

## REVIEW OF EFFECTIVENESS OF THE AUDIT COMMITTEE: SELF ASSESSMENT CHECKLIST

	ISSUE	YES	NO	N / A	COMMENTARY / EVIDENCE
<b>1. ESTABLISHMENT, OPERATION AND DUTIES</b>					
1.1	<b>TERMS OF REFERENCE</b>				
1.1.1	Does the audit committee have written terms of reference?	✓			The Terms of reference for the Audit Committee is included within the authority's Constitution.  (Part 3 Delegations Section 2 Regulatory Committee Functions)
1.1.2	Do the Terms of Reference cover the core functions of an audit committee as identified in the CIPFA guidance?	✓			The CIPFA model has been used.
1.1.3	Are the Terms of Reference approved by the Council and reviewed periodically?	✓			Annual Council meeting approved creation of Audit Committee in May 2006 and the associated Terms of Reference. Annual reviews are in place for the Constitution – the last update issued was July 2011 (version 6).
1.1.4	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	✓			The Audit Committee is a Council appointed Committee comprising 7 Members. The quorum of the Committee is 4 Members in accordance with the Constitution. No member of the Audit Committee is a member of the Cabinet. At the present moment, the Council has taken the decision not to appoint separate independent representatives on the Committee.
1.1.5	Can the audit committee access other committees and Full Council as necessary?	✓			Chief Executive / Directors / Council body can refer issues to the Committee. This allows the Committee to submit recommendations and / or observations to the Council / Cabinet that the Committee considers appropriate or necessary.
1.1.6	Does the authority's Annual Governance Statement (AGS) include a description of the audit committee's establishment and activities?	✓			Has been included in the AGS.
1.1.7	Does the audit committee periodically assess its own effectiveness?	✓			There is no requirement to annually reassessment although this is seen as best practice. The latest review has been undertaken by the Chief Internal Auditor.
1.1.8	Does the audit committee make a formal annual report on its work and performance during the year to full council?		✓		An Annual Report for the Audit Committee was first produced in 2008 and subsequent years to 2010. It was not produced in 2011.  <i>It is recommended that an Annual Report is produced following conclusion of the last Audit Committee meeting in each municipal year.</i>

	ISSUE	YES	NO	N / A	COMMENTARY / EVIDENCE
<b>1. ESTABLISHMENT, OPERATION AND DUTIES</b>					
1.2	<b>MEMBERSHIP, INDUCTION AND TRAINING</b>				
1.2.1	Has the membership of the committee been formally agreed and a quorum set?	✓			Membership is based upon agreed levels set out for all committees with representation based upon political group levels. With a membership of 7, quorate is based upon attendance of 4 members.
1.2.2	Is the Chair independent of the executive function?	✓			The Chair is not a member of Cabinet.
1.2.3	Has the audit committee Chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?	✓			The Chair has received appropriate training throughout the year as well as the Audit Committee Handbook.
1.2.4	Are new audit committee members provided with an appropriate induction?	✓			Training is provided throughout the year to all Members. In addition a separate Audit Committee Handbook has been produced to assist in member development.
1.2.5	Have all members' skills and experiences been assessed and training given for identified gaps?	✓			Training is delivered to all prior to each committee meeting and revolves around the agreed work programme for the committee. Additional opportunities are made available throughout the year to ensure knowledge levels remain up to date.
1.2.6	Has each member declared his or her business interests?	✓			This is a requirement of all members and is held centrally within Democratic Services. It is also published on the Councils website. In addition, "Declarations of Interest" is a standard agenda item for each committee meeting.
1.2.7	Are members sufficiently independent of the other key committees of the council?	✓			No member of the Audit Committee is members of the Cabinet. The Committee reports direct to Council.

	ISSUE	YES	NO	N / A	COMMENTARY / EVIDENCE
<b>1. ESTABLISHMENT, OPERATION AND DUTIES</b>					
1.3	<b>MEETINGS</b>				
1.3.1	Does the audit committee meet regularly?	✓			Meetings are held throughout the year to coincide with business requirements which are set out in the Work Programme.
1.3.2	Do the terms of reference set out the frequency of meetings?			✓	Not required as meetings scheduled to meet business needs.
1.3.3	Does the committee calendar meet the authority's business needs, governance needs and the financial calendar?	✓			As per Work Programme
1.3.4	Are members attending meetings on a regular basis and if not, is appropriate action taken?	✓			Substitutes allowed for non-attendees. Attendance is monitored and recorded within the minutes and on the website.
1.3.5	Are meetings free / open without political influences being displayed?	✓			
1.3.6	Does the s151 officer or deputy attend all meetings?	✓			Deputy – all meetings. S151 Officer – accounts only.
1.3.7	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	✓			Chief Internal Auditor and External Audit regular attendees at meetings. Other officers attend for specific Work Programme items e.g. risk management.

	ISSUE	YES	NO	N / A	COMMENTARY / EVIDENCE
<b>2. INTERNAL CONTROL</b>					
2.1	Does the committee consider the findings of the annual review of the effectiveness of the system of internal control (as required by the Accounts and Audit Regulations) including the review of the effectiveness of the system of internal control?	✓			Findings of the annual review of effectiveness of the system of internal control are documented in the committee papers while considering the draft AGS. These are considered as a separate agenda item each June.
2.2	Does the audit committee have responsibility for review and approval of the AGS and does it consider it separately from the accounts?	✓			The AGS and the associated background documentation are reviewed and approved separately to the Statement of Accounts.
2.3	Does the audit committee consider how meaningful the AGS is?	✓			Full details of all working papers and background information are provided to ensure a fully informed decision can be reached.
2.4	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	✓			Reporting on adequacy of controls is within Internal Audit progress reports which are scheduled throughout the year on the Audit Committee agendas.
2.5	Has the audit committee considered how it integrates with other committees that have responsibility for risk management?	✓			Audit Committee is responsible for monitoring the effective development and operation of risk management in the Council.
2.6	Has the audit committee or the full council adopted "Managing the Risk of Fraud - Actions to Counter Fraud and Corruption?"	✓			Incorporated within the Audit Committee terms of reference. An Annual Fraud report detailing anti-fraud activities is issued.
2.7	Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	✓			As above
2.8	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	✓			The Internal Audit Plan is based on a risk-based approach which takes account of the risk management processes adopted across the Council. It is set out annually within the Audit Strategy.
2.9	Does the audit committee review the authority's strategic risk register at least annually?		✓		There have been delays in reporting risk management to the Audit Committee. This needs to improve to ensure compliance with agreed policy. It is scheduled for the current committee cycle (February 2012)
2.10	Does the audit committee monitor how the authority assesses its risk?	✓			Through the work of Internal Audit and also reviewing and approving the overall Risk Management Strategy and the risk register(s).
2.11	Do the audit committee's terms of reference include oversight of the risk management process?	✓			It is based upon the CIPFA model which makes reference to risk.

	ISSUE	YES	NO	N / A	COMMENTARY / EVIDENCE
<b>3. FINANCIAL REPORTING AND REGULATORY MATTERS</b>					
3.1	Is the committee's role in the consideration and / or approval of the annual accounts clearly defined?	✓			Set out in the Terms of Reference
3.2	Does the audit committee consider specifically: <ul style="list-style-type: none"> <li>• The suitability of accounting policies and treatments</li> <li>• Major judgements made</li> <li>• Large write offs</li> <li>• Changes in accounting treatment</li> <li>• The reasonableness of accounting estimates</li> <li>• The narrative aspects of reporting</li> </ul>	✓			With the exception of large write offs – which are referred through Cabinet – all items are considered as part of the Statement of Accounts. These receive appropriate challenge and scrutiny through Audit Committee in June each year.
3.3	Is the audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	✓			Annual reports are provided by PricewaterhouseCoopers and included on the work programme.
3.4	Does the audit committee review the management's letter of representation?	✓			Annual review as part of the report to those charged with governance
3.5	Does the audit committee annually review the accounting policies of the authority?	✓			Documented within final accounts papers
3.6	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	✓			Annual training is provided to Audit Committee members prior to review of the Statement of Accounts.
3.7	Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?		✓		Training is provided on key aspects of the agenda.  Information circulars received from CIPFA will be issued to members as and when received

	ISSUE	YES	NO	N / A	COMMENTARY / EVIDENCE
<b>4. INTERNAL AUDIT</b>					
4.1	Does the committee approve, annually the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?	✓			Internal Audit Strategy and Plan approved by Audit Committee in March each year.
4.2	Does internal audit have an appropriate reporting line to the audit committee?	✓			The Chief Internal Auditor has direct access and freedom to report in his own name and without fear or favour to all officers and members and particularly to those charged with governance (the Chair of the Audit Committee, the s.151 Officer, the Chief Executive, the Monitoring Officer and the Leader of the Council)
4.3	Does the audit committee receive periodic reports from internal audit including an annual report from the Head of Internal Audit?	✓			Following agreement of the Audit Plan, there is a half yearly progress report followed by an annual report and opinion.
4.4	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?		✓		This is recorded but not reported to Audit Committee. This will be reintroduced to ensure that implementation rates remain high.
4.5	Does the audit committee hold periodic private discussions with the Head of Internal Audit?		✓		
4.6	Is there appropriate cooperation between the internal / external auditors?	✓			Joint working arrangements to ensure effective coverage and avoiding duplication. Quarterly progress meetings are held.
4.7	Does the audit committee review the adequacy of internal audit staffing and other resources?	✓			Resource levels are reported annually. There is a direct review by approving the Annual Audit Plan.
4.8	Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for internal audit in Local Government in the UK?	✓			Annual review – a report on effectiveness was considered by Audit Committee in June 2011, together with External Auditors statement on this compliance in their annual report.
4.9	Are internal audit performance measures monitored by committee?	✓			Key performance indicators are reported in the Annual Audit Opinion.
4.10	Has the audit committee considered the information it wishes to receive from internal audit?	✓			Committee work programme sets out appropriate requirements for the whole year.

	ISSUE	YES	NO	N / A	COMMENTARY / EVIDENCE
<b>5. EXTERNAL AUDIT</b>					
5.1	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	✓			Annual report at same time as Internal Audit.
5.2	Does the audit committee hold periodic private discussions with the external auditor?		✓		
5.3	Does the audit committee review the external auditor's annual report to those charged with governance?	✓			Annual report on the Work Programme.
5.4	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	✓			Regular progress reports are produced.
5.5	Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?	✓			All key External Audit reports are presented to Committee
5.6	Does the audit committee assess the performance of external audit?	✓			Proposals from central government following the abolition of the Audit Commission will result in the Committee having an increased involvement in the selection and monitoring of the performance of future external auditors.
5.7	Does the audit committee consider / approve the external audit fee?	✓			This is considered by Cabinet and endorsed separately by Audit Committee.

	ISSUE	YES	NO	N / A	COMMENTARY / EVIDENCE
<b>6. ADMINISTRATION</b>					
6.1	<b>AGENDA MANAGEMENT</b>				
6.1.1	Does the audit committee have a designated secretary from Committee / Member Services?	✓			Audit Committee is a formal committee of the council and each meeting is serviced by staff from Democratic Services.
6.1.2	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	✓			Papers are issued in accordance with council requirements
6.1.3	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	✓			Overarching work programme established which maps business needs
6.1.4	Are inputs for "Any Other Business" formally requested in advance from committee members, relevant officers, internal and external audit?	✓			This is not a standard agenda item, however when discussing future meetings via the Work Programme, suggestions are made for future issues, including reports and / or training needs
6.2	<b>PAPERS</b>				
6.2.1	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	✓			Standard report format
6.2.2	Does the audit committee issue guidelines and / or a proforma concerning the format and content of the papers to be presented?	✓			Standard committee template utilised.
6.3	<b>ACTIONS ARISING</b>				
6.3.1	Are minutes prepared and circulated promptly to the appropriate people?	✓			Democratic Services produce minutes following each meeting and these are approved at the next one.
6.3.2	Is a report on matters arising made and minuted at the audit committee's next meeting?	✓			Follow up / Feedback reports are covered in the minutes and are then reflected on future agendas.
6.3.3	Do action points indicate who is to perform what and by when?	✓			Minutes indicate timescales and responsible officer.