

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

16 July 2015

REPORT AUTHOR: Internal Audit Working Group

SUBJECT: Audit Committee – Self Assessment

REPORT FOR: Information

1.0 Introduction

- 1.1 Audit Committees help Local Authorities function according to good governance and accounting and auditing standards, and adopt appropriate risk management arrangements. We regarded well-functioning Audit Committees are key to helping Councils achieve good corporate governance.
- 1.2 Where an audit committee has a high degree of performance against the good practice principles then it is an indicator that the committee is soundly based and has in place a knowledgeable membership.
- 1.2 A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

2.0 Process

- 2.1 CIPFA has produced “Self-assessment of Good Practice” and “Evaluating the Effectiveness of the Audit Committee” checklists for Audit Committees. The purpose of the checklist is to show that the Audit Committee is fully discharging its statutory responsibilities.

3.0 Outcome

- 3.1 The completed checklists, which were considered by the Internal Audit Working Group of the Audit Committee, are contained in appendix A. The status of these documents is considered as draft until ratified by the main committee.
- 3.2 Depending on the results of the self-assessment, it is the intention of the working group to produce an action plan to support the effectiveness and development of the committee.

4.0 Corporate Improvement Plan

N/A

5.0 Other Consultations Undertaken

N/A

6.0 Comments of Local Members

N/A

Recommendation:	Reason for Recommendation:
The self -assessment checklist be considered, amended where necessary and approved. An action plan be developed to address any improvement areas.	To fulfil the statutory duties of the Audit Committee

Relevant Policy (ies):			
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	N/A
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Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

Contact Officer Name:	Tel:	Fax:	Email:
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Self-assessment of Good Practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's position statement: Audit Committees in Local Authorities.

Good Practice Questions		Yes	Partly	No
<i>Audit Committee purpose and Governance</i>				
1.	Does the Authority have a dedicated Audit Committee?	✓		
2.	Does the Audit Committee report directly to Full Council? <i>(applicable to Local Government only)</i>			✓
3.	Do the terms of reference clearly set out the purpose of the committee in accordance to CIPFA's Position Statement?		✓	
4.	Is the role and purpose of the Audit Committee understood and accepted across the Authority?		✓	
5.	Does the Audit Committee provide support to the Authority in meeting the requirements of good governance?	✓		
6.	Are the arrangements to hold the Committee to account for its performance operating satisfactorily?	?	?	?
<i>Functions of the Committee</i>				
7.	Does the Committee address all the core areas identified in CIPFA's Position Statement?			
	• Good governance	✓		
	• Assurance framework	✓		
	• Internal audit	✓		
	• External audit	✓		
	• Financial reporting	✓		
	• Risk management	✓		
	• Counter-fraud and corruption	✓		
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?			✓
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?		?	
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Good Practice Questions		Yes	Partly	No
Membership and Support				
12.	Has an effective Audit Committee structure and composition of the committee been selected? This should include:			
	• Separation from the executive	✓		
	• An appropriate mix of knowledge and skills among the membership		✓	
	• A size of committee that's not unwieldy			✓
	• Where independent members are used, that they have been appointed using an 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 relations with key people and organisations, including external audit, internal audit and the chief financial 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?			✓

Evaluating the effectiveness of the Audit Committee

Assessment key	
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements 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 mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also 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.

Areas where the audit committee can add value by supporting improvement	Evidence of how the audit committee has added value and provide evidence of effectiveness	Overall Assessment 5-1
Promoting the principles of good governance and their application to decision making.	<ul style="list-style-type: none"> • Providing robust review of the AGS and the assurances underpinning it. • Working with key members • Supporting reviews of governance arrangements 	4
Contributing to the development of an effective control environment	<ul style="list-style-type: none"> • Monitoring the implementation of recommendation from Auditors • Raising significant concerns over control with appropriate Senior Managers 	5
Supporting the establishment of arrangements for the governance and management of risk	<ul style="list-style-type: none"> • Review periodic risk control reports • Areas relatively static and need to be more forward looking 	3
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<ul style="list-style-type: none"> • Review of the effectiveness of some assurance providers i.e. Internal Audit but not Risk Management and External Audit 	3
Supporting the quality of internal audit activity, particularly by underpinning its organisational independence	<ul style="list-style-type: none"> • Review the audit charter and functional reporting arrangements • External review of effectiveness of internal audit arrangements and supporting improvements 	4

Areas where the audit committee can add value by supporting improvement	Evidence of how the audit committee has added value and provide evidence of effectiveness	Overall Assessment 5-1
Aiding the achievement of the authorities goals and objectives	<ul style="list-style-type: none"> • Performance data is too slow to influence and allow intervention • Don't review effectiveness of project boards 	1
Supporting the development of robust arrangements for ensuring value for money	<ul style="list-style-type: none"> • Review position in AGS • Evidence required from commercial Services Team 	3
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	<ul style="list-style-type: none"> • Periodic reporting of internal fraud cases to audit committee working group by Internal Audit • Periodic reporting of external fraud cases to audit committee working group by Corporate Fraud Team 	4