

2015/16 Performance & Audit Committee Self-assessment of Good Practice & Evaluation of Effectiveness 14 April 2016

Self-assessment of Good Practice

Good Practice questions		Yes	Partly	No	Comments/action
	Audit Committee Purpose and Governance				
1	Does the authority have a dedicated audit committee?	Yes			
2	Does the audit committee report directly to full council?	Yes			
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Yes			
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Yes			Broadly as there is no other committee that does this
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Yes			
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Yes			Full Council receives an annual report from the Chairman

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	Functions of the Committee				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?				
	▪ Good governance	Yes			
	▪ Assurance framework	Yes			
	▪ Internal audit	Yes			
	▪ External audit	Yes			
	▪ Financial reporting	Yes			
	▪ Risk management	Yes			
	▪ Value for money or best value		Partly		At present no reports are received on procurement or tendering. The Committee will ask for a Procurement Report to be presented at its next meeting with quarterly or bi-annual update on procurement at future meetings.
	▪ Counter-fraud and corruption	Yes			
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?	Yes			
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?	Yes			Not considered appropriate for this Committee
10	Where coverage of core areas has found to be limited, are plans in place to address this?	Yes			See 7 above

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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?	Yes			
	Membership and Support				
12	Has an effective audit committee structure and composition of the committee been selected? This should include:				
	▪ Separation from the executive	Yes			
	▪ An appropriate mix of knowledge and skills among the membership	Yes			Two Chartered Accountants
	▪ A size of committee that is not unwieldy	Yes			
	▪ Where independent members are used, that they have been appointed using an appropriate process	Yes			Not applicable as there are no Independent Members for the Committee
13	Does the chair of the committee have appropriate knowledge and skills?	Yes			The Chairman is a Chartered Accountant
14	Are arrangements in place to support the committee with briefings and training?	Yes			The Committee received Audit Committee training in January 2016
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			No	Members should be asked to complete a self-assessment against the core skills and consider what training may be necessary to fill any gaps identified
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and chief finance officer?	Yes			
17	Is adequate secretariat and administrative support to the committee provided?	Yes			

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	Effectiveness of the committee				
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			No	Neither sought nor received
19	Has the committee evaluated whether and how it is adding value to the organisation?			No	Chairman to report key points to Cabinet (standing item on agenda)
20	Does the committee have an action plan to improve any areas of weakness?	Yes			

Evaluating the Effectiveness of the Audit Committee

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 below
1. Promoting the principles of good governance and their application to decision making	<ul style="list-style-type: none"> • <i>Providing robust review of the AGS and the assurances underpinning it</i> • <i>Working with key members/governors to improve their understanding of the AGS and their contribution to it</i> • <i>Supporting reviews/audit of governance arrangements</i> • <i>Participating in self-assessments of governance arrangements</i> • <i>Working with partner audit committees to review governance arrangements in partnerships</i> 		4
2. Contributing to the development of an effective control environment	<ul style="list-style-type: none"> • <i>Monitoring the implementation of recommendations from auditors</i> • <i>Encouraging ownership of the internal control framework by appropriate managers</i> • <i>Raising significant concerns over controls with appropriate senior managers</i> 		5
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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3. Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<ul style="list-style-type: none"> • <i>Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking</i> • <i>Monitoring improvements</i> • <i>Holding risk owners to account for major/strategic risks</i> 		5
4. Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<ul style="list-style-type: none"> • <i>Specifying its assurance needs, identifying gaps or overlaps in assurance</i> • <i>Seeking to streamline assurance gathering and reporting</i> • <i>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit</i> 		4

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5. Supporting the quality of the internal audit activity, particularly by underpinning its organizational independence	<ul style="list-style-type: none"> • <i>Reviewing the audit charter and functional reporting arrangements</i> • <i>Assessing the effectiveness of internal audit arrangements and supporting improvements</i> 		5
6. 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"> • <i>Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place</i> • <i>Reviewing the effectiveness of performance management arrangements</i> 	The Committee to consider major projects once tenders have been received and contract awarded to review contract management arrangements	4

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7. Supporting the development of robust arrangements for ensuring value for money	<ul style="list-style-type: none"> • <i>Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee</i> • <i>Considering how performance in value for money is evaluated as part of the AGS</i> 		4
8. Helping the authority to implement the value of good governance, including effective arrangements for countering fraud and corruption risks	<ul style="list-style-type: none"> • <i>Reviewing arrangements against the standards set out in CIPFA's Managing the Risk of Fraud (Red Book 2).</i> • <i>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks</i> • <i>Assessing the effectiveness of ethical governance arrangements for both staff and governors</i> 		4

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9. Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability	<ul style="list-style-type: none"> • <i>Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English</i> • <i>Reviewing whether decisions making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency</i> 		4

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