

By: The Head of Audit & Risk
To: Governance and Audit Committee – 02 December 2008
Subject: THE EFFECTIVENESS OF THE GOVERNANCE AND
AUDIT COMMITTEE
Classification: Unrestricted

Summary: This report summarises the outcomes of the self assessment questionnaire completed by Members at the last meeting of the Governance and Audit Committee.

FOR INFORMATION AND DECISION

INTRODUCTION

1. At the Governance and Audit Committee meeting on 17 September 2008, Members were each presented with a self assessment questionnaire. The questionnaire had been designed by Internal Audit, who coordinated this exercise. Members were asked to complete the questionnaire from their own perspective, based upon their personal experience and understanding of the way in which the Governance and Audit Committee functions. The questionnaires were completed anonymously.
2. The behaviours that Members were requested to score covered the broad range of the Governance and Audit Committee's responsibilities.
3. Each of the behaviours was ranked 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

Summary of Findings

4. Some returns were completed immediately on 17 September. A reminder was sent out by officers in early October and in all, five completed questionnaires were returned to Internal Audit.
5. Overall, there was broad consensus in the way in which the Governance & Audit Committee was scored and the sample of five completed returns is considered to be sufficient to draw inferences from the completed questionnaires and to identify potential areas for development.

Strengths

6. The following aspects of the Governance and Audit Committee's performance were ranked the highest:
- The frank open working relationship with Directors
 - Independence
 - Clear terms of reference
 - Clear as to risk management responsibilities
 - Sufficient number of meetings and access to resources.
7. The weighted average rank for each of these exceeded 4.0, demonstrating that those who completed the questionnaire assessed these attributes as being well above average.

Development areas

8. The following aspects of the Governance and Audit Committee's performance set out in the table below were ranked the lowest. Possible actions to address these aspects of the Committee's business are suggested in the table.

Aspect scored in the self assessment	Recommended action
Sufficient time and commitment to undertake responsibilities	To note – discussion at Cabinet level
Ongoing personal development to remain up to date	Addressed through management development training
Understanding of key financial issues	Addressed through management development training
Understanding of how assurance is gained	Risk management workshops and training
Role in relation to whistle-blowing	Suggest a paper on this subject brought to the March 2009 meeting?

9. The first two development areas on this list are capacity issues, in that some Members may be experiencing difficulty allocating sufficient time within their portfolios to Governance and Audit Committee business? Of the two areas, ongoing personal development and the need to remain up to date was scored the lower and there will be some benefit in discussing this with Members in order to understand their needs and to decide upon an appropriate level of support.
10. A paper on personnel policies, including whistle-blowing and the anti fraud and corruption policy was last brought to the Governance and Audit Committee in July 2005. There may be an opportunity for a further presentation on roles and responsibilities in relation to the Council's whistle-blowing strategy at a future meeting of the Governance and Audit Committee.
11. There is to be a presentation on the officers' response to the risk of a downturn in the economic environment at the meeting on 2 December. This will provide an appropriate opportunity for Members to question officers on their strategy and to assess their overall understanding of the financial risks faced by the Council. Members should also be aware of the Financial Management Development Programme which in 2008 has included the following core training modules:

- Managing the Capital Programme
- Local Governance Finance
- Internal Audit & Financial Control
- Pensions & Investments
- Procurement – *next course 3 December 2008*
- Budget Management – *next course 11 December 2008*

12. Members' understanding of how assurance is gained should be assisted by the presentations on risk at the 2 December meeting. It should be noted that the level of interaction by the Governance and Audit Committee with internal and external auditors were both ranked relatively highly, demonstrating that Members should be relatively comfortable approaching either set of auditors to enhance their overall understanding of assurance.

Recommendation

13. Members are asked to note this report and to consider undertaking annual self assessments of this nature in future.

Janet Dawson
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