

Appendix 2

Audit Committee Self Assessment

Audit Committee Purpose and Governance

Good practice questions	Yes	Partly	No
1. Does the authority have a dedicated audit committee?	Yes		
2. Does the audit committee report directly to full council? (Applicable to local government only)	Yes – authority set out in ToR to make recommendations to cabinet on control issues. The annual report by chair of committee to full Council will be in place going forward. Audit Committee minutes are submitted to full council.		
3. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Yes – ToR in place and periodically reviewed against CIPFA's best practice. Some changes have been identified following publication of the new CIPFA Audit Committee - Practical Guidance for Local Authorities and a proposed new Terms of Reference developed.		
4. Is the role and the purpose of the audit committee understood and understood across the authority?	Yes – role of committee is set out in Council's standing orders. Senior Management and		

	Elected Members have access to Standing Orders on the Council Intranet.		
5. Does the audit committee provide support to the authority in meeting the requirements of good governance?	Yes – committee carries out the role set out in the Terms of Reference contributing to the authority's governance framework.		
6. Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Yes – Independent Chair and independent member both without voting rights. Attendance at meetings by senior management. Audit Committee minutes are submitted to full council. Going forward chair of audit committee will annually report on the audit committee's activities to full Council.		

Functions of the committee

Good Practice Questions	Yes	Partly	No
7. Do the committee terms or reference explicitly address all the core areas identified in CIPFA's position statement?			
▪ Good governance	Yes		
▪ Assurance framework	Yes		
▪ Internal audit	Yes		

▪ External audit	Yes		
▪ Financial reporting	Yes		
▪ risk management	Yes		
▪ value for money or best value			No. The Committee reviews these areas in practice but this requirement has been specifically included within the proposed revised terms of reference.
▪ Counter Fraud and Corruption	Yes		
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?		Partly – normally evaluated on a two to three year basis. However, reviewed annually in the Annual Assurance report by the Audit Manager – this review is not as detailed as a full evaluation/checklist against the requirements. Going forward an annual report is being prepared by the Chair of the Audit Committee which will include a match to the ToR.	
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 overtake		The Audit Committee ToR does not detail wider areas mentioned	

them?		in the CIPFA guidance such as Ethics, Treasury Management or the review of specific services. However the Audit Committee has considered these areas in the past (eg recent reports on Treasury Management and the new Code of Corporate Governance). The proposed revised Terms of Reference includes specific mention of these areas.	
10. Where coverage of core areas has been found to be limited, are plans in place to address this?	N/A – coverage of core areas has not been found to be limited. If coverage was found to be limited an action plan would be put in place.		
11. Has the committee maintained its non-advisory role by not taking any decision-making power that is not in line with its core purpose?	Yes		

Membership and Support

Good Practice Questions	Yes	Partly	No
12. Has an effective audit committee structure and composition of the committee been selected? This should include:			
▪ Separation from the executive			No. There are members of the Executive on the

			Audit Committee. However this is considered as difficult to avoid in a small Council and the Audit Committee operates with an independent Chair and independent member and there is therefore effective challenge.
An appropriate mix of knowledge and skills amongst the membership	Yes Comprises of Elected Members, Chair of the Audit Committee and independent member.		
A size of a committee that is not unwieldy	Yes - membership limited to seven elected members and independent chair.		
Where independent members are used, that they have been appointed using an appropriate process.	Yes – person specification for chair in place. Post was advertised and interviews undertaken by the chief executive and the Audit Manager.		
13. Does the chair of the committee have the appropriate knowledge and skills?	Yes – relevant and recent financial experience and a relevant accountancy qualification.		
14. Are arrangements in place to support the committee with briefings and training?	Yes Financial training coordinated by the Head of Finance and ISS (s95		

	officer).		
15. Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		Partly Four of the members of the Committee have private sector financial experience and related qualifications. A full assessment has not however been undertaken against the core knowledge and skills framework and this will be taken forward in 2014/15.	
16. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	Yes – Head of Finance and ISS (s95 officer) attends almost all Audit Committees. Good working relationship between Internal Audit and the Chair of the Committee. External audit attend meetings and present their findings. External audit carried out training for audit committee members. Audit Committee pre-meetings in place with Chief Executive, Audit Manager, Chair of Audit Committee, Head of		

	Finance and Director of Resources.		
17. Is adequate secretariat and administrative support to the committee provided?	Yes		

Effectiveness of the committee

Good Practice Questions	Yes	Partly	No
18. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		Partly - Committee has not received a formal report on its performance. However, the chair of the committee regularly meets with the Audit Manager and senior management and feedback on performance is provided. A report is being prepared for 2013/14 (and annually thereafter) of the performance of the Audit Committee and the contribution it has made. This report is being prepared by the Chair of the Audit Committee and will be passed to Council in June 2014.	

19. Has the committee evaluated whether and how it is adding value to the organisation?		Partly – will be covered in combination by the Annual Assurance Report by the Audit Manager and the Chair of the Audit Committee's annual report. The Chair has previously not reported on the committee's performance but this has commenced from 2013/14 onwards.	
20. Does the committee have an action plan to improve any areas of weakness?	Improvements identified from this review have already been actioned. The two outstanding issues will be addressed in 2014/15: • an assessment of members of the committee core knowledge and skills against the CIPFA framework; and • update of the standing orders to bring them into line with the Audit Committee - Practical Guidance for Local Authorities.		