

## Appendix 1

### Self-assessment of good practice

This evaluation will support an assessment against recommended practice to inform and support the Audit Committee. This is a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principle's then it is an indicator that the committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

	<b>Good Practice Questions</b>	<b>Yes</b>	<b>Partly</b>	<b>No</b>
	<b>Audit Committee purpose and governance</b>	√		
<b>1</b>	Does the authority have a dedicated audit committee?	√		
<b>2</b>	Does the audit committee report directly to full council?	√		
<b>3</b>	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's position statement?	√		
<b>4</b>	Is the role and purpose of the audit committee understood and accepted across the authority?	√		
<b>5</b>	Does the audit committee provide support to the authority in meeting the requirements of good governance?	√		
<b>6</b>	Are the arrangements to hold the committee to accounts for its performance operating satisfactorily?	√		
	Functions of the committee	√		
<b>7</b>	Do the committee's terms of reference explicitly address all the core area identified in CIPFA's position statement? <ul style="list-style-type: none"> <li>- Good governance</li> <li>- Assurance framework</li> <li>- Internal audit</li> <li>- External audit</li> <li>- Financial reporting</li> <li>- Risk management</li> <li>- Value for money or best value</li> <li>- Counter fraud and corruption</li> </ul>	√		
<b>8</b>	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?	√		
<b>9</b>	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?	√		
<b>10</b>	Where coverage of core areas has been found to be limited, are plans in place to address this?	Not applicable		

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<b>11</b>	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?	√		
	<b>Membership and support</b>			
<b>12</b>	Has an effective audit committee structure and composition of the board been selected? This should include: <ul style="list-style-type: none"> <li>- Separation from the executive</li> <li>- An appropriate mix of knowledge and skills among the membership</li> <li>- A size of committee that is not unwieldy</li> <li>- Where independent members are used, that they have been appointed using appropriate process</li> </ul>	√		
<b>13</b>	Does the chair of the committee have appropriate knowledge and skills?	√		
<b>14</b>	Are arrangements in place to support the committee with briefings and training?	√		
<b>15</b>	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	√		
<b>16</b>	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	√		
<b>17</b>	Is adequate secretariat and administrative support to the committee provided?	√		
	<b>Effectiveness of the committee</b>			
<b>18</b>	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	√		
<b>19</b>	Has the committee evaluated whether and how it is adding value to the organisation?	√		
<b>20</b>	Does the committee have an action plan to improve any areas of weakness?	√		

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### Evaluating the Effectiveness of the Audit Committee

This assessment tool helps Audit Committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the Audit Committee should be able to identify evidence of its impact or influence linked to specific improvements.

#### Assessment Key:

- 5 Clear evidence is available from a number of sources that the committee is actively supporting the improvement 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.

<b>Areas where the audit committee can add value by supporting improvement</b>	<b>Self-evaluation examples, areas of strength &amp; weakness</b>	<b>Assessment 1-5</b>
Promoting the principles of good governance and their application to decision making	<p>The Committee meets regularly and question &amp; challenge as appropriate, as shown through the minutes.</p> <p>The Committee seeks to gain assurance as needed on the reports received.</p> <p>The Committee provides robust review of the Annual Governance Statement and the assurances underpinning it.</p>	4

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	<p>The Committee works with key members to improve their understanding of the Annual Governance Statement and their contribution to it.</p> <p>Through the reports received &amp; the questions raised, the Committee supports reviews / audits of governance arrangements.</p> <p>The Committee regularly participates in self-assessments of governance arrangements.</p>	
Contributing to the development of an effective control environment	<p>The Committee monitors the implementation of recommendations made by the auditors, and regularly challenges those that are overdue.</p> <p>The Committee encourages ownership of the internal control framework by appropriate managers and calls managers to account as necessary / required.</p> <p>The Committee raises significant concerns over controls with appropriate senior managers through those presenting the reports and by calling Managers to attend the meeting.</p>	4
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<p>The Committee reviews risk management arrangements and their effectiveness, monitors improvements and holds risk owners to account for corporate risks.</p> <p>The Committee has also assisted in the development of the risk reports and the information contained therein, the Committee has also recently fed into the risk management framework policy.</p>	4
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<p>The Committee is moving towards identifying gaps or overlaps in assurance through the reports it receives, and often makes links between these reports.</p> <p>The Committee seeks to streamline assurance gathering and reporting where appropriate.</p>	4

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	The Committee reviews and assesses the effectiveness of assurance providers e.g. internal audit, risk management, external audit through its questioning and challenging of the reports received.	
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<p>The Committee reviews the audit charter and functional reporting arrangements as part of the annual internal audit plans report brought to the Committee by the Head of Internal Audit.</p> <p>The Committee assesses the effectiveness of internal audit arrangements and supporting improvements through the annual report provided to the Committee by the Head of Internal Audit.</p> <p>The Committee recognises that internal audit is a key source of information for them to consider.</p>	4
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	<p>The Committee reviews major projects and programmes to ensure that governance and assurance arrangements are in place through the reports received from internal audit and other management reports as requested.</p> <p>The Committee reviews the effectiveness of performance management arrangements through the specific internal audit reviews as appropriate.</p> <p>The Committee also looks at the corporate risks which are often impacted on by major projects.</p> <p>The Committee does recognise that there can be overlap between their role and that of Scrutiny, although this has been recently clarified through the new terms of reference for the Committee.</p>	4
Supporting the development of robust arrangements for ensuring value for money	The Committee evaluates the three e's regularly, and ensures that assurances on value for money arrangements is included in the assurances received by the Committee.	4

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	<p>The Committee considers how performance in value for money is evaluated as part of the AGS.</p>	
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks</p>	<p>The Committee reviews the arrangements in place for countering fraud and corruption through regular review of the relevant policies.</p> <p>The Committee recognises that fraud risks and the effectiveness of the organisations strategy to address those risks are highlighted through the reports received from internal audit as necessary and through the Annual Governance Statement.</p>	<p>4</p>