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**Audit & Standards Committee – 8<sup>th</sup> July 2014**

**Report of the Treasurer**

**Internal Audit Services Annual Performance and Review Report 2013/2014**

**Purpose of the Report**

1. To give Members an overview of the performance of Audit Services in the year to 31<sup>st</sup> March 2014, and also to inform members of the Head of Audit Services review of Audit Services in line with the Accounts and Audit Regulations 2011 which requires the Council to conduct an annual review of the effectiveness of internal audit.

**Background**

**Performance Measured Against the Strategic Plan**

2. We are able to report that 89% of the planned work had been completed by the end of the year [compared with 93% in 2012/13]. The reduction was largely due to three members of staff leaving at the end of December 2013 and this meant we had to cancel or defer a number of audits and redirect resources from value for money and fraud work. In the circumstances the performance is considered excellent. The following statistics give a broad indication of the extent of the work undertaken in 2013/14 :-
  - Internal Audit reviewed 141 areas of activity. These are summarised in Appendix A, which also includes details of cancelled or deferred audits.
  - 1,279 recommendations were made, the overwhelming majority of which had been discussed and agreed with management by the year-end. Of these, 183 were classified as high. A summary of the number of recommendations by Directorate is contained in Appendix B. This shows an increase in the total number of recommendations made compared to 2012/13 when 818 recommendations were made. Whilst there are many factors behind an increase in the number of recommendations three stand out :-
    - More schools covered so this increases the number of recommendations i.e. 537 of the 1,271 recommendations.
    - Increase in IT related and HR/payroll recommendations due to change of focus by Audit
    - Carried out 33% more audits

- A thematic analysis of the recommendations raised has identified top themes and the following table identifies the top five as well as how Audit will promote practices to reduce the numbers of recommendations in these areas :-

<b>Subject</b>	<b>Note</b>
Procurement	Introduce unified Corporate Procurement Manual and on line training
Information Security	Promote the “Simple Guide to Systems” and identify suitable training courses
Income	Promote the “Simple Guide to Systems”
Inventories	As above
Payroll/Personnel	The roll out of more “Yourself” elements of PSE should help reduce the number of recommendations

Audit Services will write to all Directorates giving them details of the thematic analysis and ask them to co-operate in finding/implementing solutions.

- Audit Services reported in the Annual Fraud Report at the last meeting of the Committee a number of points related to Audit Services work in this area i.e. :-
  - Involved in 23 special investigations and provided assistance to other Fraud Teams on 15 occasions
  - Handled a large number of calls, letters or emails sent to the Fraud Hotline
  - Developed a Corporate Fraud Hub providing a single view of databases
  - Co-ordinated Corporate Fraud Groups
- 32 honorary audits were carried out.
- Consultancy work was carried out in various Directorates.
- Increased input to information governance and technology audits
- We have continued to develop our input to value for money audits and identified approximately £410,000 in efficiency savings [against a target of £350,000] during the year. Of this nearly 18% was directly cashable. The savings were identified in a range of reports and information provided to the Committee in February has been updated :-

<b>Project</b>	<b>£,000</b>
Analysis of procurement invoices, commitments and VAT	70
VFM Health Checks in Schools	149
Minor projects	50
Debtors	110
Income generating work at Schools	29

The development of value for money audit work demonstrates an added value aspect to our service.

### **Performance Measured Against Customer Expectation**

3. To obtain feedback about the quality of work, post-audit questionnaires are issued to customers after each audit. They are asked to respond to questions relating to the various stages of the audit and are also offered the opportunity to respond to one question indicating whether they found the audit satisfactory overall [all questionnaires returned indicated yes to this question].
4. 68 questionnaires were returned in 2013/14. This represents a response rate of about 72%, compared to 50% for 2012/13. The improvement was influenced by informing Directors about the concerns of the Audit & Standards Committee over previously reported poor performance.

For 96% of the questionnaires received the overall score was good to excellent. The remaining 4% were satisfactory to good with no questionnaires scoring poor to satisfactory.

The results compare favourably with previous years :-

	<b>2013/14 (%)</b>	<b>2012/13 (%)</b>	<b>2011/12 (%)</b>
Received	72	50	57
Good to excellent	96	90	88
Satisfactory to Good	4	10	12
Poor to Satisfactory	0	0	0

We also received 47 compliments about the services delivered by Audit, and no complaints. It is pleasing to see a steady improvement in scores.

5. In February 2014 we reported to the Committee the results of a survey of Assistant Directors which provided a satisfactory endorsement of the proposition that Audit Services adds value.
6. In 2013, in conjunction with other Divisions of the Corporate Resources Directorate, we maintained our "Customer Service Excellence" status for excellent customer service.

### **Other Performance Measures**

7. Over a number of years we have hardened targets to reduce the time taken from the start of audit work to the issue of draft audit report from a maximum of eight weeks to seven weeks. We achieved this target in 97% of the audits we carried out against 95% in 2012/13.

We operate Audit Process protocols with all Directors which set out our targets and also ask them to co-operate in finalising draft audit reports within six weeks of the report being issued. We achieved this in 90% of reports in 2013/14, which is an improvement over the 83% in 2012/13. The improvement was influenced by informing Directors about the concerns of the Audit & Standards Committee over previously reported poor performance.

Performance against the Business Plan was reported in September 2013 and February 2014. Overall the majority of targets were achieved.

It was previously resolved by the Committee that Audit would follow up audit reports which had an overall assurance rating of “Nil” or “Minimal” within six months of the final report being issued and the results would be passed to the Committee. This was to enable the Committee to assess management action in appropriate cases on a more timely basis. It is pleasing to note that the incidence of follow ups being required has reduced.

In addition to the formal follow up of poor audit reports, Audit has now introduced a requirement that all “High” recommendations will be followed up approximately six months after the issue of the final audit report. Follow ups carried out on “High” recommendations have shown the majority have been implemented.

### **Training**

8. We offer a series of on line courses and run a number of workshops / briefings for school staff and governors :-

<b>Training</b>	<b>11/12</b>	<b>12/13</b>	<b>13/14</b>
Introduction to Audit on line course	138	546	523
Fraud Awareness on line course	210	200	209
Fin Regulations on line course	319	262	172
School FMS/FVS Workshop	0	107	0
School Finance M'ment Workshop	N/A	80	0
School Controls Workshop	20	30	0
Schools Bench Marking Workshop	40	30	30
Deputy Head Teacher seminar	10	6	6
Governors FMS Briefing	0	20	0

The number of training events for Schools was higher in 2011/13 due to the changes in the Financial Standards regime.

### **Benchmarking**

9. We are members of the CIPFA Benchmarking Club for Internal Audit and supply details to enable comparison of costs with other Authorities. The results of the 2014 exercise produced the following estimates for the financial year 2014/15 :-

Description	Dudley	Average
	£	£
Cost per Auditor	48,617	54,135
Cost per £M turnover	548	764
Cost per audit day	245	303

The “cost per audit day” is proportionately lower due to us maximising the available days for audit e.g. low administrative input. The results of the 2014 benchmarking exercise will be reported to the September meeting of the Committee.

Overall costs reduce year on year and benchmarking comparisons are improving, based on budget outturn figures [actual or estimated] i.e.

2012/13	£434k
2013/14	£401k
2014/15	£367k

### **Internal Audit Standards**

10. From the 1<sup>st</sup> April 2013, CIPFA endorsed a new set of internal audit standards which have been produced for the whole of the public sector and which are based on the Chartered Institute of Internal Audit published standards.
11. The Head of Audit carried out an assessment of Audit Services compliance against the new standards and indicates that Audit Services are largely compliant with the standards. An independent review of compliance with the standards will take place later this year.
12. Quality control of audit work is governed by the Standards and our own Audit Manual. All audits are subject to ongoing supervisory input before and during the audit. Once the audit work has been completed the file is subject to review by Audit Managers who ensure that the work is to acceptable standards. The Head of Audit Services carries out a series of file overviews to ensure that standards have been achieved in the work, reviews and reports of all staff.
13. Minor amendments were made to the Audit Charter & Audit Strategy and these were approved by the Committee in September 2013. No further amendments are required at this time.

### **Audit & Standards Committee**

14. The roles, responsibilities and meetings of the Audit & Standards Committee are a key part of the system of internal audit.
15. New CIPFA guidance on Audit Committees was published late in 2013, and it includes their "Position Statement on Audit Committees in Local Authorities", see Appendix C[1]. The document sets out CIPFA views on the purpose, role and effectiveness of an Audit Committee.

The current Terms of Reference of this Committee are attached as Appendix C[2] and they appear to adequately cover the requirements outlined in the Position Statement.

16. CIPFA also suggest that the practices of the Audit & Standards Committee should also be self assessed and, two checklists are provided :-

Appendix D[1] Assessment of good practice

Appendix D[2] Assessment of effectiveness

They have been completed by the Head of Audit and reflect his opinion of the current level of compliance. Whilst there are a number of "no" answers it must be remembered that each Authority will have slightly different arrangements and the CIPFA guidance and assessments need to be considered within the context of how the Committee operate in this Council.

17. CIPFA also suggest Members should evaluate their skills and knowledge, and at the February meeting Members agreed to use a questionnaire based on the CIPFA model early in the new Municipal year.
18. Benchmarking of the Committee against other local authorities was undertaken and a report was submitted to the April 2013 meeting of the Committee. This identified no significant differences but did make some recommendations [e.g. increased reporting on risk management] which were accepted by the Committee.
19. We have previously reported on the abolition of the Audit Commission and that has been confirmed in the "Local Audit and Accountability" Bill which has now received Royal Assent. The Bill also confirms the requirement for an Independent Auditor Panel to deal with the appointment, and working arrangements, of the external auditors. Whilst we await secondary legislation on the precise operation of the Panel, it will need to be made up of a majority of independent members.

### **External Audit**

20. Grant Thornton are placing some reliance on Audit Services for audits on the major financial systems, and this prevents unnecessary duplication of work and also contributes to lower audit fees. There is on-going dialogue with Grant Thornton to ensure we work in the right spirit of co-operation and avoid unnecessary duplication.

### **Head of Audit Opinion**

21. The Head of Audit is required to report on the overall effectiveness of the systems of risk management and internal control each year. He reports that in his opinion there are currently no significant deficiencies in the system of risk management and internal control at Dudley MBC. A separate report proposing the Annual Governance Statement will be presented to the September meeting of the Committee and this will highlight future challenges to the system of risk management and internal control.
22. This opinion is based principally on the work carried out by the Audit Services Division during 2013/2014. It must be acknowledged, however, that it is not possible to review all aspects of risk management and internal control within a single year. In forming this opinion, it has also been necessary to take into account the results of work by :-
- Internal Audit in previous years
  - External Audit reports
  - Audit & Standards Committee reports
  - Other Scrutiny Committees reports

### **Finance**

23. There are no direct financial implications arising from this report. The cost of internal audit is met from within the base budget of the Directorate.

### **Law**

24. The Council is required under Section 151 of the Local Government Act 1972 to appoint an officer to be responsible for its financial affairs.
25. The Accounts and Audit Regulations 2011 require the Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. They also require the Council to conduct a review at least once a year of the effectiveness of its internal audit and the findings of the review shall be considered by a committee of the relevant body.

### **Equality Impact**

26. This report does not raise any equal opportunities issues.
27. The work of Internal Audit helps to protect the interests of children and young people, albeit they were not consulted on, or involved, with the development of the work carried out.

**Recommendations**

28. The Committee accept this report on the performance and review of Audit Services in 2013/14.
29. The Committee consider the self assessments attached as Appendix D

A handwritten signature in black ink, appearing to read 'Iain Newman', with a stylized, cursive script.

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**Iain Newman**  
**Treasurer**

**Contact Officer: Les Bradshaw (ext. 4853)**



## **APPENDIX A**

### **PLANNED AUDITS CARRIED OUT DURING 2013/14**

Audits with an \* are annual audits carried out on behalf of External Audit and are considered major systems.

<b>DACHS</b>	
Adult Care & Support Team - Falcon	Information Governance
Adult Care & Support Team - Wollescote Hall	Commissioning
Access Team	Shared Lives
Property Sales	Rent Collection and Setting Review *
Voids	Unicorn Centre
Woodside Day Centre	Making it Real
Race Equality and Communication Service	Adult Education
Tiled House	Home Assistance Scheme
Follow up	Neighbourhood Learning Centres
<b>CHILDRENS SERVICES</b>	
Dudley District Office	Transport Team
Halesowen District Office	Brierley Hill District Office
Admissions	Kitchens
Referral and Assessment Services	Catering - Finance
Care Management Services	Dudley Grid for Learning Team
Family & Adolescent Support Team	Centris ICT application review
Multicultural Support Service	Dudley Performing Arts
Teenage Pregnancy Team	Special Education Needs Team
Stourbridge Area Youth	Brierley Hill Area Youth
Follow up	Troubled Families
<b>SCHOOLS</b>	
Ashwood Park	Alder Coppice
Hurst Green	Newfield Park
Sledmere	Ham Dingle
Withymoore	Huntingtree
Netherton CE	Peter's Hill
Wollescote	St James' C of E
Cotwall End	Roberts
Dudley Wood	Woodside
Brockmoor	Northfield Road
Bromley Hills	Cradley C of E
Follow up	Queen Victoria
St Josephs Stourbridge	Tenterfields
Rufford	St Marks' C of E
Gig Mill	Sutton Special School
Halesbury Special School	Health and Safety
Schools Financial Value Standard	

<b>CHIEF EXECUTIVE</b>	
Information Governance	Corporate Governance
Emergency Planning	Community Cohesion
Section 17 Crime & Disorder Act Review	Public Health
Annual Governance Statement	Consultancy
Safeguarding	
<b>CORPORATE RESOURCES</b>	
Bank Reconciliation *	Housing Benefits *
Control Accounts Review *	Dudley Council Plus
Treasury Review *	Debtors System *
VAT	Radius Icon Application Review
DCS Budget Preparation and Monitoring	Business Rates Review *
Creditors System Review *	Council Tax *
Print Services	Revenues Exchequer Team Review *
DUE Budget Preparation and Monitoring	Social Fund
ICT Third Party Management	PSE Enterprise Application Review
ICT Infrastructure	Corporate Personnel & Payroll Review *
Projects	Purchase Cards Analysis
Safeguarding	Teachers Pension Scheme
Electronic Transactions (BACS) Application Review	Legal Services Review
EDRMS Document Management System Application Review	Business Continuity
Agresso Application Review (all modules)	Carbon Reduction Commitment Annual Report
Directorate Procurement	Security
RIPA	Consultancy
Follow up	
<b>URBAN ENVIRONMENT</b>	
Events Programme & Box Office	Operation of Stores
Town Halls [x4]	Consultancy
Cemeteries and Crematoriums [x2]	Dangerous Structures
Himley Hall	Structures (all contract stages)
Markets	Castle Hill Development
Planning Enforcement	Business First
Planning Policy	Follow up
Contaminated Land Strategy	Crossing Patrol
Environmental Protection	Assessment of Safety Schemes
MVM Application Review	Business Continuity
Security	

### **CANCELLED / DEFERRED AUDITS**

<b>Directorate</b>	<b>Audit</b>	<b>Reason</b>
Chief Exec	Partnership Governance	Unable to identify suitable partnership
	Anti Social Behaviour	Team just set up, transferred to 2014/15
DUE	Local Transport Claim	Grant certification no longer required
	Section 106 Administration	Transferred to 2014/15
	Divisional Administration	Covered under Consultancy
DCR	IT Service Level Management	Low risk and will be covered in another audit
	IT Information Security	Transferred to 2014/15
	Corporate Risk M'ment	Transferred to 2014/15
DCS	Sycamore	Requested to delay to 2014/15
	Consultancy	No requested work from Directorate
	Place Planning Team	Low risk
	Children with disabilities	Requested to delay to 2014/15
Schools	St Josephs School Dudley	Converting to Academy
DACHS	New Swinford	Requested to postpone
	Consultancy	No requested work from Directorate
	Adult Protection	Requested to delay to 2014/15
	Internal Transport	Low risk
	Application Review - SWIFT	Transferred to 2014/15
	Housing Repairs Service	Reviewed voids processes during year
	Housing Stores	Requested to delay to 2014/15

**APPENDIX B****TOTAL SUMMARY OF PLANNED WORK COMPLETED FOR EACH DIRECTORATE**  
**2013/14**

<b>Department</b>	<b>No. of audits</b>	<b>Number of Recommendations</b>	<b>Number of High Priority Findings</b>	<b>Number of Unimplemented Recommendations</b>
<b>Adult, Community and Housing Services</b>	<b>18</b> <b>[14]</b>	<b>198</b> <b>[89]</b>	<b>21</b> <b>[17]</b>	<b>17</b> <b>[6]</b>
<b>Chief Executives</b>	<b>9</b> <b>[9]</b>	<b>19</b> <b>[19]</b>	<b>4</b> <b>[2]</b>	<b>0</b> <b>[5]</b>
<b>Children's Services</b>	<b>20</b> <b>[22]</b>	<b>262</b> <b>[189]</b>	<b>18</b> <b>[14]</b>	<b>56</b> <b>[27]</b>
<b>Corporate Resources</b>	<b>37</b> <b>[27]</b>	<b>173</b> <b>[93]</b>	<b>44</b> <b>[12]</b>	<b>11</b> <b>[3]</b>
<b>Schools</b>	<b>31</b> <b>[20]</b>	<b>537</b> <b>[337]</b>	<b>85</b> <b>[65]</b>	<b>96</b> <b>[61]</b>
<b>Urban Environment</b>	<b>26</b> <b>[14]</b>	<b>90</b> <b>[91]</b>	<b>11</b> <b>[18]</b>	<b>12</b> <b>[6]</b>
<b>TOTAL</b>	<b>141</b>	<b>1279</b>	<b>183</b>	<b>192</b>
<b>2012/13</b>	<b>106</b>	<b>818</b>	<b>128</b>	<b>108</b>

Figures for 2012/13 in brackets

## **Appendix C [1]**

### **CIPFA Position Statement : Audit Committees in Local Authorities and Police**

**1. 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.

**2. 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.**

By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

**3. The core functions of an audit committee are to :-**

- a. Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it and demonstrate how governance supports the achievement of the authority's objectives.
- b. In relation to the authority's internal audit functions :-
  - i. Oversee its independence, objectivity, performance and professionalism
  - ii. Support the effectiveness of the internal audit process
  - iii. Promote the effective use of internal audit within the assurance framework.
- c. Consider the effectiveness of the authority's risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations
- d. Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption.
- e. Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control
- f. Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
- g. Review the financial statement, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

**4. Audit committees can also support their authorities by undertaking a wider role in other areas including :-**

- a. Considering governance, risk or control matters at the request of other committees or statutory officers
- b. Working with local standards committees to support ethical values and reviewing the arrangements to achieve those values

- c. Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury management Code of Practice
- d. Providing oversight of other public reports, such as the annual report.

**5. Although no single model of audit committee is prescribed, all should :-**

- a. Act as the principal non-executive, advisory function supporting those charged with governance
- b. In local authorities, be independent of both the executive and the scrutiny functions: in police bodies, be independent of the executive or operational responsibilities of the police and crime commissioner or chief constable.
- c. Have clear rights of access to other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- d. Be properly accountable to the authority's board or equivalent bodies
- e. Meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- f. Be able to meet privately and separately with the external auditor and with the head of internal audit
- g. Include, as regular attendees, the chief financial officer(s) or appropriate senior and qualified substitute, the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required. The committee should have the right to call any other officers or agencies of the authority as required.
- h. Report regularly on their work, and at least annually report an assessment of their performance.

**6. Good audit committees are characterised by :-**

- a. A membership that is balanced, objective , independent of mind, knowledgeable and properly trained to fulfil their role
- b. A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
- c. Unbiased attitudes – treating auditors, the executive and management fairly
- d. The ability to challenge the executive and senior managers when required.

## **Appendix C [2]**

### **AUDIT AND STANDARDS COMMITTEE – Terms of Reference**

1. Determination of appropriate action on recommendations of the External Auditors
2. Determination of appropriate action on recommendations about the system of internal controls, both financial and otherwise.
3. Determination of appropriate action on recommendations arising from investigations of fraud, corruption or other irregularity.
4. Determination of appropriate action on recommendations arising from audits of construction and other contracts.
5. Determination of appropriate action regarding the organisation, management and performance of the external and internal audit functions.
6. Determination of appropriate action on recommendations about the performance of the treasury management function.
7. Approval of the Certified Statement of Accounts.
8. Oversight of the proper administration of financial affairs, under Section 151 of the Local Government Act, 1972.
9. Determination of appropriate action regarding the arrangements for the Corporate Risk Process.
10. Determination of any amendments to Financial Regulations and Contract Standing Orders, including those relating to Schools.
11. Determination of all necessary action associated with the Council's Corporate Governance Arrangements.
12. Consideration and approval of the Council's Anti Fraud and Corruption Strategy.
13. To promote and maintain high standards of conduct within the Council.
14. To advise the Council on the adoption or revision of the Members' Code of Conduct.
15. To monitor the operation of the Members' Code of Conduct.
16. To assist Councillors and co-opted Members to observe the Members' Code of Conduct including advising, training or arranging to provide training on matters relating to the Members' Code of Conduct.
17. Granting dispensations to Councillors and Co-opted Members from requirements relating to interests set out in the Members' Code of Conduct.
18. All other standards functions under the relevant provisions of, or Regulations made under, the Localism Act, 2011.
19. To recommend to the Council on the appointment of an Independent Person(s) required under the Localism Act 2011 and any relevant Regulations.
20. To advise the Council on an Employees Code of Conduct.
21. To advise the Council on confidential reporting policies and procedures ("whistle-blowing") and to monitor and review the operation of the procedures.
22. To appoint any Sub-Committees, as appropriate, to hear and determine complaints against Members and Co-opted Members under the provisions of the Members Code of Conduct and in accordance with locally agreed procedures.
23. The determination of appeals made by employees against a decision of the Director of Corporate Resources concerning their inclusion in the list of Political Restricted Posts.

#### **Onward Delegation of Functions to Director of Corporate Resources**

1. The approval of the payment of fees to the Audit Commission for additional audit work necessary in the light of investigations.
2. The approval of the payment of fees to other bodies for carrying out audit work or other work associated with the performance of the audit function.

## Appendix D

### SELF ASSESSMENT OF GOOD PRACTICE & EFFECTIVENESS

Good practice questions	Yes	Part	No	N/A
<b>Audit committee purpose and governance</b>				
1 Does the authority have a dedicated audit committee?	X			
2 Does the audit committee report directly to full council?	X			
3 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	X			
4 Is the role and purpose of the audit committee understood and accepted across the authority?	X			
5 Does the audit committee provide support to the authority in meeting the requirements of good governance?	X			
6 Are the arrangement to hold the committee to account for its performance operating satisfactorily?	X			
<b>Functions of the committee</b>				
7 Do the committee's terms of reference explicitly address all the core areas 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</li> <li>• Counter-fraud and corruption</li> </ul>	X   X X X X X X	  X     X		
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?	X			
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?	X			
10 Where coverage of core areas has been found to be limited, are plans in place to address this?				X
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?	X			



<b>Membership and support</b>	<b>Yes</b>	<b>Part</b>	<b>No</b>	<b>N/A</b>
12 has an effective audit committee structure and composition of the committee 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 an appropriate process.</li> </ul>	<b>X</b>			<b>X</b>
13 Does the chair of the committee have appropriate knowledge and skills?	<b>X NB1</b>			
14 Are arrangements in place to support the committee with briefings and training?	<b>X</b>			
15 Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	<b>X NB1</b>			
16 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	<b>X</b>			
17 Is adequate secretariat and administrative support to the committee provided?	<b>X</b>			
18 Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			<b>X</b>	
19 Has the committee evaluated whether and how it is adding value to the organisation?			<b>X</b>	
20 Does the committee have an action plan to improve any areas of weakness?				<b>X</b>

NB1 : Agreed that a Skills & Knowledge Questionnaire will be completed early in new Municipal year.

### 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	Yes	Part	No	N/A
Promoting the principles of good governance and their application to decision making	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 review/audits of governance arrangements. Participating in self-assessments of governance arrangements. Working with partner audit committees to review governance arrangements in partnerships.	X   X	  X	   X	    X
Contributing to the development of an effective control environment	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.	X  X  X			
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	Reviewing risk management arrangements and their effectiveness, eg risk management benchmarking. Monitoring improvements. Holding risk owners to account for major / strategic risks.	X  X X			
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Specifying its assurance needs, identifying gaps or overlaps in assurance. Seeing to streamline assurance gathering and reporting. Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit.	   X		X  X	

		Yes	Part	No	N/A
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	Reviewing the audit charter and functional reporting arrangements. Assessing the effectiveness of internal audit arrangements and supporting improvements.	X X			
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. Reviewing the effectiveness of performance management arrangements.			X X	
Supporting the development of robust arrangements for ensuring value for money.	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee. NB2 : Based on External Audit reports	X NB2			
Supporting the development of robust arrangements for ensuring value for money.	Considering how performance in value for money is evaluated as part of the AGS.	X NB2			
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	Reviewing arrangement 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.	X X		X	
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability	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.			X X	

