

# Audit Committee self-assessment checklist

<b>ESTABLISHMENT, OPERATION AND DUTIES</b>					
<b>Role and remit</b>					
<b>Priority</b>	<b>Issue</b>	<b>Yes</b>	<b>No</b>	<b>N/a</b>	<b>Comments/action</b>
1	Does the audit committee have written terms of reference?	✓			Based on CIPFA guidance.
1	Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	✓			Based on CIPFA guidance.
1	Are the terms of reference approved by the council and reviewed periodically?	✓			Terms of Reference were drawn up by Officers and approved by Members. Subject to continuous review.
1	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?		✓		Initial committee was drawn up with membership based on CIPFA guidance. Subsequent discussion with Members has identified additional members are required. To be reviewed in new Financial year in line with Constitution.
1	Can the audit committee access other committees and full council as necessary?	✓			Thought not formally set out in the ToR, Final Accounts and Audit Committee has unrestricted access to other committees.
1	Does the authority's Statement on Internal Control include a description of the audit committee's establishment and activities?		✓		Committee was set up after the preparation of the 2005/2006 SIC. 2006/2007 SIC will include description of the committee's establishment and activities.

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2	Does the audit committee periodically assess its own effectiveness?		✓		Any performance issues identified by Officers or Members would be reported on as and when they arose.
2	Does the audit committee make a formal annual report on its work and performance during the year to full Council?		✓		There is currently no requirement for the Committee to undertake this task.
<b>Membership, induction and training</b>					
1	Has the membership of the audit committee been formally agreed and a quorum set?	✓			Membership and quorum have been set, and membership is to be revised in the next year.
1	Is the chair independent of the executive function?	✓			Chair of the committee is independent of the Executive function.
1	Has the audit committee chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?	✓			Chair has a financial background and is an experienced Councillor and has had financial management awareness training provided by the Audit Commission and Risk Management training provided by Zurich.
1	Are new audit committee members provided with an appropriate induction?		✓		No specific training has been provided to Members of the committee. A training programme is currently being designed and will be introduced following elections in May.
1	Have all members' skills and experiences been assessed and training given for identified gaps?		✓		A skills audit was undertaken in May 2006, prior to the formation of the Final Accounts and Audit Committee. This exercise will be repeated following the elections in 2007 and will include the FA&AC.
1	Has each member declared his or her business interests?	✓			Declarations of personal and prejudicial interest are declared by all Councillors as a matter of course.

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2	Are members sufficiently independent of the other key committees of the council?	✓			Committee is politically balanced and reports directly to full Council.
<b>Meetings</b>					
1	Does the audit committee meet regularly?	✓			Committee meetings are programmed to be held on a quarterly basis, but can be moved to suit the needs of Officers or Members.
1	Do the terms of reference set out the frequency of meetings?		✓		Terms of Reference do not set out the frequency of meetings. Dates form part of the Council calendar for the year.
1	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	✓			Frequency and timing of meetings coincides with key reporting and decision making timescales.
1	Are members attending meetings on a regular basis and if not, is appropriate action taken?	✓			No attendance problems have been identified to date, however due to the small size of the committee there have been occasions where the committee has been close to being inquorate. This will be addressed when the size of the committee is expanded.
1	Are meetings free and open without political influences being displayed?	✓			Political balance of the committee meetings has been maintained to date.
1	Does the authority's S151 officer or deputy attend all meetings?	✓			All committee meetings to date have been attended by (Interim) Section 151 Officers.
1	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	✓			Committee is attended by Chief Accountant, Audit Manager and Corporate Services Strategic Manager plus other Officers as required.

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<b>INTERNAL CONTROL</b>					
1	Does the audit committee consider the findings of the annual review of the effectiveness of the system of internal control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of the system of internal audit?	✓			The committee has responsibility for overseeing the preparation of the SIC, and is therefore fully involved in the review of the systems of internal control and internal audit.
1	Does the audit committee have responsibility for review and approval of the SIC and does it consider it separately from the accounts?		✓		Committee Terms of Reference state they have responsibility for overseeing the preparation of the SIC and recommending its adoption to the Council. In reality this will be approved by the Executive rather than full Council. This action is taken separately to its review and approval of the accounts.
1	Does the audit committee consider how meaningful the SIC is?	✓			Usefulness and meaningfulness of the SIC is considered by the committee.
1	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	✓			Committee receives regular reports on the in-year control environment as well as updates on progress made against system weaknesses identified in previous years SIC.
1	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	✓			ToR of the committee clearly sets out its role and responsibility with regard to risk management.

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1	Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"	✓			Committee has specific responsibility for anti-fraud and anti-corruption. Committee has approved strategy and response plan and will review any additional documents as and when they are drafted.
1	Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	✓			Committee are aware of their roles and responsibility with regard to anti-fraud and anti-corruption.
2	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	✓			Basis for the preparation of the audit plan is set out in the report which will accompany the plan for approval each year.
2	Does the audit committee review the authority's strategic risk register at least annually?		✓		To date the committee has not reviewed any of the Council's risk management documentation.
2	Does the audit committee monitor how the authority assesses its risk?		✓		To date the committee has not reviewed any of the Council's risk management documentation.
2	Do the audit committee's terms of reference include oversight of the risk management process?	✓			ToR clearly sets out the committee's responsibility with regard to risk management.
<b>FINANCIAL REPORTING AND REGULATORY MATTERS</b>					
1	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	✓			The ToR of the committee clearly sets out their responsibility for reviewing the annual accounts, though there is no mention of approval.

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1	Does the audit committee consider specifically: <ul style="list-style-type: none"> <li>• the suitability of accounting policies and treatments</li> <li>• major judgements made</li> <li>• large write-offs</li> <li>• changes in accounting treatment</li> <li>• the reasonableness of accounting estimates</li> </ul> the narrative aspects of reporting?		✓		Annual financial statements are reviewed, but issues described are not specifically considered.
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?	✓			Committee meetings are programmed to coincide with the production of key External Audit reports.
1	Does the audit committee review management's letter of representation?	✓			The letter of representation is reviewed by the committee prior to its signature.
2	Does the audit committee annually review the accounting policies of the authority?		✓		Accounting policies are not formally reviewed by the committee.
2	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?		✓		Committee members rely on experience and information received from attendance of other committees.

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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?		✓		General briefing information is made available to all Councillors, however no specific updates or training is provided to the committee.
<b>INTERNAL AUDIT</b>					
1	Does the audit committee 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?	✓			Internal audit strategic and annual plans are subject to approval by the committee.
1	Does internal audit have an appropriate reporting line to the audit committee?	✓			Internal audit reporting lines are set out in the IA ToR, approved by the FA&AC
1	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	✓			Periodic reports are made by the Audit Manager to each committee meeting
1	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	✓			Reports on recommendations implemented will be presented to the committee for their consideration.
1	Does the audit committee hold periodic private discussions with the Head of Internal Audit?		✓		No discussions have been held to date.
1	Is there appropriate cooperation between the internal and external auditors?	✓			A Joint Working agreement has been drawn up to identify areas of reliance and joined up working.

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1	Does the audit committee review the adequacy of internal audit staffing and other resources?	✓			Staffing and resources will be considered as part of the annual planning process. Issues identified in year will be reported by exception.
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?		✓		The IA service was assessed in year by external audit against the Code of Practice, and the findings were reported to the committee for their consideration. The evaluation will be completed prior to the production of the 2006/2007 SIC.
2	Are internal audit Performance measures monitored by the audit committee?	✓			A range of performance indicators have been drafted and will be reported to committee on an annual basis.
2	Has the audit committee considered the information it wishes to receive from internal audit?	✓			The information made available to the committee is part of an ongoing dialogue between the committee and the Audit manager.
<b>EXTERNAL AUDIT</b>					
1	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognizing the statutory duties of external audit)?	✓			This information will be presented to the committee in the future.
1	Does the audit committee hold periodic private discussions with the external auditor?		✓		No discussion have been held to date.
1	Does the audit committee review the external auditor's annual report to those charged with governance?	✓			Report is presented by External Audit for the committee's consideration.



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1	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	✓			Progress against external Audit recommendations is reported throughout the year.
1	Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?	✓			All external audit and inspection reports are presented to the committee as they are received.
1	Does the audit committee assess the performance of external audit?		✓		No formal assessment of the external audit function has been undertaken.
1	Does the audit committee consider and approve the external audit fee?		✓		No formal assessment of the external audit fee has been undertaken.
<b>ADMINISTRATION</b>					
<b>Agenda management</b>					
1	Does the audit committee have a designated secretary from Committee/ Member Services?	✓			One member of the Policy and Democratic Services Team is the nominated clerk for the committee.
1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	✓			All agenda papers are circulated in accordance with agreed timescales.
2	Are outline agendas planned one year ahead to cover issues on a cyclical basis?		✓		It is intended that in future agendas will be structured around an agreed workplan.
2	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	✓			A specific time for questions received is set out in the agenda for all meetings.

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<b>Papers</b>					
1	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	✓			All agenda papers are circulated in accordance with agreed timescales and format.
2	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	✓			All agenda papers are circulated in accordance with agreed timescales and format.
<b>Actions arising</b>					
1	Are minutes prepared and circulated promptly to the appropriate people?	✓			Minutes are circulated in accordance with agreed timescales and format.
1	Is a report on matters arising made and minuted at the audit committee's next meeting?	✓			Updates on matters arising are followed up at subsequent meetings.
1	Do action points indicate who is to perform what and by when?	✓			MARIS system is used to record all actions and Officers charged as responsible for them.