

Agenda item 8

AGS/06/23

Report title: Audit, Governance and Standards Committee Effectiveness Review proposals 2023	
Report to: Audit, Governance and Standards Committee	
Report author: Paul Turner, Director, Legal and Assurance	
Date: 30 January 2023	For: Approval
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County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1 The Audit Governance and Standards Committee has a role to maintain oversight and to monitor the effectiveness of internal controls, governance and risk management arrangements.
- 1.2 This report sets out proposals to for a review of Committee effectiveness in line with recommended practice and as a way of identifying any potential improvements or training and development needs.

2. Recommendations

- 2.1 That the Committee agrees to carry out an effectiveness review of the Audit, Governance and Standards Committee as detailed in this report.

3. Background

- 3.1 In October 2022 CIPFA (the Chartered Institute of Public Finance and Accountancy) published an updated version of its Position Statement: Audit Committee in Local Authorities and Police 2022. The statement sets out the purpose, model, core functions and membership of the audit Committee and replaces the 2018 version. The ECC Audit, Governance and Standards Committee fulfil the role of an 'Audit Committee' as defined by this Statement.
- 3.2 Given the importance of the Audit Committee's role in providing assurance to the organisation it is considered good practice for the Committee to review its effectiveness from time to time, the statement indicates that the 'Committee should evaluate its impact and identify areas for improvement.' CIPFA provides two supporting documents which can be used to assist this work:
 - Self-assessment of good practice (template)

- Evaluating the impact and effectiveness of the Audit Committee

- 3.3 The ECC Audit, Governance and Standards Committee last conducted an effectiveness review in February and March 2020. This review was supported by a facilitator which ECC commissioned from CIPFA at a cost of £3,600. The review consisted of a questionnaire, interviews with members and officers and a workshop with Committee members, the facilitator also listened to Committee recordings.

As a result of the workshop and in discussion with the Chairman, an action plan was produced. This was agreed by the Committee in summer 2020. The actions were all considered and many of them have been implemented. Others have been abandoned, either because the Committee did not find them useful or they no longer seemed appropriate. The following changes have been made and embedded:

- The co-option of an independent member of the committee
 - Production of an Annual Audit, Governance and Standards Committee Report to full Council;
 - Services which receive a 'no assurance' audit are automatically invited to attend Committee and services which receive a 'limited assurance' audit are considered for invitation by the Chairman;
 - The production and completion of a training and development plan.
 - Facility for the committee to have 'task and finish' groups, although the Committee has not wanted to commission any such activity
- 3.4 The Committee is asked to agree to conduct a review during 2023 which considers both the updated position statement and the impact of the last review.
- 3.5 There is value in engaging an outside organisation to support the review, to maximise the opportunity for finding out what is considered best practice and what is done elsewhere. However, given that there is relevant expertise available within ECC and that the new CIPFA guidance and a self-assessment template has been recently published for this purpose, it is recommended that initially this work is undertaken within ECC.
- 3.6 Regardless of who does the review, it is important that it is led and 'owned' by Committee members. To be of most benefit to the authority it will be important for as many members of the Committee as possible to take part. If the review is supported by ECC officers (as opposed to external support) it is important that members are still able to be open and frank in discussions about areas for improvement.
- 3.6 It is recommended that officers use the CIPFA position statement, supporting documents and other relevant guidance to prepare for and deliver a workshop for Committee members where members reflect upon and assess their work having regard to the position statement. Further member should consider the contribution the committee makes to the authority's business. After the workshop the committee will be asked to agree:

- the self-assessment document;
- any actions which may be necessary to address areas for improvement;
- A refresh of the committee training plan (throughout the current term of office the Committee has undertaken training supported by ECC Officers and by the Local Government Association)

3.7 The outcome of this work may result in actions which would be reported formally to Committee for consideration.

3.8 It is suggested that final, detailed plans for the review and workshop are agreed in discussion with the Chairman outside of the Committee meeting.

4. Links to our Strategic Ambitions

4.1 A strategic approach to ECC's control framework is critical in ensuring that the Council successfully mitigates its risks in all areas of work to ensure vital services continue to be delivered and available resources reach those most in need and the council remains resilient. This report links to the following aims in the Essex Vision.

- Enjoy life into old age
- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

4.2 This report links to the following strategic priorities in the Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

5. Financial implications

5.1 The review can be undertaken within existing resources as outlined above, if external resources are engaged there will be a cost to the Council which would be met by the Assurance budget.

6. Legal implications

- 6.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of internal control, the Audit, Governance and Standards Committee is a significant part of the way in which the Council provides assurance that it is providing value for money and has proper systems of control. Whilst the effectiveness review is not a legal requirement the relevant professional bodies indicate that such reviews will support the overall control environment.

7. Equality and Diversity Considerations

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The equality impact assessment indicates that this activity will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

None

9 List of Background papers

- 9.1 CIPFA's Position Statement: Audit Committee in Local Authorities and Police 2022
- 9.2 CIPFA's Self-assessment of good practice template
- 9.3 CIPFA: Evaluating the impact and effectiveness of the audit committee