

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>Council approved new Terms of Reference (ToR) in May 2014 following reference to and recommendation from the Constitution Committee.</p> <p>The ToR are based on the latest guidance from CIPFA - Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition) and, therefore, clearly set out the purpose of the Committee in accordance with CIPFA's Position Statement.</p> <p>Moved from Partly to Yes.</p>
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓			<p>The ToR are included in the Council's Constitution, which is approved by full Council.</p> <p>The Annual Report of the Committee is presented to full Council. It addresses the</p>

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					<p>key areas where the Committee should be held to account and is a helpful way to ensure that those not directly involved in the work of the Committee achieve an understanding of its role and purpose.</p> <p>ACTION: Members agreed in January 2015 to invite newly elected members to attend an Audit and Governance Committee meeting. To be actioned from May 2015.</p>
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			<p>The Annual Report of the Committee is presented to full Council. It addresses the key areas where the Committee should be held to account including what impact it has had on the improvement of governance, risk and control within the Council.</p> <p>Delegated governance responsibilities include approving the Council's Annual Governance Statement (AGS).</p>
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓			<p>The Audit and Governance Committee's ToR, approved in May 2014, include accountability arrangements.</p>

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					The Annual Report of the Committee is based on recommendations made by the CIPFA Better Governance Forum and those contained in Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition). It is presented to full Council and addresses the key areas where the Committee should be held to account.
Functions of the committee					
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	✓			The ToR, approved in May 2014, are based on the latest guidance from CIPFA - Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition) and, therefore, explicitly address all of the core areas identified in CIPFA's Position Statement. <i>Moved from partly to yes</i>
	good governance				
	assurance framework				
	internal audit				
	external audit				

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	financial reporting				
	risk management				
	value for money or best value				
	counter-fraud and corruption.				
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 ToR.
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?	✓			<p>Considered as part of the review of the Committees ToR in 2014 and evidenced by the Committee having responsibility for reviewing:</p> <ul style="list-style-type: none"> • ethical standards issues • the effectiveness of the Council's whistleblowing arrangements • and monitoring the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice <p><i>Moved from partly to yes</i></p>
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	✓			<p>See Actions below relating to:</p> <ul style="list-style-type: none"> ▪ Aiding the achievement of the

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					<p>authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements</p> <ul style="list-style-type: none"> Supporting the development of robust arrangements for ensuring value for money. <p><i>Moved from partly to yes</i></p>
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.
13	Does the chair of the committee have appropriate knowledge and skills?		✓		Membership of the Committee is yet to be assessed against the core knowledge and skills framework, contained within the new guidance. (See 15 below).

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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 and a Standards Working Group, designed to increase knowledge and expertise. (See 15 below).
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		✓		<p>A training session in November 2014 introduced the Committee to the core knowledge and skills framework. There was agreement that there are some core areas of knowledge that Committee Members will need to acquire. The need for regular briefings or training to help Committee Members keep up to date or extend their knowledge was also acknowledged.</p> <p>ACTION: It was agreed, in January 2015, that Members of the Committee, should be assessed against the core knowledge and skills framework. This could then be used to establish a programme of support that involves regular briefings and updates as well as formal training programmes.</p>

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					Process to be looked at in more detail by the Chairman and Vice Chairman from April 2015. <i>Moved from No to Partly.</i>
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. Internal Audit and the Chief Financial Officer (Chief Operating Officer) and/or Deputy (Head of Corporate Resources & Stewardship) attend all Committee meetings. ACTION: External Audit to meet separately with the Chairman and Vice Chairman from April 2015.
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. The Council's external auditors concluded

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				<p>that:</p> <p>“The Audit and Governance Committee provide adequate challenge but there is scope to improve the focus of its discussions to provide more effective oversight, support and challenge for the Council's financial management and system of internal control</p> <p><i>Grant Thornton UK LLP, Audit Findings Report, September 2014.</i></p> <p>In order to support the Committee in its role the Council’s external auditors ran training sessions in September and November 2014 that included guidance on the public sector audit committee – role, features of an effective audit committee, what works well, approach, the pitfalls to avoid and guidance.</p> <p>ACTION: Committee agreed, in January 2015, that the Chairman would seek feedback from meeting participants including External Audit (see 16 above).</p>

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19	Has the committee evaluated whether and how it is adding value to the organisation?	✓			<p>The Annual Report of the Committee is presented to full Council. It addresses the key areas where the Committee should be held to account including what impact it has had on the improvement of governance, risk and control within the Council.</p> <p>This self- assessment also evaluates whether the Committee is adding value. See 6 & 18.</p>
20	Does the committee have an action plan to improve any areas of weakness?	✓			<p>This self- assessment has identified areas for improvement and these will form an action plan.</p>

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.

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<p>Promoting the principles of good governance and their application to decision making.</p>	<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 arrangements. ▪ Working with partner audit committees to review governance arrangements in partnerships. 	<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 Alternative Service Delivery Vehicles. ▪ Member/Officer Group on governance. ▪ Governance arrangements with respect to partnerships are considered as part of the AGS review and approval process. 	<p>4</p>	<p>ACTION: It was noted by Members in January 2015 that an updated Code of Corporate Governance will be presented to the June 2015 Audit and Governance Committee for consideration. The suggested approval process would be for Audit and Governance Committee to receive, review and recommend the revised Code to Cabinet. Cabinet would receive the recommended Code, and if in approval, would recommend it to Council to approve the financial and other arrangements set out in the Code. Following this process would help in raising awareness of the Code amongst Officers and Members.</p>

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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 attend the Committee in respect of this area. ▪ Member/Officer Group on Audit & Financial Statements. 	4	<p>ACTION:</p> <p>The Committee has agreed to request senior managers to attend meetings if, following receipt of assurance reports, there are concerns regarding risk, control or the implementation of recommendations. It was agreed in January 2015 that from April the Chairman and Vice Chairman would work with Officers to determine how this will work in practice.</p>
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 	<ul style="list-style-type: none"> ▪ Regular risk management reports received at Committee, reviewing strategic (Corporate) risks. Also: regular reports on specific strategic 	4	No further actions proposed.

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	for major/strategic risks.	<p>(Corporate) risks and mitigating controls from risk owners.</p> <ul style="list-style-type: none"> ▪ Monitoring the risk maturity assessment and associated action plans and development work. ▪ Member/Officer Group on Risk Management. 		
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<ul style="list-style-type: none"> ▪ Specifying its assurance needs, identifying gaps or overlaps in assurance. ▪ Seeking to streamline assurance gathering and reporting. ▪ Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit. 	<ul style="list-style-type: none"> ▪ The Committee is proactive in requesting work and reports in certain areas. It has received the assurance framework for the AGS. ▪ The Work Plan presented to Committee includes details of how the assurance reports enable the Committee to meet its terms of reference. ▪ The results of the review of the effectiveness of 	4	No further actions proposed.

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		<p>internal audit are reported to this Committee for consideration as part of the AGS process.</p>		
<p>Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.</p>	<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. From June 2014 the annual report included a new indicator – implementation of agreed recommendations within agreed timescales at the request of members. ▪ Member/Group on Audit & Accounts. 	<p>4</p>	<p>No further actions proposed.</p>

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<p>Aiding the achievement of the authority’s goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.</p>	<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 receives update reports on the work of Internal Audit including key findings, issues of concern, and action in response to the findings and recommendations. The reports include relevant information regarding Internal Audit reviews of projects and programmes. ▪ Performance Management arrangements are not reviewed by the Committee. 	<p>3</p>	<p>ACTION:</p> <ul style="list-style-type: none"> ▪ In January 2015 Members agreed to add a briefing on performance management arrangements to the Work Plan for 2015/16. The focus will be on financial reporting and financial governance rather than on wider issues of performance and spending priorities.
<p>Supporting the</p>	<ul style="list-style-type: none"> ▪ Ensuring that assurance on 	<ul style="list-style-type: none"> ▪ From May 2014 the 	<p>3</p>	<p>ACTION:</p>

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<p>development of robust arrangements for ensuring value for money.</p>	<p>value for money arrangements is included in the assurances received by the audit committee.</p> <ul style="list-style-type: none"> ▪ Considering how performance in value for money is evaluated as part of the AGS. 	<p>Committee’s Terms of Reference make the role more explicit by including:</p> <p>8. To consider the Council’s arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.</p> <ul style="list-style-type: none"> ▪ Annually the Committee considers the external audit conclusion on value for money. In September 2014 Grant Thornton confirmed that they would be issuing an unqualified VfM conclusion. <i>Grant Thornton UK LLP, Audit Findings Report, September 2014.</i> ▪ The AGS process includes a 		<ul style="list-style-type: none"> ▪ In order to develop the 15/16 Work Plan Officers will benchmark what assurance other Audit Committees receive with regard to both the arrangements to ensure value for money and the progress in achieving value for money. Future reporting requirements will also need to be determined in the context of what other Committees of the Council are doing.

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		<p>review of the Council’s arrangements for securing VFM and assurance with regard to this element of governance.</p>		
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</p>	<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"> ▪ The Committee receives the Informing the Risk Assessment for Cheshire East report that includes assurance with regard to management processes in place to prevent and detect fraud and to ensure compliance with law and regulation. ▪ There is an annual report to the Committee on the effectiveness of the Whistleblowing Policy. ▪ Regular updates on anti-fraud arrangements. ▪ Member/Officer Group on 	<p>4</p>	<p>No further actions proposed.</p>

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<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. 	<p>Fraud.</p> <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. ▪ The Committee received, as part of the Compliance with Data Protection Act (1998), Freedom of Information Act (2000) and Environmental Information Regulations (2004) report, an update on the Protection of Freedoms Act 2012 and Transparency. 	<p>4</p>	<p>No further actions proposed.</p>