



To: Joint Audit Committee
From: Chief Finance Officers, OPCC and Constabulary
Date: 26 September 2014

Propose Methodology for JAC effectiveness review

1. Recommendations

1.1. The Committee is asked to:-

- Consider adopting the approach as set in para 3.1.

2. Background:

2.1. The current Joint Audit Committee (JAC) was established in September 2013 and held its first meeting on 18th September 2013. This replaced interim arrangements which had been operating since the Police and Crime Commissioner came to office on 22nd November 2012.

2.2. The Joint Audit Committee undertakes the core functions of an audit committee in accordance with the guidance set out in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'.

2.3. At the Joint Audit Committee held on 10th December 2013, the Committee adopted its Terms of Reference (appendix A).

2.4. To ensure that the Committee is delivering effectively against its Terms of Reference, it is important that Committee review its own effectiveness on an annual basis.

3. Propose Methodology for JAC effectiveness review

3.1. The following is a proposed approach to reviewing the effectiveness of the Joint Audit committee.

- Assess against the delivery of the Terms of reference which was adopted at the December meeting
- Adopt the CIPFA Self-Assessment of Good Practice check list
- Adopt the CIPFA Evaluating the Effectiveness of the Audit Committee checklist
- Request that Officers who attend the Joint Audit Committees also complete the above two checklist
- Evaluate how the committee is adding value to the organisation
- Compare the functioning of JAC with that of Bedfordshire and Hertfordshire
- From the above establish a training and development plan for the members of the audit committee

3.2. Assess against the Terms of Reference:

- The JAC is responsible for delivering upon its Terms of Reference (TOR). A basic assessment against these will highlight to the committee which areas of the TOR it has delivered on and also will raise the question of understanding the areas of the Terms of Reference. Appendix B is the Terms of Reference as a list, with a column to highlight whether this has been covered during the review period and a column to rate the level of understanding of the subject area.
- Whilst this is not an assessment of the effectiveness as such, the purpose of this is twofold. Firstly as mentioned in para 3.2 to identify level of understanding of the subject areas within the Terms of Reference (which can lead to the identification of training and development needs) and secondly it will help to develop a forward plan for future audit committee work streams.

3.3. Adopt the CIPFA Self-Assessment of Good Practice check list:

- CIPFA, in December 2013, produced guidance, entitled 'Audit Committees Practical Guidance for Local Authorities and Police – 2013 Edition' which includes two checklists which can be used to help assess the effectiveness of the Joint Audit Committee. The first of these is the Good Practice Check List.
- The Good Practice Check list assesses the committee against range of criteria including the Terms of Reference, Member and Support and Effectiveness. Whilst this is mainly designed for officer/Police and Crime Commissioner/Chief Constable to assess the effectiveness of the Audit Committee, it is useful for the audit committee to complete this check list identify what the gaps are in the current arrangements and where there are areas of weaknesses which can be addressed. Appendix C is an abbreviated version of the CIPFA checklist, which contains the most relevant questions for JAC to answer.

- 3.4. Adopt the CIPFA Evaluating the Effectiveness of the Audit Committee checklist.
- This is the second check list within the CIPFA Guidance. As the title suggests this is the main document for assessing the effectiveness of JAC. This check list (appendix D) covers areas of governance, assurance, control, risk and reporting. It establishes the level at which the JAC support, aids, advises and promote within these areas. The self-assessment requires the JAC to identify examples of how these are being undertaken and achieved and to rate from a scale of 1-5, 1 being No evidence found to support the above, to 5 being clear evidence is available.
- 3.5. Request that Officers who attend the Joint Audit Committees also complete the above the two checklists
- The JAC should seek feedback from those interacting with the committee or relying on its work. It is suggested that Officers also complete the checklists. This would allow the JAC to compare its own views of effectiveness to those who rely on its work on a consistent basis. This will allow the JAC to establish if there is any divergence of views and to follow it up to establish the reasons for the divergence and if any actions need to be undertaken.
- 3.6. Evaluate how the committee is adding value to the organisation
- This is the main question that the JAC should ask itself. The main purpose of any committee is to add value to the effective and efficient running of an organisation(s). Members should list how, in the view of JAC, it adds value to both the Police and Crime Commissioner and the Constabulary. As well as this members should also identify how they can add value moving forward over the next review period.
- 3.7. Compare the functioning of JAC with that of Bedfordshire and Hertfordshire
- It is useful to identify the experiences of other similar groups, in which knowledge can be developed or partaken. Some of the experiences of audit committees will be the same as JAC, but they may have adopted a different. The sharing of knowledge will able to JAC to gain multiple perspectives on the demands placed on Audit Committees. Bedfordshire and Hertfordshire have been suggested, due to the Police and Crime Commissioner and the Constabulary collaborating with these Corporations Soles. Therefore, through this the three sets of audit committees will encounter similar situations and challenges.
 - The Deputy Police and Crime Commissioner suggested at the June meeting an “Annual Conference”, between Bedfordshire, Cambridgeshire and Hertfordshire audit committees. This conference could be used to liaise with respective committee members to share experiences. Alternatively, each committee should be conducting a self-assessment. JAC could seek to share the self-assessment with the other committees.
- 3.8. Establish a training and development plan for the members of the audit committee
- From the above the audit committee will have established areas for development and improvement. The processes will lead the JAC to the

identification of the training that will be required in the following review year. Establishing a plan will allow the JAC to address the areas considered to be not performing as effectively as desired resulting in higher rating at the next annual review.

4. Summary

4.1. The approach that has been set in section 3, enables the audit committee to conduct a self-assessment of its effectiveness, through assessing the delivery of its terms of reference, adopting CIPFA check lists and gaining the views of others. The outcomes of the approach above is not only to recognise the achievements of the JAC during the review period, but also to identify areas for development (which in turn helps the JAC identify training needs). The approach also enables the JAC to develop its work streams for the forthcoming review period.

5. Recommendations

5.1. The Committee is asked to:-

- Consider adopting the approach as set in para 3.1.

BIBLIOGRAPHY

Documents	Contacts	Location
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