

AUDIT COMMITTEE: ASSESSMENT OF EFFECTIVENESS

Assessment based on the Audit Committee Checklist (Audit Committee Handbook 2014)

	Issue	Yes	No	Partial	Evidence / Suggested Improvement
1...ESTABLISHMENT, OPERATION AND DUTIES					
1.1 ROLE AND REMIT					
1.1.1	Does the Audit Committee have written terms of reference?	✓			Terms of Reference (ToR) are held within: <ul style="list-style-type: none"> • Constitution • on website • Audit Committee Handbook
1.1.2	Do the terms of reference cover the core functions of an Audit Committee as identified in CIPFA guidance?	✓			Template used for ToR based upon CIPFA best practice published in 2006; incorporating arrangements for internal audit, external audit, risk management, governance and fraud issues. Amendments since inception have been to incorporate member standards issues as a sub-committee of the main Audit Committee (referred to as a Hearing Panel).
1.1.3	Are the terms of reference approved by the council and reviewed periodically?	✓			Updates to Constitution are all channelled through Council as appropriate. Last full update for Audit Committee was 2012 to incorporate standards (see 1.1.2). Main ToR remains as per best practice.
1.1.4	Has the Audit Committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	✓			Changes to committee numbers agreed each year at Council when establishing make up of each Committee. 11/7/2012 Council agreed for Audit Committee to be exempt from political balance requirements under s.15 LG and Housing Act 1989. Current membership (9) <ul style="list-style-type: none"> • Con 3; Lab 2; PIF 2; LD 1; WF 1 Committee members are all elected Councillors. Internal Audit have provided a briefing to an all-party forum 27 November 2014 to raise awareness.

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1.1.5	Can the Audit Committee access other committees and full council as necessary?	✓			<p>Members are also on other Committees in line with their political lines and all attend Full Council.</p> <p>An annual report on Audit Committee activity – in the name of the Audit Committee chair – is provided to Full Council for information. The latest version is scheduled for Audit Committee on 16 March 2015.</p> <p>Issues raised within Audit Committee which are deemed not to be within the remit of the committee are referred through to the appropriate committee.</p>
1.1.6	Does the authority's Annual Governance Statement include a description of the Audit Committee's establishment and activities?	✓			<p>AGS has been produced by Chief Internal Auditor (CIA) since 2006 and conforms to the prescribed best practice. Reference is made within the document to the role of the Audit Committee.</p> <p>This is confirmed by External Audit annual review of the said document.</p>
1.1.7	Does the Audit Committee periodically assess its own effectiveness?	✓			The review has been undertaken by CIA.
1.1.8	Does the Audit Committee make a formal annual report on its work and performance during the year to full council?	✓			Draft annual report produced in March each year – reviewed and approved by Audit Committee – and referred through formal process to Full Council

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1.2	MEMBERSHIP, INDUCTION AND TRAINING				
1.2.1	Has the membership of the committee been formally agreed and a quorum set?	✓			Annual review of membership each year (May) and decision referred to Full Council for numbers on Committee (see 1.1.4). Quorum set for all Committees at this point
1.2.2	Is the chair independent of the executive function?	✓			Chair is not on 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?	✓			Current chair had prior knowledge / experience of key concepts etc in previous role on Cabinet. Training has been provided to all when needed.
1.2.4	Are new Audit Committee members provided with an appropriate induction?	✓			Audit Committee Handbook issued to all members. 2014 training also provided to members at Huntingdonshire DC. Open to all on Committee – 3 new members attended all day event. Overview of Committee provided to all party policy forum (see 1.1.4) Separate briefings have been given throughout year to address specific issues arising e.g. use of project management software, risk management etc. Standardised work programme set out for the year and training offered around each of those areas.
1.2.5	Have all members' skills and experiences been assessed and training given for identified gaps?			✓	Training has been provided to all when needed. An assessment of any gaps is required. Member Services are looking into this for all Committees.

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1.2.6	Has each member declared his or her business interests?	✓			Member interests are recorded on website During 2014/2015, there have been no declarations made within each Audit Committee session.
1.2.7	Are members sufficiently independent of the other key committees of the council?	✓			Members are on other Committees (with exception of Cabinet)
1.3	MEETINGS				
1.3.1	Does the Audit Committee meet regularly?	✓			Set timetable agreed each year / with prescribed timings for key reports. E.g. <ul style="list-style-type: none"> - June (draft final accounts / AGS / audit opinion) - Sept (audited final accounts) - November (audit progress) - February (grant claims) - March (audit plans) Other activities programmed throughout year cover risk management, fraud, governance, use of RIPA etc. Standards reporting has not been activated but is a standing item on the agenda
1.3.2	Do the terms of reference set out the frequency of meetings?		✓		Work programme identified each year sets out the key activities and timelines for delivery – but this is not set out within the ToR.
1.3.3	Does the Committee calendar meet the authority's business needs, governance needs and the financial calendar?	✓			Work Programme produced complies with statutory dates for reporting e.g. final accounts.

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1.3.4	Are members attending meetings on a regular basis and if not, is appropriate action taken?	✓			Annual report sets out level of attendance and are documented on website against each committee agenda. Substitutes are available if needed to ensure quorate and offset apologies.
1.3.5	Are meetings free / open without political influences being displayed?	✓			Decisions taken are not on political lines. In addition, the committee is exempt from political balance (see 1.1.4)
1.3.6	Does the s151 officer or deputy attend all meetings?	✓			S151 officer at meetings relating to final accounts (draft / audited). Deputy s151 officer at all meetings.
1.3.7	Does the Audit Committee have the benefit of attendance of appropriate officers at its meetings?	✓			Officers attending based on agenda items, as well as representatives from Finance, Audit, Governance and External Audit.

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2...INTERNAL CONTROL					
2.1	Does the Audit Committee consider the findings of the annual review of the effectiveness of the internal audit?	✓			Annual report produced in June committee cycle each year for review as part of the consideration for the AGS.
2.2	Does the Audit Committee have responsibility for review and approval of the AGS and does it consider it separately from the accounts?	✓			Agenda items are structured so that it is considered before final accounts in June each year
2.3	Does the Audit Committee consider how meaningful the AGS is?	✓			Full details are provided / background information in order to make informed decisions
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 the Internal Audit progress reports to committee and the annual opinion. Each report is discussed as appropriate, minuted and agreed.
2.5	Has the Audit Committee considered how it integrates with other committees that have responsibility for risk management?			✓	Committee are responsible for monitoring the effective development and operation of risk management in the Council. Member Services will look into this as part of any training requirements
2.6	Has the Audit Committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud - Actions to Counter Fraud and Corruption?"	✓			Part of Audit Committee remit and previously covered. (NB: New guidelines issued by CIPFA in October 2014. A full review of policies is required to ensure compliance and report in the Audit Committee)
2.7	Does the Audit Committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	✓			There is an annual report produced in relation to investigations / compliance.

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2.8	Is the Audit Committee made aware of the role of risk management in the preparation of the internal audit plan?	✓			Set out in the Audit Charter / Strategy as to how the Audit Plan has been developed
2.9	Does the Audit Committee review the authority's strategic risk register at least annually?	✓			Risk register issued to Audit Committee as a high level document. It is scheduled for March 2015.
2.10	Does the Audit Committee monitor how the authority assesses its risk?	✓			Risks are reported to committee and actions taken to mitigate are challenged. Suggestions are made for areas that should be included.
2.11	Do the Audit Committee's terms of reference include oversight of the risk management process?	✓			Yes

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3...FINANCIAL REPORTING AND REGULATORY MATTERS					
3.1	Is the committee's role in the consideration and / or approval of the annual accounts clearly defined?	✓			Within ToR
3.2	Does the audit committee consider specifically: <ul style="list-style-type: none"> - The suitability of accounting policies and treatments - Major judgements made - Large write offs - Changes in accounting treatment - The reasonableness of accounting estimates - The narrative aspects of reporting 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ 			<ul style="list-style-type: none"> Set out in final accounts updates / reports and overview given as part of training prior to agenda Not referred to Audit Committee. These are taken through Cabinet Set out in final accounts updates / reports and overview given as part of training prior to agenda
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?	✓			Covered during the September cycle
3.4	Does the Audit Committee review the management's letter of representation?	✓			As part of September cycle

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3.5	Does the Audit Committee annually review the accounting policies of the authority?	✓			See 3.2
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 are incorporated into the Handbook.

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4...INTERNAL AUDIT					
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?	✓			Chief Internal Auditor has direct access and freedom to report to all officers / members and particularly to those charged with governance (Chief Executive, S.151 officer, Monitoring Officer, Leader of the Council, Chair of Audit Committee).
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 audit plan, there is a half year 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?	✓			Recorded on progress reports
4.5	Does the Audit Committee hold periodic private discussions with the Head of Internal Audit?		✓		Briefings only prior to agenda circulation
4.6	Is there appropriate cooperation between the internal / external auditors?	✓			Joint working arrangements where appropriate 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 identified within the annual planning process to establish work plans

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4.8	Has the Audit Committee evaluated whether its Internal Audit service complies with Public Sector Internal Audit Standards?	✓			Annual review included as part of the annual audit opinion report in June cycle
4.9	Are Internal Audit performance measures monitored by committee?	✓			Reported as part of the annual audit opinion
4.10	Has the Audit Committee considered the information it wishes to receive from Internal Audit?	✓			A standard work programme is in place based on known requirements to meet statutory needs. No other issues raised to date.

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5...EXTERNAL AUDIT					
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?	✓			Only external audit reports are referred to Audit Committee
5.6	Does the Audit Committee assess the performance of external audit?	✓			Following abolition of Audit Commission, increased presence expected by Audit Committee on assessing external auditors
5.7	Does the Audit Committee consider / approve the external audit fee?	✓			Considered by Cabinet and endorsed by Audit Committee

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6...ADMINISTRATION					
6.1	AGENDA MANAGEMENT				
6.1.1	Does the Audit Committee have a designated secretary from Committee / Member Services?	✓			Audit Committee is a formal committee with representation from Democratic Services
6.1.2	Are agenda papers circulated in advance of meetings to allow adequate preparation by Audit Committee members?	✓			Papers issued in accordance with council requirements
6.1.3	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	✓			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?	✓			Not a standard agenda item. However, Members are encouraged to provide information at the meeting which can be considered in future by Audit Committee, or referred to the appropriate committee.
6.2	PAPERS				
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

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6.3	ACTIONS ARISING				
6.3.1	Are minutes prepared and circulated promptly to the appropriate people?	✓			Circulated following meeting and agreed at next
6.3.2	Is a report on matters arising made and minuted at the Audit Committee's next meeting?	✓			Standard item on the agenda which highlights actions made and how they have been resolved
6.3.3	Do action points indicate who is to perform what and by when?	✓			As 6.3.2