

Committee:	Date:
Nominations and Effectiveness Sub Committee of the Audit and Risk Management Committee	6 June 2024
Subject: Review of Committee Effectiveness and Skills - Results	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	8
Does this proposal require extra revenue and/or capital spending?	No
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: Town Clerk	For Discussion
Report author: Ben Dunleavy	

Summary

The Nominations and Effectiveness Sub-Committee has, within its remit, authority to consider the effectiveness and skills of the Audit and Risk Management Committee. The last such review was conducted in 2018.

In January 2024, the Sub-Committee agreed that it would both timely and prudent to run a new exercise to assess the effectiveness of the Committee and the balance of skills and expertise. The results of this exercise are summarised in this report.

Members are invited to discuss the results of the survey and consider if any follow-up actions should be taken.

Recommendation(s)

Members are asked to consider the results of the review into the Audit and Risk Management Committee's Effectiveness and Member Skills.

Main Report

Background

1. The Nominations and Effectiveness Sub Committee ('the Sub Committee') is responsible for undertaking skills audits and effectiveness reviews of the Audit and Risk Management Sub Committee ('the Committee'). These activities aim to inform the appointment of External Members to the Committee and to assess the need for relevant training and development for Members.
2. The last time such a review was undertaken was in 2018. This focused on the compilation of a skills matrix, asking Members to score themselves on a series of knowledge areas based on CIPFA Guidance for Audit Committees.
3. As there had been a substantial period in which no reviews had been conducted, the Sub-Committee agreed in 2023 to proceed with a new review. Members felt that it would be appropriate to extend the use of CIPFA's Guidance for Audit Committees in developing an effectiveness review element, while also updating the core areas of knowledge in the skills matrix from 2018.
4. Officers were accordingly directed to develop and circulate a three-part evaluation, consisting of the following sections:
 - Evaluation of the effectiveness of the Audit and Risk Management Committee (based on CIPFA Appendix F) – to be completed by Members of the Committee.
 - Skills Matrix – to be completed by Members of the Committee.
 - Self-assessment of good practice (CIPFA Appendix E) – to be completed by the Clerk.
5. For the evaluation of the Committee's effectiveness, Members were asked to rate the Committee's performance in different areas or Sections, based on the CIPFA Guidance, from 'Excellent' to 'Poor'.

Current position

6. The two survey forms were distributed to all Members of the Committee in February 2024. Of the 15 Members consulted, only eight responses were received. Only six of the responses included both the Effectiveness Review and Skills Matrix completed – two Members completed the skills matrix form only.

Effectiveness Review

7. A table with the responses to the Effectiveness Review is included at Appendix 1. The most common rating was 'Good', with 'Excellent' and 'Needs Improvement' tied. Only Member scored the Committee as performing as 'Poor' – this was in relation to Section 7 'Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements'.
8. Three Members added comments to their responses. One of these was a comment added after each section, noting the Members view that "This gets good engagement and advice from the Committee is taken on board". One Member in response to Section 1 'Promoting the principles of good governance and their application to decision making', commented that "Elected members

may wish to reflect that sometimes governance can be slow to be effective, and so the rush to get through the agenda, restrict conversation and ask for questions in advance isn't a sign off an excellent Audit Committee", and rated the Committee's performance as 'Good'. Another Member, in relation to Section 5 "Supporting effective external audit, with a focus on high quality and timely audit work" commented that "... We [the Committee] need to continue to benchmark the performance of external auditors so that we can change them if they aren't adequate."

Skills Matrix

9. A completed Skills Matrix is included at Appendix 2. The knowledge area with the lowest rating (where Members felt they had the strongest knowledge) was the 'Audit Committee role and functions', with a score of 9. The area where Members felt they had the weakest knowledge was on Treasury Management, with a score of 19.

Self-assessment of good practice

10. The Self-assessment of good practice was completed by the Clerk to the Committee, and is included at Appendix 3. The scores are generally high through-out the self-assessment – the areas needing most improvement are felt to be those relating to the Committee's evaluation of its own performance and the steps it takes to address findings from these – it is hoped that this report and any subsequent actions will help to improve these scores.

Next steps

11. The Guidance asks if Audit Committees have regular training and support arrangements, and there is an action plan to improve areas of weakness. The Committee does not currently have either of these, and the Sub-Committee may wish to consider if exploring training options through an action plan would be an appropriate next step.

Conclusion

12. The results from the Effectiveness and Skills Review exercise show that the Audit and Risk Management Committee is generally perceived to be performing effectively, but with certain areas that could benefit from addressing. Two potential methods to address this is through an action plan and more regular training and support arrangements.

Appendices

Appendix 1 – Effectiveness Review results of the Audit Committee

Appendix 2 – Audit and Risk Management Committee Skills Matrix 2024

Appendix 3 – Self Assessment of Good Practice

Ben Dunleavy

Governance & Member Services Manager

Town Clerk's Department

E: ben.dunleavy@cityoflondon.gov.uk