

Audit Committee



06 March 2009

Effectiveness of the Audit Committee

Report of the Head of Internal Audit and Risk Management

Purpose of the report

1. The Council has a requirement under the Accounts and Audit (Amended) (England) Regulations 2006 to review the effectiveness of its system of internal audit each year. In 2007/08, this work focussed primarily upon a review of the Internal Audit Service, however, in accordance with recent best practice guidance provided by CIPFA's Audit Panel, this now needs to be expanded to include the effectiveness of the Audit Committee itself.

Supporting Information

2. The Terms of Reference for the Audit Committee were formally approved at the meeting of the County Council on 02 May 2007. The Terms of Reference were considered as part of a training event by Members and Officers and are currently in the process of being revised.
3. Best practice guidance set out by CIPFA in its toolkit for Local Authority Audit Committees, recommends that Committees periodically review their own effectiveness, including the Terms of Reference in discharging their responsibilities.
4. In order to inform this review, and identify any areas for improvement it is proposed that the Audit Committee completes the desktop assessment attached as Appendix 2.

Recommendation

5. Members are asked to confirm their agreement to the proposed content of the desktop assessment. Thereafter a further meeting will be convened to facilitate completion of the assessment.

Background Papers - **Audit Files & Working Papers**

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Appendix 1: Implications

Local Government Reorganisation

(Does the decision impact upon a future Unitary Council?)

No

Finance

There are no direct financial implications arising for the Council as a result of this report, although we aim through our audit planning arrangements to review core systems in operation and ensure through our broad programme of work that the Council has made safe and efficient arrangements for the proper administration of its financial affairs.

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and disorder

None

Sustainability

None

Human rights

None

Localities and Rurality

None

Young people

None

Consultation

None

Health

None

Appendix 2: Self-Assessment Checklist Measuring Effectiveness of the Audit Committee

Area	Yes	No	Comment	Further Action
Terms of Reference				
Has the Audit Committee's Terms of Reference (TOR) been approved at a full meeting of the County Council?				
Does the TOR follow CIPFA guidance?				
Has the Audit Committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?				
Can the committee access other committees as necessary?				
Does the Audit Committee make a formal annual report on its work and performance during the year to full Council?				
Membership				
Has the membership of the committee been formally agreed and a quorum set?				
Is the Chair free of executive or scrutiny functions?				
Are Members sufficiently independent of the other key committees of the County Council?				
Have all Members' skills and experience been assessed and training given to meet identified gaps?				
Are new Audit Committee Members provided with an appropriate induction?				
Is adequate training provided to Members?				
Is more advance training available if required?				
Meetings				
Does the committee meet regularly?				
Are separate private meetings held with the external auditor and the internal auditor?				
Are meetings free and open without political influences being displayed?				
Are decisions reached promptly?				
Are Members attending the Audit Committee on a regular basis?				
Are agenda papers circulated in advance of meetings to allow adequate preparation by members?				
Does the authority's S151 officer or deputy attend at meetings?				
Does the committee have the benefit of attendance of appropriate officers at its meetings?				
Internal Control				
Does the Audit Committee consider the findings of the annual review of the system of internal control, including the effectiveness of the system of internal audit?				
Does the Audit Committee have responsibility for the review and approval of the Annual Governance Statement and is this considered separately from the accounts?				

Appendix 2: Self-Assessment Checklist Measuring Effectiveness of the Audit Committee

Area	Yes	No	Comment	Further Action
Does the Audit Committee consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements?				
Financial Reporting				
Is the Audit Committee's role in the consideration / approval of the annual accounts clearly defined?				
Does the Audit Committee receive the external auditor's report to those charged with governance including a discussion of proposed adjustments and issues arising?				
Does the Audit Committee review management's letter of representation?				
Internal Audit Practices				
Does the Committee approve the strategic audit approach and annual programme?				
Is the work of IA reviewed regularly?				
Are summaries of quality questionnaires from Managers reviewed?				
Are follow-up audits monitored by the Audit Committee and the adequacy of implementation of recommendations considered?				
Is the annual report from the Head of Internal Audit presented to the Committee?				
Has an evaluation of Internal Audit's compliance with CIPFA's Code of Practice for Local Government been undertaken?				
External Audit Process				
Are reports on work of external audit and other inspection agencies presented to the Committee?				
Does the Committee input into the External audit programme?				
Does the Committee ensure that officers are acting on and monitoring action taken to implement recommendations?				
Administration				
Does the Audit Committee have a designated Secretary from Committee Services?				
Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?				
Do reports to the Audit Committee communicate relevant information at the right frequency, time, and in an effective format?				
Are minutes prepared and circulated promptly to the appropriate people?				