

APPENDIX 1

Measuring the Effectiveness of the Audit Committee – Self-Assessment Checklist

ESTABLISHMENT, OPERATION AND DUTIES					
Role and remit					
Priority	Issue	Yes	No	N/A	Comments/action
1	Does the audit committee have written terms of reference?	✓			
1	Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	✓			
1	Are the terms of reference approved by the council and reviewed periodically?	✓			Will need to be reviewed in light of forthcoming CIPFA Local Government Application Note on new Public Sector internal Audit Standards
1	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	✓			
1	Can the audit committee access other committees and full council as necessary?	✓			
1	Does the authority's annual governance statement include a description of the audit committee's establishment and activities?	✓			
2	Does the audit committee periodically assess its own effectiveness?	✓			
2	Does the audit committee make a formal annual report on its work and performance during the year to full council?	✓			
Membership, induction and training					
1	Has the membership of the audit committee been formally agreed and a quorum set?	✓			
1	Is the chair independent of the executive function?	✓			
1	Has the audit committee chair either previous knowledge of, or received appropriate training on financial and risk	✓			

Priority	Issue	Yes	No	N/A	Comments/action
	management, accounting concepts and standards, and the regulatory regime?				
1	Are new audit committee members provided with an appropriate induction?	✓			
1	Have all members' skills and experiences been assessed and training given for identified gaps?	✓			In part – training is provided as opportunities arise
1	Has each member declared his or her business interests?	✓			
2	Are members sufficiently independent of the other key committees of the council?	✓			
Meetings					
1	Does the audit committee meet regularly?	✓			
1	Do the terms of reference set out the frequency of meetings?		✓		As for other committees, these are determined each year and reviewed as needed
1	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	✓			
1	Are members attending meetings on a regular basis and if not, is appropriate action taken?	✓			2012/13 attendance (7 members): 1 May* – 4 18 July – 5 26 September – 5 13 November – 6 9 January – 7 28 February – 5 * 2011/12 municipal year 5 members
1	Are meetings free and open without political influences being displayed?	✓			
1	Does the authority's S151 officer or deputy attend all meetings?	✓			
1	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	✓			
INTERNAL CONTROL					
1	Does the audit committee consider the findings of the annual review of the effectiveness of the system	✓			

Priority	Issue	Yes	No	N/A	Comments/action
	of internal control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of internal audit?				
1	Does the audit committee have responsibility for review and approval of the annual governance statement (AGS) and does it consider it separately from the accounts?	✓			
1	Does the audit committee consider how meaningful the AGS is?	✓			
1	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	✓			
1	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	✓			
1	Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption"?	✓			
1	Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	✓			
2	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	✓			
2	Does the audit committee review the authority's strategic risk register at least annually?	✓			
2	Does the audit committee monitor how the authority assesses its risk?	✓			
2	Do the audit committee's terms of reference include	✓			

Priority	Issue	Yes	No	N/A	Comments/action
	oversight of the risk management process?				
FINANCIAL AND REGULATORY MATTERS					
1	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	✓			
1	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? 	✓			Considered as part of approval of accounts
1	Is an 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?	✓			
1	Does the audit committee review management's letter of representation?	✓			
2	Does the audit committee periodically review the accounting policies of the authority?	✓			Considered as part of approval of accounts
2	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	✓			
2	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 provided as necessary, including briefing notes; Audit Committee Updates from CIPFA's Better Governance Forum are circulated to committee members
INTERNAL AUDIT					
1	Does the audit committee	✓			

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	approve annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?				
1	Does internal audit have an appropriate reporting line to the audit committee?	✓			
1	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	✓			
1	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	✓			
1	Does the audit committee hold periodic private discussions with the Head of Internal Audit?	✓			If needed
1	Is there appropriate cooperation between the internal and external auditors?	✓			
1	Does the audit committee review the adequacy of internal audit staffing and other resources?	✓			
1	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 United Kingdom?	✓			
2	Are internal audit performance measures monitored by the audit committee?	✓			
2	Has the audit committee considered the information it wishes to receive from internal audit?	✓			
EXTERNAL AUDIT					
1	Do the external auditors present and discuss their audit plans and strategy with	✓			

Priority	Issue	Yes	No	N/A	Comments/action
	the audit committee (recognising the statutory duties of external audit)?				
1	Does the audit committee hold periodic private discussions with the external auditor?	✓			If needed
1	Does the audit committee review the external auditor's annual report to those charged with governance?	✓			
1	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	✓			
1	Are reports on the work of external audit and other inspection agencies presented to the committee, including the external auditor's annual audit letter?	✓			Where relevant
1	Does the audit committee assess the performance of external audit?	✓			
1	Does the audit committee consider and approve the external audit fee?	✓			Considers but does not approve explicitly
ADMINISTRATION					
Agenda management					
1	Does the audit committee have a designated secretary from Committee/Member Services?	✓			
1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	✓			
2	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	✓			
2	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	✓			Any Other Business may be added to an agenda within 5 clear days of the meeting; in exceptional circumstances, an item may be notified to the chair at the start of the meeting and accepted by the chair as urgent
Papers					
1	Do reports to the audit	✓			

Priority	Issue	Yes	No	N/A	Comments/action
	committee communicate relevant information at the right frequency, time, and in a format that is effective?				
2	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	✓			In line with corporate requirements
Actions arising					
1	Are minutes prepared and circulated promptly to the appropriate people?	✓			
1	Is a report on matters arising made and minuted at the audit committee's next meeting?	✓			
1	Do action points indicate who is to perform what and by when?	✓			