

## 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>
	Audit Committee purpose and governance			
<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?	√		

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?	√		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	√		
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?	√		
	Membership and support			
12	Has an effective audit committee structure and composition of the board 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 appropriate process	√		
13	Does the chair of the committee have appropriate knowledge and skills?	√		
14	Are arrangements in place to support the committee with briefings and training?	√		
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	√		
16	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	√		
17	Is adequate secretariat and administrative support to the committee provided?	√		
	Effectiveness of the committee			
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			√
19	Has the committee evaluated whether and how it is adding value to the organisation?	√		
20	Does the committee have an action plan to improve any areas of weakness?	√		

Notes:

18 – it is recognised that the Committee covers work in a specialist areas and the Committee are left to get on with the associated terms of reference.

19 – the role of the Committee has grown and the Members have become more confident over time, and therefore adds value to the organisation. Members felt that they could add more value, but are guided by officers and accept the recommendations of the officers presenting the reports. If the Committee had any issues they felt that they knew where they could direct these to.

20 – this will be developed, as needed, on conclusion of this self-assessment.

## 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. .

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 & weakness
Promoting the principles of good governance and their application to decision making	<p>Providing robust review of the AGS and the assurances underpinning it</p> <p>Working with key members to improve their understanding of the AGS and their contribution to it</p> <p>Supporting reviews / audits of governance arrangements</p> <p>Participating in self-assessments of governance arrangements</p> <p>Working with partners audit committees to review governance arrangements in partnerships</p>	<p>Attendance at this Committee meeting and others gives an overall picture and enables the Members to see how they fit in with the overall governance framework at the Council.</p> <p>Members will regularly discuss items with officers and the governance structure is clear.</p> <p>The Committee are also aware that they need to focus on areas where it is potentially not working ok, and concentrate their attention there.</p> <p>It would be beneficial to have wider managers at the meetings, as appropriate. <b>ACTION POINT</b></p>
Contributing to the development of an effective control environment	<p>Monitoring of the implementation of recommendations from auditors</p> <p>Encouraging ownership of the internal control framework by appropriate managers</p>	<p>Members felt they were confident that they can raise concerns and have discussions regarding the control environment and that reports from internal audit focus on how effective the control environment is.</p>

	Raising significant concerns over controls with appropriate senior managers	
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<p>Reviewing risk management arrangements and their effectiveness e.g. risk management benchmarking</p> <p>Monitoring improvements</p> <p>Holding risk owners to account for major / strategic risks</p>	<p>Members are confident in checking back on risks raised as part of reports and they are more confident now.</p> <p>Members felt that sometimes though they do need more of a bigger picture and clarity over the risks reported.</p> <p>The Members do benefit for being on other Committee's and get a good "feeling" for those risks.</p>
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance</p> <p>Seeking to streamline assurance gathering and reporting</p> <p>Reviewing the effectiveness of assurance providers e.g. internal audit, risk management, external audit</p>	<p>The relevant information is forthcoming through the reports received from officer, and Members felt they would be confident to raise concerns / comments.</p> <p>Members felt they have confidence in the report received from officers and that they can follow up on management comments.</p>
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<p>Reviewing the audit charter and functional reporting arrangements</p> <p>Assessing the effectiveness of internal audit arrangements and supporting improvements</p>	<p>Members felt that they get a clear picture from the internal audit reports and are confident in questioning in the right area, as applicable.</p> <p>Members also felt that they could raise concerns confidentially, if appropriate.</p>
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place	<p>In relation to the transformation programme Members felt they need to know what the Council is doing and that its right – Members felt that sometimes they needed more information.</p> <p>It was felt there could possibly be earlier pre-scrutiny. For example have savings and targets been achieved as planned, and what has actually been achieved.</p>

	<p>Reviewing the effectiveness of performance management arrangements</p>	
<p>Supporting the development of robust arrangements for ensuring value for money</p>	<p>Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee</p> <p>Considering how performance in value for money is evaluated as part of the AGS</p>	<p>Covered in reports from external audit mainly, and Members have confidence in what they are told – however they recognised that there is little comparison.</p>
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks</p>	<p>Reviewing arrangements in place for countering fraud and corruption</p> <p>Reviewing fraud risks and the effectiveness of the organisations strategy to address those risks</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and members</p>	<p>Training was recently provided in relation to Fraud.</p> <p>The Committee recognise that controls in relation to purchase orders need improving and they are keeping a watching brief on this.</p> <p>Members felt that policy is clear and they would know where to raise issues, however they feel that they are not often informed early enough if there are any such issues.</p> <p>Fraud Policies need updating and taking back to Committee for approval – <b>ACTION POINT</b></p> <p>As a result of this training to members on the Council's fraud policies would be beneficial to increase understanding and Members role - <b>ACTION POINT</b></p>
<p>Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability</p>	<p>Improving how the authority discharges its responsibilities for public reporting, e.g. better targeting the audience, use of plain English</p> <p>Reviewing whether decision making through partnership organisations remains transparent and publicly</p>	<p>Reports received by officers are clear and Members understand the messages.</p>

	accessible and encouraging greater transparency	
--	--	--