

Audit & Governance Committee Self Assessment

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Good practice questions		Yes	Partly	No	Comments/Actions for Improvement
Audit committee purpose and governance					
1	Does the authority have a dedicated audit committee?	✓			
2	Does the audit committee report directly to full council?	✓			The Audit & Governance Committee presents an annual report to full Council.
3	<p>Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement*?</p> <p>* The Purpose of Audit Committees (CIPFA Position Statement) extract: <i>Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high level resource to support good governance and strong public financial management.</i></p> <p><i>The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.</i></p>		✓		<p>The CIPFA Position Statement, published in December 2013, and a report on the new guidance on Audit Committees was presented to the Audit & Governance Committee on 30th January 2014.</p> <p>NEXT STEPS: The report has been shared with the Constitution Working Group. The group are reviewing the Audit & Governance Committee's Terms of Reference (ToR) as part of its work programme.</p>
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓			<p>The Annual Report of the Committee, including the Committee's ToR, is presented to full Council. The Committee's ToR are included in the Council's Constitution, which is approved by full Council.</p> <p>IMPROVEMENT: Consideration should be given to further</p>

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					publicising the role and purpose of the Committee to all members.
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			The Committee developed and approved the Council's Code of Corporate Governance and approves the Council's Annual Governance Statement (AGS).
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓			The Annual Report of the Committee is presented to full Council. IMPROVEMENT: Compare the Committee's Annual Report and Terms of Reference against best practice.
Functions of the committee					
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?		✓		See Comment/Action 3 above. This will be covered as part of the review of the Committee's Terms of Reference.
	good governance				
	assurance framework				
	internal audit				
	external audit				
	financial reporting				
	risk management				
	value for money or best value				
	counter-fraud and corruption.				

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8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓			Self Assessment of the Committee is undertaken every year and forms part of the AGS process. The Committee's Annual Report compares the work carried out by the Committee during the year with its Terms of Reference.
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?		✓		See Comment/Action 3 above. This will be covered as part of the review of the Committee's Terms of Reference.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?		✓		See Comment/Action 3 above. This will be covered as part of the review of the Committee's Terms of Reference.
11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓			The Committee's decision making powers are all in line with its core purpose. E.g. approval of Financial Statements, approval of AGS.
Membership and support					
12	Has an effective audit committee structure and composition of the committee been selected? This should include: separation from the executive an appropriate mix of knowledge and skills among the membership a size of committee that is not unwieldy where independent members are used, that they have been appointed using an appropriate process.	✓			The Committee is separate from the executive and is of a size that is not unwieldy. No independent members are used. Re: appropriate mix of knowledge and skills among the membership, see 15 below.

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13	Does the chair of the committee have appropriate knowledge and skills?		✓		The Chair of the Committee is relatively new to the Committee (first meeting: September 2013) and further training and development will be provided. Membership of the Committee is yet to be assessed against the core knowledge and skills framework, contained within the new guidance. (See 15 below).
14	Are arrangements in place to support the committee with briefings and training?		✓		Training sessions are held - annually on the Financial Statements and the AGS and other areas - on an ad-hoc basis. There are five Member/Officer Groups, designed to increase knowledge and expertise. These cover the areas within the Committee's current Terms of Reference and meet 4-5 times a year. The group areas will be reviewed when the new ToR are agreed. See 15 below.
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			✓	The framework was part of the new guidance issued in December 2013, so this assessment has yet to be carried out. ACTION: Assess membership and chair of the Committee against the core knowledge and skills framework and to identify gaps

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					and address any areas for improvement identified.
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	✓			External Audit attend all Committee meetings and also meet separately with the Chair/Vice Chair. Internal Audit and the Chief Financial Officer attend all Committee meetings.
17	Is adequate secretariat and administrative support to the committee provided?	✓			Democratic Services provide secretariat and administrative support to the Committee.
Effectiveness of the committee					
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		✓		The Annual Report of the Committee is presented to full Council, which gives the opportunity for feedback on performance. IMPROVEMENT: Committee could obtain feedback from other stakeholders e.g. External Audit
19	Has the committee evaluated whether and how it is adding value to the organisation?	✓			The Annual Report of the Committee is presented to full Council. This self assessment also evaluates whether the Committee is adding value. See 6 & 18.
20	Does the committee have an action plan to improve any areas of weakness?	✓			This self assessment has identified areas for improvement and these will form an action plan.

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Assessment key					
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.				
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.				
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.				
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.				
1	No evidence can be found that the audit committee has supported improvements in this area.				
Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness		Overall assessment: 5 – 1 See key above	Comments/Actions for Improvement
Promoting the principles of good governance and their application to decision making.	<ul style="list-style-type: none"> ▪ Providing robust review of the AGS and the assurances underpinning it. ▪ Working with key members/governors to improve their understanding of the AGS and their contribution to it. ▪ Supporting reviews/audits of governance arrangements. ▪ Participating in self-assessments of governance 	<ul style="list-style-type: none"> ▪ AGS and supporting evidence is provided to the Committee and training session held for Members. Draft AGS is brought to the Committee in June ahead of the final version in September. ▪ Pro-active in requesting reports e.g. Governance Arrangements for 		4	ACTION: Consider how the Committee can work with other Members to improve their understanding of the Code of Corporate Governance and the Annual Governance Statement and their contribution to it. This could include raising awareness through Cabinet and Scrutiny, for example.

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	<p>arrangements.</p> <ul style="list-style-type: none"> ▪ Working with partner audit committees to review governance arrangements in partnerships. 	<p>Alternative Service Delivery Vehicles.</p> <ul style="list-style-type: none"> ▪ Member/Officer Group on governance. ▪ Governance arrangements with respect to partnerships are considered as part of the AGS review and approval process. 		
Contributing to the development of an effective control environment.	<ul style="list-style-type: none"> ▪ Monitoring the implementation of recommendations from auditors. ▪ Encouraging ownership of the internal control framework by appropriate managers. ▪ Raising significant concerns over controls with appropriate senior managers. 	<ul style="list-style-type: none"> ▪ The Committee monitors implementation of specific External Audit actions and also those within the AGS Action Plan. ▪ The Committee receives summary information on the number of internal audit recommendations outstanding. ▪ Senior managers do not 	4	<p>ACTION: Consider attendance at Committee by senior managers, if there are concerns over the control framework or non/delayed implementation of recommendations from auditors/other inspection regimes. i.e. this could include external inspection reports/actions.</p>

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		<p>attend the Committee in respect of this area.</p> <ul style="list-style-type: none"> ▪ Member/Officer Group on Audit & Accounts. 		
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<ul style="list-style-type: none"> ▪ Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking. ▪ Monitoring improvements. ▪ Holding risk owners to account for major/strategic risks. 	<ul style="list-style-type: none"> ▪ Regular risk management reports received at Committee, reviewing strategic risks. Also: regular reports on specific strategic risks and mitigating controls from risk owners. ▪ The Committee does not necessarily consider the overall risk management arrangements and their effectiveness, including benchmarking. ▪ Member/Officer Group on Risk Management. 	4	<p>ACTION: Review, through the Corporate Risk Management Group, the overall risk management arrangements of the Council and consider risk management benchmarking.</p>
Advising on the adequacy of the assurance framework	<ul style="list-style-type: none"> ▪ Specifying its assurance needs, identifying gaps or overlaps in 	<ul style="list-style-type: none"> ▪ The Committee is proactive in requesting work and 	4	<p>ACTION:</p> <ul style="list-style-type: none"> ▪ Map the assurance

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and considering whether assurance is deployed efficiently and effectively.	<p>assurance.</p> <ul style="list-style-type: none"> ▪ Seeking to streamline assurance gathering and reporting. ▪ Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit. 	<p>reports in certain areas. It has received the assurance framework for the AGS. The overall assurance framework for the Council needs specifying to ensure no gaps or duplication in assurance.</p> <ul style="list-style-type: none"> ▪ Some measures of the effectiveness of assurance providers are provided to Committee. 		<p>framework of the Council, specifying the Committee’s assurance needs and identifying any gaps or overlaps.</p> <ul style="list-style-type: none"> ▪ Review the effectiveness of assurance providers through, for example, benchmarking.
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<ul style="list-style-type: none"> ▪ Reviewing the audit charter and functional reporting arrangements. ▪ Assessing the effectiveness of internal audit arrangements and supporting improvements. 	<ul style="list-style-type: none"> ▪ The Committee reviews the audit charter and functional reporting arrangements. ▪ Internal Audit produces interim reports and an annual report, featuring their performance indicators. ▪ Member/Group on Audit & Accounts. 	4	<p>ACTION: Ongoing review of Internal Audit performance indicators. This could be carried out through the Member/Officer Group.</p>

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Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	<ul style="list-style-type: none"> ▪ Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. ▪ Reviewing the effectiveness of performance management arrangements. 	<ul style="list-style-type: none"> ▪ Responsibility for undertaking high level project/programme monitoring rests with the Executive Monitoring Board (EMB). ▪ The Committee has received reports on Programme and Project Management (e.g. March 2013). ▪ Performance Management arrangements are not reviewed by the Committee. 	3	<p>ACTION:</p> <ul style="list-style-type: none"> ▪ Consider receiving a briefing to better understand governance and assurance arrangements for major projects and programmes from the Executive Monitoring Board (EMB). ▪ Consider receiving a briefing to better understand the performance management arrangements.
Supporting the development of robust arrangements for ensuring value for money.	<ul style="list-style-type: none"> ▪ Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee. ▪ Considering how performance in value for money is evaluated 	<ul style="list-style-type: none"> ▪ The Committee considers the external audit opinion on value for money. ▪ The AGS contains a review of the effectiveness of, as a key element of the Council's governance 	3	<p>ACTION:</p> <ul style="list-style-type: none"> ▪ Consider the Committee's role with regard to VFM against CIPFA's new guidance on Audit Committees.

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	as part of the AGS.	arrangements and thus the AGS contains a review of its effectiveness.		
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<ul style="list-style-type: none"> ▪ Reviewing arrangements against the standards set out in CIPFA’s <i>Managing the Risk of Fraud</i> (Red Book 2). ▪ Reviewing fraud risks and the effectiveness of the organisation’s strategy to address those risks. ▪ Assessing the effectiveness of ethical governance arrangements for both staff and governors. 	<ul style="list-style-type: none"> ▪ Chair’s response to External Auditors on management processes in place to prevent and detect fraud and to ensure compliance with law and regulation is brought to Committee and provides detailed information on the Council’s anti-fraud and corruption arrangements and how the Council identifies and responds to fraud. ▪ There is an annual report to the Committee on the effectiveness of the Whistleblowing Policy. ▪ Regular updates on anti 	4	No further actions proposed.

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		<p>fraud arrangements e.g. update on progress in implementing the Action Plan developed as a result of the review of arrangements against the Red Book (November 2013).</p> <ul style="list-style-type: none"> ▪ Member/Officer Group on Fraud. 		
<p>Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.</p>	<ul style="list-style-type: none"> ▪ Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English. ▪ Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency. 	<ul style="list-style-type: none"> ▪ The Committee reviews and approves a number of public facing documents e.g. Financial Statements, AGS, Annual Report and these documents are continually reviewed against best practice and improvements made to improve transparency and accountability. 	<p>4</p>	<p>No further actions proposed.</p>