



Committee and Date

Audit Committee

7 December 2012

10 am

Item

**11**

Public

## AUDIT COMMITTEE SELF-ASSESSMENT CHECKLIST

**Responsible Officer** Rachel Musson

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### 1. Summary

Members are asked to review and comment on the self-assessment questionnaire attached to this report which will allow them to demonstrate the effectiveness of the Audit Committee and identify whether there are any further improvements that could be made to improve the Committee's overall effectiveness.

### 2. Recommendations

Members are asked to:

- A. Consider and comment as appropriate on the attached self-assessment checklist and identify any amendments required.
- B. Identify if there is any further work, actions or training required as a result of the completion of the self-assessment checklist.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 An Audit Committee has a key function in ensuring effective corporate governance arrangements are in place in the Council. By reviewing their effectiveness against a best practice checklist on an annual basis, the committee ensures that it is not impaired in any way. Thus enabling the committee to perform their role effectively, reinforcing the overall effectiveness of the council's corporate governance arrangements.

3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

#### 4. Financial Implications

There are no financial implications in terms of reviewing the assessment but any resulting activities may require funding if they are not already allowed for in the base budget.

#### 5. Background

5.1 In the practical guidance on Audit Committees issued by CIPFA there is a suggested self-assessment checklist which should be completed by Audit Committee members to help them assess the effectiveness of the Audit Committee. It is recommended best practice that the Audit Committee periodically carries out a review of their effectiveness and identifies any changes or improvements that would enhance its performance.

5.2 Members of the Audit Committee at its training session on the 12<sup>th</sup> March 2008 conducted an initial self-assessment of the effectiveness of the Committee. Since then, the Section 151 Officer and the Audit Service Manager have annually completed a review of the initial self-assessment questionnaire for members to consider, discuss and amend as they require.

5.3 It was felt that this method of completing the questionnaire would minimise the input that members would initially have to make but would allow them to amend and agree at the meeting the final version of the assessment. A copy of the revised draft of the self-assessment questionnaire is attached for Members to review at **Appendix A**.

5.4 Depending on the outcomes of the self-assessment there may be some recommendations or improvements that are identified that can further improve the effectiveness of the Audit Committee.

#### **List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Audit Committees – Practical Guidance for Local Authorities published by CIPFA.

#### **Cabinet Member (Portfolio Holder)**

Keith Barrow (Leader of the Council) and Brian Williams (Chairman of Audit Committee)

**Local Member** n/a

#### **Appendices**

A - Draft Self-Assessment Checklist

**APPENDIX A**

**AUDIT COMMITTEE  
DRAFT SELF ASSESSMENT CHECKLIST**

ISSUE	YES	NO	N/A	COMMENT
<b>Terms of Reference</b>				
Have the Committee's terms of reference been approved by Full Council?	✓			Terms of reference for Audit Committee were agreed by Council on 16 <sup>th</sup> September 2005. They are reviewed and updated annually by Audit Committee.
Do the terms of reference follow the CIPFA model?	✓			The Terms of Reference were set up in line with the CIPFA model.
<b>Internal Audit Process</b>				
Does the Committee approve the strategic audit approach and the annual programme?	✓			Audit Committee received the 2009/13 strategic audit plan for comment and approval on the 17 <sup>th</sup> September 2009. They also received for comment the draft Annual Internal Audit Plan 2012/13 for comment on the 22nd March 2012.
Is the work of internal audit reviewed regularly?	✓			<p>Regular reports of progress against the Internal Audit Plan are reported to Audit Committee by the Audit Service Manager. A triennial review of Internal Audit (IA) was carried out by the Audit Commission and their findings were reported to the Audit Committee on 24<sup>th</sup> March 2010. This concluded that the Council operated an effective IA function. There is also an annual review of the effectiveness of the system of Internal Audit carried out by the Section 151 Officer for the Audit Committee to review its findings. The last review of the effectiveness of the system of Internal Audit was presented to Audit Committee at its 21st June 2012 meeting.</p> <p>The Audit Service Manager in her annual report also highlights fundamental recommendations made as a result of internal audit work and what actions have been taken. This will allow Audit Committee to seek assurance that managers are taking action to address the audit recommendations made.</p>

ISSUE	YES	NO	N/A	COMMENT
<b>Terms of Reference</b>				
Are summaries of quality questionnaires from managers reviewed?	✓			An analysis of the customer feedback survey forms is provided to Audit Committee as part of the Internal Audit Annual Report.
Is the annual report, from the Head of Audit, presented to the Committee?	✓			Annual report by the Audit Service Manager last presented at the Audit Committee on 21st June 2012.
<b>External Audit Process</b>				
Are reports on the work of external audit and other inspection agencies presented to the Committee?	✓			Progress reports on the work of external audit are received by Audit Committee. Other inspection agencies reports are reported to Cabinet and appropriate scrutiny committee, but would be received by Audit Committee if appropriate.
Does the Committee input into the external audit programme?	✓			The external audit programme is presented to Audit Committee for information and comment. The Audit Committee does have the opportunity to suggest areas that they consider could be reviewed.
Does the Committee ensure that officers are acting on and monitoring action taken to implement recommendations?	✓			Within Internal Audit there is a mechanism for monitoring action taken in respect of audit recommendations made. Audit Committee are provided with assurance by the Audit Service Manager that actions have been agreed with managers to the recommendations made following an audit and that managers confirm to Internal Audit after six months progress against planned actions. In addition, recommendations made at an audit will be followed up on the next audit visit.
Does the Committee take a role in overseeing:				
<ul style="list-style-type: none"> <li>• risk management strategies</li> </ul>	✓			Whilst the Risk Management Strategy is approved by Council the Audit Committee receives an annual report of the audit of the effectiveness of the Council's Risk Management arrangements.

ISSUE	YES	NO	N/A	COMMENT
<b>Terms of Reference</b>				
<ul style="list-style-type: none"> <li>internal control statements</li> </ul>	✓			Audit Committee receive the Annual Governance Statement annually for comment.
<ul style="list-style-type: none"> <li>anti-fraud arrangements</li> </ul>	✓			The Audit Committee review annually the Counter Fraud, Bribery and Anti-Corruption Strategy, and receive verbal updates on all fraud investigation work at each Audit Committee meeting. A separate NFI report is also presented to the Audit Committee as well as Benefits Fraud Team Performance Monitoring Reports.
<ul style="list-style-type: none"> <li>whistle-blowing strategies?</li> </ul>	✓			Whistle Blowing Strategy and annual Whistle Blowing reports are considered by the Audit Committee.
Has the membership of the Committee been formally agreed and a quorum set?	✓			Yes – see Audit Committee Terms of Reference which have been approved by Full Council.
Is the Chair free of executive or scrutiny functions?	✓			The Chair of Audit Committee is free of executive functions and the Terms of Reference for Audit Committee Members and their substitutes states that they should not serve on Scrutiny Panels in a capacity as a Chair or Vice Chair.
Are Members sufficiently independent of the other key Committees of the Council?	✓			In the main yes, all members have positions on other committees but none in the capacity of chair.
Have all Members' skills and experiences been assessed and training given for identified gaps?	✓			A detailed training programme is agreed by Members each year. Members have completed a training self-assessment in confidence, details of which have been assimilated and used to inform future training sessions. Members also have access to the CIPFA Better Governance Forum that provides guidance on delivering effective audit committees. In addition, further training or information will be provided where felt appropriate or requested by Members.

ISSUE	YES	NO	N/A	COMMENT
<b>Terms of Reference</b>				
Can the Committee access other committees as necessary?	✓			The Audit Committee can access other committees as necessary and appropriate.
Does the Committee meet regularly?	✓			At least four times a year plus training sessions.
Are separate, private meetings held with the external auditor and the internal auditor?		✓		This issue has been discussed by Committee and private meetings with internal and external audit do not happen as a matter of course but if such meetings were required they could be arranged. In reality, the Chair of the Audit Committee or any member can meet with the Section 151 Officer or the Audit Service Manager at any time. The regular attendance of the External Auditor at Committee meetings provides the opportunity for the Chair or any member to request a private meeting, if necessary, of the Committee.
Are meetings free and open without political influences being displayed?	✓			Yes – thorough discussion of items takes place without political influences being displayed.
Are decisions reached promptly?	✓			Decisions are reached promptly at each meeting.
Are agenda papers circulated in advance of meetings to allow adequate preparation by members?	✓			All papers are circulated well in advance and public papers are also available on the internet.
Does the Committee have the benefit of attendance of appropriate officers at its meetings?	✓			The Section 151 Officer or their representative attends every meeting and the Audit Service Manager attends every meeting. Other officers will attend as required. The External Auditor also attends most of the Committee meetings.
<b>Training</b>				
Is induction training provided to members?	✓			Yes a detailed training plan is in place and a wide range of training is provided to members.

ISSUE	YES	NO	N/A	COMMENT
<b>Terms of Reference</b>				
Is more advanced training available as required?	✓			Yes other more detailed training is provided as required.
<b>Administration</b>				
Does the authority Section 151 Officer or Deputy attend all meetings?	✓			Yes, along with the Audit Service Manager.
Are the key officers available to support the Committee?	✓			Yes – key officers are available to support the Committee.