
12	Does the Committee consider that they have the opportunity to refer matters on to other bodies (internal & external) as they consider appropriate?		7			<p>Rarely used</p> <p>There is a mechanism for referring matters to other scrutiny</p>	

Issue		AC Member Response	Yes	No	Partial	Comment	Future Considerations / Proposed Improvement Actions
						committees. Most business is conducted in public, so there is general openness. A resolution of the Committee could refer something to e.g., Wales Audit Office if it were considered appropriate.	
13	Does the Committee have appropriate interaction with other Committees e.g. Scrutiny / Select?		3	1	1	As 12, rarely used The chair of the Audit Committee has been invited to meetings of the chairs of the other Scrutiny Committees, however. When necessary Would be useful	Links to be strengthened
14	Does the Committee prepare an Annual Report outlining its findings and provide an opinion in relation to its role, which helps to inform the Annual Governance Statement?		6			Yes an annual report is prepared – the last one being 2018/19 approved at the meeting held on 13/06/19	
15	Does the Committee undertake an annual Self Assessment of its own effectiveness?		6	1		But not for a while There have been two self assessments in the last seven years.	

Issue		AC Member Response	Yes	No	Partial	Comment	Future Considerations / Proposed Improvement Actions
16	Are there arrangements to hold the committee to account for its performance?		5			Unaware There is an annual report to full council and the Head of Internal Audit attends meetings of the Audit Committee. WAO officers also attend meetings of the Committee.	Annual report provides evidence
17	Members of the Committee have regard to the Seven Principles of Public Life, known as the Nolan Principles: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.		6			Presume apply to officers as well Reminded of them at the 9 January meeting.	
18	The Audit Committee is committed to the Council's Vision and Values: Vision – Building Sustainable and Resilient Communities Corporate Values – Openness Fairness Flexibility Teamwork		7			Reminded of them in the agenda pack issued for each meeting of the Committee	
Internal Audit Process							
19	Does the Committee approve the strategic audit approach and the annual programme?		7				

Issue		AC Member Response	Yes	No	Partial	Comment	Future Considerations / Proposed Improvement Actions
20	Is the work of Internal Audit reviewed regularly?		7			Annual report & updates	
21	Is the level of detail provided in Audit progress summaries adequate to meet Members' needs?		6			Usually And further information given at meetings if required	
22	Does the Committee receive regular information on client perceptions of the Internal Audit service and other performance management information?		4	1	1	Internal Audit advise the Committee on managers' acceptance of their recommendations. Not sure about this	Require concise comment on service
23	Is the Annual Report from the Chief Internal Auditor presented to the Committee?		7				
24	Is there the opportunity to hold private meetings with the Chief Internal Auditor?		6			If necessary The need for this has not arisen	

Issue	AC Member Response	Yes	No	Partia I	Comment	Future Considerations / Proposed Improvement Actions
External Audit Process						
25	Are reports on the work of external audit and other inspection agencies presented to the Committee?		6		1 x unsure Do we receive all ?	
26	Does the Committee consider that they have the opportunity to input into the external audit programme?		7		However I can't recall it being done I would expect to bring any suggestions to the attention of the Wales Audit Office, if the Committee wished it.	
27	Is there the opportunity to hold private meetings with the External Auditor?		4	1	1 x unsure Facility has been employed but it is not usual Unaware of However I can't recall it being done But not requested The need for this did not arise during my time on the Audit Committee	Ensure Members are aware that the facility exists. Would be a useful exercise
Membership						

Issue		AC Member Response	Yes	No	Partial	Comment	Future Considerations / Proposed Improvement Actions
28	Has the membership of the Committee been formally agreed and a quorum set?		7				
29	Is the make up of the Committee consistent with the requirements of the Local Government Measure 2011?		7				
30	Is the Chair free of Executive or Scrutiny / Select functions?		7			Because the MCC Audit Chair is an Externally appointed Independent Lay Member of the Audit Committee.	The appointment of at least one Lay member is a requirement outlined in the Welsh Local Government Measure in 2011.
31	Does the Chair have strong level of leadership skills?		6			Perhaps for others to judge. The Committee can decide to elect another person to this role. He's a very strong and experienced Chair and has excellent leadership Skills Very good chairman	

Issue		AC Member Response	Yes	No	Partia I	Comment	Future Considerations / Proposed Improvement Actions
32	Are Members sufficiently independent of the other key Committees of the Council?		4	1	2	<p>I sometimes wonder if Corporate needs override the Audit Scrutiny function.ie conflict of a Members role opposed to Committee functionality</p> <p>All are on other Committees or Cabinet</p> <p>I think it is a strength of the Committee that some Members will also sit on other key Committees, but I have never noted any conflict</p> <p>Any conflict is declared</p>	Ensure that Independence of Committee Members is maintained.
33	Is the Committee politically balanced in accordance with the Local Government (Democracy) (Wales) Act 2013?		7				
Meetings							
34	Does the Committee meet regularly?		6				
35	Is the frequency of meetings adequate to support the role and responsibly of the Committee?		6	1			

Issue		AC Member Response	Yes	No	Partia I	Comment	Future Considerations / Proposed Improvement Actions
36	Are agenda papers circulated in advance of meetings to allow adequate preparation by Members?		6	1		Push for paperless to detriment of work / debate	Members to determine how they function most effectively
37	Are meetings free and open without political influences being displayed?		7			The Chair has no political affiliation	
38	Are meetings public and records relating to the Committee open, transparent and easily available?		7				
39	Do Members feel they can actively contribute to discussion at meetings and are encouraged to do so?		7				
40	Are decisions reached promptly and recorded?		7			Member input	

Issue	AC Member Response	Yes	No	Partia I	Comment	Future Considerations / Proposed Improvement Actions	
Skills and training							
41	Has the membership of the committee been assessed against a knowledge and skills framework and found to be satisfactory.		1	2	2	<p>As Elected Members come to the Council from all walks of life, and with varying skill sets, I believe therefore ,equips the Committee to carry out its functions.</p> <p>1 requested nomination</p> <p>Not sure what is meant here</p> <p>Apart from induction training (see 43 below) where the Committee has made a request for training, sessions on auditing and governance and related matters have been arranged.</p> <p>The lay member was appointed by selection and interview against a specification, however.</p> <p>I'm not sure</p> <p>Members develop appropriate skills which is clear when discussions take place</p>	<p>Skill sets will, change as Committee Membership adjusts to Political balance, but political neutrality to should remain.</p>

Issue		AC Member Response	Yes	No	Partial	Comment	Future Considerations / Proposed Improvement Actions
42	Do Committee Members have the knowledge, experience and understanding of the key risks and issues facing the Council?		7			Some knowledge I believe that Councillors are ideally placed to understand these issues.	
43	Is induction training provided to Members?		4	2		1 x unsure Where a new Committee has been constituted training has been arranged. The Scrutiny manager has been assessing training needs generally Given occasional possible complex issues, training	Members should be required to attend set programme
44	Is more advanced training available if required?		5	1		1 x unsure Have attended several courses The Committee could ask for it If required	
45	In specialised areas such as treasury management do Members feel they have the appropriate skills to fulfil the role expected of them?		4		1	Working on, officers assist when asked Officer support is good here The Committee have demonstrated their skills in this	

Issue		AC Member Response	Yes	No	Partial	Comment	Future Considerations / Proposed Improvement Actions
						<p>regard, but Finance Officers provide excellent briefing</p> <p>Given the nature of the question and topic, appropriate training would be helpful in assisting Members to understand the issues.</p> <p>Help and advice for this if necessary is available</p>	
46	Do Members feel they can request training if they consider this would help them fulfil their role?		7			<p>I approach relevant staff</p> <p>Occasional refreshers would greatly assist</p>	

