

## Audit Committee Effectiveness Review – 2<sup>nd</sup> July 2024

Attendees: Councillor Lucy Patrick, Chair  
 Councillor David Moore, Vice-Chair  
 Councillor John Mallinson  
 Councillor Gillian Troughton  
 Clare Liddle, Monitoring Officer  
 Catherine Bell, S151 Officer  
 Barry Lennox, Deputy S151 Officer  
 Michael Roper, Head of Internal Audit and Risk Management  
 Lynn Harker, Senior Democratic Services Officer  
 Paul Fullelove, Acting Risk Manager (taking notes).  
 Apologies – Councillor Joseph Ghayouba and Councillor Brian Wernham

Discussions were structured utilising CIPFA self-assessment guidance, supported by survey results undertaken by Committee Members and key stake-holders prior to the review. Each question is assigned a score between 0-5, based on agreed verdict as detailed below resulting in an overall score from 200:

- 0 – Does not comply
- 1 – Significant improvement required
- 2 – Moderate improvement required
- 3 – Minor improvement required
- 5 – Fully compliant, no improvement required.

### Audit Committee Purpose and Governance

#### 1 Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)?

A dedicated and independent Audit Committee is in place, but further work could be undertaken to ensure the role of Scrutiny and Audit is clearly separated, to ensure the Committee maintains full independence. Some work has already been started to review work programmes, which should continue.

Score: 3 (Minor Improvements)

#### **ACTION(S):**

1. Identify process to identify duplication between AC and Scrutiny and develop a process for referring items to Scrutiny for review where necessary.
2. AC chairs/ vice chair and Scrutiny chairs /vice chairs should meet informally to share agendas to remove duplication.

#### 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?

The Committee reports directly to Full Council and provides an annual report outlining the work of the Committee. Members queried whether more frequent reporting would be beneficial and raised that some committees report quarterly. The Head of Internal Audit and Risk Management (HIARM) provides regular briefings to the portfolio holder. Committee Members indicated they would prefer regular attendance by portfolio holder or other executive members.

Score: 3 (Minor Improvements)

#### **ACTION:**

3. Review frequency of reporting to Full Council.
4. Informal approach by Chair re future attendance of portfolio holder.

### **3 Has the committee maintained its advisory role by not taking on any decision-making powers?**

AC agreed it has no formal decision-making powers and not taken on any decision-making powers during the year.

Score: 5 (Fully compliant)

### **4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?**

A review identified that the AC Terms of Reference (TOR) complies with CIPFA 2022 Position Statement, but may need minor amendments at next review to specified the need to take a high-level focus on the adequacy of governance. It was also thought advisable for the Terms of Reference to specify who should be expected to attend meetings.

Score: 3 (Minor Improvements)

#### **ACTION:**

5. Next review of TOR:
  - a. Minor amendments to ensure full compliance with CIPFA 2022 Position Statement.
  - b. Clarify who should be expected to attend meetings.

### **5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?**

As previously stated, there is some confusion between roles of AC and Scrutiny, but informal briefings have taken place with Chairs from each Committee. Feeling role isn't clearly understood across the authority and at senior management level. Consideration as to whether Service Areas / Directors should present Audit reports to Committee rather than HIARM and identified a need to ensure officers attended in person, as recent attendees on Teams did not work well.

Score: 2 (Moderate improvement)

#### **ACTION:**

6. Ensure senior officers attend meetings in person for relevant items.

### **6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?**

It was queried whether Members understood the escalation method, as they could escalate by asking officers to attend next AC meeting. Monitoring Officer suggested they could ask for attendance or make a formal report / recommendation to Executive. AC need to give clear indication as to who recommendations should be passed to.

Score: 1 (Significant improvement)

#### **ACTION:**

7. Monitoring Officer to brief members on process for escalate issues to Scrutiny / Leadership.
8. Incorporate the escalation process into AC Member Induction packs.

## **7 Does the governing body hold the audit committee to account for its performance at least annually?**

The committee publishes an annual report in accordance with the 2022 guidance, including:

- results of the annual evaluation, development work undertaken and planned improvements
- how it has fulfilled its terms of reference and the key issues escalated in the year?

The annual report appears to broadly comply with CIPFA's position statement, but this was not clearly specified in the report.

Score: Compliance with CIPFA Position Statement 3 (Minor Improvements)  
Results of the annual evaluation, development work undertaken and planned improvements (5 fully compliant)  
How it has fulfilled its terms of reference and the key issues escalated in the year (5 fully compliant)

### **ACTION:**

9. HIARM to ensure future Annual reports specify compliance with CIPFA position statement.

## **Functions of the Committee**

### **9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement**

The committee felt it received relevant reports for all key areas.

Score: Governance Arrangement 5 (Fully compliant)  
Risk Management Arrangements 5 (Fully compliant)  
Internal Control Arrangements 5 (Fully compliant)  
Annual Governance statement 5 (Fully compliant)  
Financial Reporting 5 (Fully compliant)  
Assurance Framework 5 (Fully compliant)  
Internal Audit 5 (Fully compliant)  
External Audit 5 (Fully compliant)

### **10 Over the last year, has adequate consideration been given to all core areas?**

Regular reports brought to Committee on all topics.

Score: 5 (Fully compliant)

### **11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?**

Only relevant agenda items included.

Score: 5 (Fully compliant)

### **12 Has the committee met privately with the external auditors and head of internal audit in the last year?**

HIARM meets with Chair / Vice Chair to discuss agenda, but this needs development, especially in relation to External Audit. Action has taken to address this post-review, with private meetings scheduled with both external and internal audit.

Score: 0 (Does not comply)

### **ACTION:**

10. Develop process for private meetings by the AC with External Audit and HIARM.

## Membership and support

13 Has the committee been established in accordance with the 2022 guidance as follows?

- Separation from executive
- A size that is not unwieldy and avoids use of substitutes
- Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation

Benchmarking information presented by HIARM. Independent Membership and committee size considered appropriate. Current membership number is related to number of members on Full Council and will be kept under review as the Council develops.

Score: 5 (Fully compliant for each)

## 14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?

There is a broad range of skills in the membership and the addition of the independent member has added to this range of experience. Self-Assessment results support broad coverage of each area. Ongoing training programme will help support knowledge and Committee continue to engage in different forms of training being provided. There is scope for further training in relation to risk management and it is agreed a separate workshop is required to discuss how risk management is reported to the Committee.

Score: 3 (Minor Improvements)

### ACTION:

11. Whether name of committee should be Audit and Risk Committee – this had been identified during interviews for independent members. Will be looked at during review of TOR.
12. In person Risk Management workshop to be held with Committee Members to discuss presentation of deep dives and risk management reports.

## 15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?

Undertaken as part of the effectiveness review (will be conducted annually).

Score: 5 (Fully compliant)

## 16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?

Yes, ongoing programme of training delivered both prior to meetings and as separate workshops (in person and online). Members found training to be useful and relevant. Consideration will be given to joint training session with Scrutiny where relevant.

Score: 5 (Fully compliant)

## 17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?

Self-assessment identified broad range of experience and also identified future areas for development, which will be used to inform ongoing provision of training. Improvements identified elsewhere. A copy of the self-assessment results has been provided to Members.

Score: 3 (Minor Improvements)

**18 Is adequate secretariat and administrative support provided to the committee?**

Role of Senior Democratic Services Officer helps AC to stick to correct governance arrangements, focus on agenda items, etc.

Score: 5 (Fully compliant)

**19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?**

Feeling that internal officer relationships are good. External stakeholders attendance in person helps. Working relationships with external auditors could be developed and private meetings will support this. CFO to attend briefing meetings when available.

Score: 3 (Minor Improvements)

**ACTION:**

13. Review current working relationship with the external auditors.

**Effectiveness of the committee**

20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work? Completion of self-assessment questionnaires was limited. Some Officers felt they couldn't give feedback if they only attended one meeting. Feedback obtained positive.

Score: 2 (Minor Improvements)

**ACTION:**

14. Consideration to be given to getting feedback from a wider number of Officers as part of next review.

**21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?**

Meetings flow well and some difficult issues covered. Agenda items kept as focus and keep members to the remit of AC and give direction on who to refer to. Initial focus on Copeland has been resolved. Have maintained control of Members keeping to topic.

Score: 3 (Minor Improvements)

**ACTION:**

15. Consider recapping, at end of meeting, key actions have been recorded and that referrals / recommendations are to be made to the appropriate body.

**22 Are meetings effective with a good level of discussion and engagement from all the members?** Effective Chair person; inclusion of Independent Member helps discussions. Discussion over the effectiveness of current Deep Dive review process, current focus on high scoring risks, whether use of PowerPoint presentations work, whether a briefing by the Service Area could be given prior to the AC meeting so Members understand the broader service. Improvements to Risk Management reporting to be undertaken as part of workshop (action 12)

Score: 3 (Minor Improvements)

**23 Has the committee maintained a non-political approach to discussions throughout?**

Yes, an initial issue was identified with the discussions concerning outstanding Copeland Statement of Accounts but this was controlled and challenged by the Chair and Monitoring Officer and maintains well controlled.

Score: 5 (Fully compliant)

**24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?**

See responses above (felt to be a duplicate question)

Score: 5 (Fully compliant)

**25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?**

See responses above. Note action point 15 noted above to recap key actions, etc.

Score: 5 (Fully compliant)

**26 Do audit committee recommendations have traction with those in leadership roles?**

Cumberland Council has only been in position for 12 months, so it was thought it may be too early to fully assess this question.

Score: 3 (Minor Improvements)

**27 Has the committee evaluated whether and how it is adding value to the organisation?** Self-assessment review to be undertaken annually, with action points regularly monitored. The self-assessment process will be reviewed and enhanced on an annual basis.

Head of Internal Audit, Chair and vice-Chair (along with other officers where relevant) to attend Audit Committees for other Councils to improve knowledge and consider any best practice identified.

**ACTION:**

16. Chairs and HIARM to attend Audit Committees held by other neighbouring Councils.

Score: 3 (Minor Improvements)

**28 Does the committee have an action plan to improve any areas of weakness?** To be developed as a result of this review – Action Points raised and Training requirements identified.

Score: 3 (Minor Improvements)

**29 Has this assessment been undertaken collaboratively with the audit committee members?**

4 Members attended review meeting which included the Chair and Vice Chair roles. S151 Officer, Deputy S151 Officer, Monitoring Officer, Senior Democratic Services Officer, HIARM and Acting Risk Manager in attendance.

Score: 5 (Fully compliant)

**OVERALL SCORE 161/200**

## Audit Committee Effectiveness Review - Action Plan

Improvement Action	Responsible Officer/Member	Implementation Date	Status
1. Continue work to identify cross over between AC and Scrutiny and develop a process for referring items to Scrutiny for deeper review.	Head of Internal Audit & Risk Management	30.11.24	Process to be reviewed and implemented in conjunction with Scrutiny as part of Internal Audit's review of other assurance providers.
2. AC chairs/ vice chair and Scrutiny chairs /vice chairs should meet informally to share agendas to remove duplication.	Chair of Audit Committee	30.09.24	Meeting to be arranged to share agendas / workplans.
3. Review frequency of reporting to Full Council.	Chief Legal Officer	30.10.24	Review to be undertaken.
4. Informal approach by Chair re future attendance of portfolio holders and breadth of portfolio holders who should attend.	Chair of Audit Committee	30.12.24	Finance Portfolio approached and attended July meeting. Portfolio Holder to be approached.
<b>5.</b> Next review of TOR: a. Minor amendments to ensure full compliance with CIPFA 2022 Position Statement. b. Clarify who should be expected to attend meetings.	Chief Legal Officer	30.03.25	To undertake during next review of Terms of Reference.
<b>6.</b> Ensure senior officers attend meetings in person for relevant items.	Chair of Audit Committee	30.03.24	No Teams attendance for future meetings. Chair to invite relevant officers via briefing sessions. Attendance for remainder of the year to be monitored before closing.
7. Clarify process on how best to escalate issues to Scrutiny / Leadership.	Chief Legal Officer	30.10.24	Process to be clarified and communicated.
8. Incorporate the escalation process into AC Member Induction packs.	Chief Legal Officer	30.05.25	To be included in 2025/26 induction packs.

10. Develop process for private meetings by the AC with External Audit and HIARM.	Head of Internal Audit & Risk Management	30.09.24	Private meeting held with External Audit prior to July meeting. Private meeting with Internal Audit to be scheduled.
11. Whether name of committee should be Audit and Risk Committee – this had been identified during interviews for independent members. Will be looked at during review of TOR.	Chief Legal Officer	30.03.25	To undertake during next review of Terms of Reference.
12. Risk Management workshop to be held with Committee Members to discuss presentation of deep dives and risk management reports.	Risk Manager	30.10.24	Risk Manager to arrange workshop with Committee members.
13. Review current working relationship with the external auditors.	Chair of Audit Committee	30.12.24	
14. Consideration to be given to getting feedback from a wider number of Officers as part of next review.	Head of Internal Audit & Risk Management	30.06.25	Feedback approach to be reviewed for 2025/26 effectiveness review.
15. Consider recapping, at end of meeting, key actions have been recorded and that referrals / recommendations are to be made to the appropriate body.	Chair of Audit Committee / Vide-Chair of Audit Committee / Democratic Services Officer	17.09.24	To be in place for September meeting.
16. Chairs and HIARM to attend Audit Committees held by other neighbouring Councils	Head of Internal Audit & Risk Management / Chair of Audit committee / Vice-Chair of Audit Committee	31.03.25	To review agendas for Westmorland and Newcastle.