

Audit and Accounts Committee Review of Effectiveness

To: Audit and Accounts Committee

Meeting Date: 1st December 2023

From: Mairead Claydon, Head of Internal Audit & Risk Management

Electoral division(s): All

Outcome: The Committee is being asked to consider the outcomes from its recent review of effectiveness in line with CIPFA guidance, and agree next steps to further develop the effectiveness of the Committee.

Recommendation: The Committee is asked to agree the Action Plan at Section 3 of this report, which has been developed through the Review of Effectiveness.

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1. Background

- 1.1 CIPFA's updated *Position Statement on Audit Committees in Local Authorities and Police* (2022) also includes a set of documents to enable Audit Committees to complete a self-assessment against good practice and to evaluate the impact and effectiveness of the Audit Committee.
- 1.2 It was therefore agreed that the Audit Committee in conjunction with key officers would conduct a self-assessment exercise against the updated CIPFA *Position Statement* in 2023.

2. Key Findings of the Review of Effectiveness

- 2.1 The review of effectiveness took place on the 8th September 2023 at New Shire Hall. Present at the review were Councillor Wilson, Councillor Gay, Councillor Seeff and Councillor Sharp, along with Mairead Claydon the Head of Internal Audit & Risk Management and Emma Duncan the Director of Legal & Governance and Monitoring Officer.
- 2.2 The Committee worked through the CIPFA Self-Assessment of Good Practice, a high-level checklist review that incorporates the key principles set out in *CIPFA's Position Statement on Audit Committees in Local Authorities and Police 2022*. The completed checklist can be found at Appendix 1 to this report, with a copy of the *Position Statement* at Appendix 2.
- 2.3 In general, feedback on the effectiveness of the Committee was positive with only some areas highlighted where it was felt that there was potential to improve arrangements further. It was felt that the Committee membership was knowledgeable and skilled, with good working relationships with external and internal audit and the CFO, and that meetings were well chaired with good engagement from the Committee. The Committee was felt to operate effectively in an apolitical manner, with the right balance of membership.
- 2.4 There were some areas for improvement or review identified, with key areas highlighted below:
 - The Audit & Accounts Committee's Terms of Reference complies with the CIPFA *Position Statement*, however the Committee at Cambridgeshire also has some responsibilities that go beyond the remit outlined in the *Position Statement*. It was felt that the emphasis placed on governance and risk management within the Terms of Reference is not as significant as that placed on financial issues, and there was also discussion regarding the name of the Committee ("Audit & Accounts Committee") placing a greater emphasis on finance and accounts and not emphasising the role of the Committee in terms of organisational governance.
 - It was felt that the Audit & Accounts Committee at Cambridgeshire could be more active in initiating work such as audits, reports from officers etc. The Committee can request sight of Internal Audit reports and comment on the proposed Audit Plan for the Council, and may also choose to request officers to bring updates to the Committee on any areas of concern or poor compliance. It was also noted that other

Committees may escalate areas of concern to the Audit & Accounts Committee for their review, although this has not happened recently.

- It was noted that the Committee has not met privately with the external auditors and Head of Internal Audit in the last year, as recommended by CIPFA.
- It was noted that CIPFA guidance suggests that the Audit Committee should avoid the use of substitutes and instead focus on maintaining a core, expert membership. It was discussed that it is standard practice for Committees to permit substitutes and avoiding doing so completely may be difficult to sustain. Instead it was agreed that it would be reasonable to include within the Committee's Terms of Reference a presumption that Committee members be present for all meetings and the use of substitutes is avoided wherever possible.
- It was discussed that although a training plan for the Committee had been lacking historically, the May 2023 meeting of the Audit & Accounts Committee included the proposal and agreement of a comprehensive training plan for the Committee. It was noted by the Monitoring Officer that the Audit & Accounts Committee training plan should be included in the wider programme for all members, and that should be recorded formally and funded. Additionally it was discussed that it would be helpful for the training plan to be re-presented to the Committee at each meeting for review and consideration whether updates are required.
- It was noted that the Audit & Accounts Committee has not sought feedback on its performance from key stakeholders, and this is an action that should be implemented in response to the review.

2.5 It was agreed that the findings and action points from the review of effectiveness would be developed into an Action Plan and presented to the full Committee. The proposed Action Plan is set out at Section 3, below.

3. Review of Effectiveness Action Plan

3.1 The Action Plan capturing all action points identified during the review of effectiveness is presented below:

| Action: | Target Date: | Officer Contact: |
|---|-----------------------------|--|
| Conduct a review of the Audit & Accounts Committee Terms of Reference alongside the CIPFA <i>Position Statement on Audit Committees in Local Authorities and Police</i> . This will particularly consider: <ul style="list-style-type: none">• The emphasis placed on risk and governance issues within the Terms of Reference and any areas which are outside the remit defined in the CIPFA <i>Position Statement</i>.• The name of the Committee and whether this should be updated to give greater weight to the | 31 st March 2024 | Head of Internal Audit & Risk Management |

| | | |
|--|-----------------------------|--|
| <p>governance role of the Committee.</p> <ul style="list-style-type: none"> • Including wording regarding a presumption that Committee members commit to being present for all meetings and the use of substitutes is avoided wherever possible. | | |
| The Audit & Accounts Committee's report to Full Council will be amended to include a reminder to other Committees that they can refer matters to the Audit & Accounts Committee for its consideration or action. It will also be updated to include information on the Review of Effectiveness and development work undertaken during the year and planned improvements going forward. | COMPLETE | Head of Internal Audit & Risk Management |
| A shared drive will be set up to share internal audit final reports; in the interim, Committee members are reminded that they can request sight of final audit reports. | 31 st March 2024 | Head of Internal Audit & Risk Management |
| Committee members should consider the range of actions available to them in obtaining additional information and assurance from officers and other Committees and considering and making recommendations for the improvement of governance, risk and control arrangements. | COMPLETE | Head of Internal Audit & Risk Management |
| A private meeting with the Committee and the external auditors and Head of Internal Audit to be held following a Committee meeting before the end of the financial year. | 31 st March 2024 | Head of Democratic Services |
| Training Plan to be re-presented to Committee as a standing item at the end of each meeting for review. | 31 st March 2024 | Head of Democratic Services |
| The Committee will conduct a feedback exercise inviting feedback on its performance from the Chief Executive, Monitoring Officer, Section 151 Officer and key Councillor stakeholders. | 31 st March 2024 | Head of Internal Audit & Risk Management |

4. Alignment with ambitions

4.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes

There are no significant implications for this ambition.

4.2 Travel across the county is safer and more environmentally sustainable

There are no significant implications for this ambition.

4.3 Health inequalities are reduced

There are no significant implications for this ambition.

4.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs

There are no significant implications for this ambition.

4.5 Helping people out of poverty and income inequality

There are no significant implications for this ambition.

4.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised

There are no significant implications for this ambition.

4.7 Children and young people have opportunities to thrive

There are no significant implications for this ambition.

5. Significant Implications

5.1 Resource Implications

There are no significant implications within this category.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

5.3 Statutory, Legal and Risk Implications

See wording under 4.1 and guidance in Appendix 2.

5.4 Equality and Diversity Implications

There are no significant implications within this category.

5.5 Engagement and Communications Implications

There are no significant implications within this category.

5.6 Localism and Local Member Involvement

There are no significant implications within this category.

5.7 Public Health Implications

There are no significant implications within this category.

5.8 Climate Change and Environment Implications on Priority Areas:

- 5.8.1 Implication 1: Energy efficient, low carbon buildings.
Neutral Status
- 5.8.2 Implication 2: Low carbon transport.
Neutral Status
- 5.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Neutral Status
- 5.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
Neutral Status
- 5.8.5 Implication 5: Water use, availability and management:
Neutral Status
- 5.8.6 Implication 6: Air Pollution.
Neutral Status
- 5.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.
Neutral Status

Have the resource implications been cleared by Finance? N/A

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement and Commercial? N/A

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? N/A

Have the equality and diversity implications been cleared by your EqIA Super User? N/A

Have any engagement and communication implications been cleared by Communications? N/A

Have any localism and Local Member involvement issues been cleared by your Service Contact? N/A

Have any Public Health implications been cleared by Public Health? N/A

If a Key decision, have any Climate Change and Environment implications been cleared by the Climate Change Officer? N/A

6. Source documents

6.1 Source documents

CIPFA Position Statement on Audit Committees in Local Authorities and Police

6.2 Location

Appendix 2