

Evaluating the Effectiveness of the Audit Committee

Assessment Key

- 5** Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
- 4** Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
- 3** The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2** There is some evidence that the committee has supported improvements, but the impact of this support is limited.
- 1** No evidence can be found that the Audit Committee has supported improvements in this area.

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness. Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
Promoting the principles of good governance and their application to decision making.	<p>Providing robust review of the AGS and the assurances underpinning it.</p> <p>Working with key members/governors to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews/audits of</p>	<p>Not yet achieved but has been put forward as a goal.</p> <p>AGS reviewed effectively. All things here are discussed fully with Internal/External Audit and members fully involved.</p> <p>See 17/07/13 Item 5 on the Agenda “...Consider and Approve...”</p>	3.67	2-4

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	<p>governance arrangements.</p> <p>Participating in self-assessments of governance arrangements.</p> <p>Working with partner Audit Committees to review governance arrangements in partnerships.</p>	<p>Recommendation: "...Amend as appropriate and approve the AGS..." There was no robust review of the AGS and the assurances underpinning it.</p> <p>There hasn't been a robust review of the AGS and the assurances underpinning it</p> <p>Committee involvement in AGS production. Working with Scrutiny to ensure 'joined up' approaches.</p>		
Contributing to the development of an effective control environment.	<p>Monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>	<p>Yes; Yes but not really effective; When known.</p> <p>Strong support for implementation of recommendations.</p> <p>Occasionally Internal Audit disagree with WAO advice. Risks identified are discussed and feedback is given. Control frameworks are in place. Senior Managers have been coming to meetings to discuss.</p>	3.89	2-5

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		<p>We fail to effectively call to account areas of repeated concern/failure. Largely because of lack of any sanction in the cases the committee does put on record.</p> <p>Any areas of repeated concern or failure need to be effectively called to account with the potential of sanctions. Senior managers do come to Committee to discuss issues.</p> <p>Recommendation tracking improvements. Inviting Managers to discuss key issues with Committee.</p>		
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<p>Reviewing risk management arrangements and their effectiveness, e.g. risk managements benchmarking.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major/strategic risks.</p>	<p>Quite strong here. Managers are called to explain shortcomings.</p> <p>Regularly undertaken.</p> <p>Reviews are regular. Risks identified are reported on well, with action planned given.</p> <p>FCC is institutionally 'Risk Averse'.</p>	4	3-5

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		<p>Managers are called to explain any shortcomings. Risks identified are reported on well, with action planned given.</p> <p>Emphasis put on what risks exist and how risks are being managed is becoming an embedded feature of the Audit Committee's approach.</p>		
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance.</p> <p>Seeking to streamline assurance gathering and reporting.</p> <p>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</p>	<p>Good work of streamline A/C reports.</p> <p>Committee have challenged the available resources on a number of occasions.</p> <p>Relationship between Internal Audit, External Audit and Audit Committee is excellent. I personally see no problem with overlaps as long as we reach the correct collective outcome.</p> <p>Control of finance is high priority, yet our audit arrangements permit <5% "peculiarities" and <£100k anomalies in FCC's finances to be ignored by WAO.</p>	3.78	1-5

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		<p>The relationship between Internal Audit, External Audit and Audit Committee seems good. The correct outcomes seem to be reached even with any overlaps between them.</p> <p>Improvements to the information reported to Audit Committee to provide Members with information needed has been identified by the Committee.</p>		
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<p>Reviewing the audit charter and functional reporting arrangements.</p> <p>Assessing the effectiveness of internal audit arrangements and supporting improvements.</p>	<p>Regularly.</p> <p>Good support of Internal Audit. Challenge to new staffing structure of department. Monitoring of workload of Internal Audit.</p> <p>Audit Committee receives all reports and in good time. Follow up questions are always answered paper copy and email.</p> <p>Beware the recent positional organisation.</p> <p>There is good support of Internal Audit due</p>	4.11	1-5

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		to the Committee receiving reports on time and follow-up questions being answered promptly. Audit Independence is a key consideration for Officers and Members. Organisational support for Audit resources.		
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. Reviewing the effectiveness of performance management arrangements.	More needed but working to improve. Effective controls are in place. Similar to risk management. The major structural reorganisation of Senior Positions certainly did not come before the audit committee in any shape or form. Effective controls seem to be in place. Internal Audit undertakes work in this area but not so much the committee.	3.22	1-4
Supporting the development of robust	Ensuring that assurance on value for money arrangements is included in	Strong here hopefully.	3.11	1-5

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arrangements for ensuring value for money.	<p>assurances received by the Audit Committee.</p> <p>Considering how performance in value for money is evaluated as part of the AGS.</p>	<p>Not convinced that value for money is adequately covered.</p> <p>The phrase 'Value for Money' appears in each AGS. I have not seen any convincing evidence that such is actually being delivered.</p> <p>There could be more emphasis placed on value for money. There doesn't seem to be a systematic approach in place for Audit Committee.</p> <p>No systematic approach in place for Audit Committee.</p>		
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<p>Reviewing arrangements against the standards set out in CIPFA's <i>Managing Risk of Fraud</i> (Red Book 2).</p> <p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p>	<p>In this large organisation we must rely upon good management and they sometimes fail. An area A/C is always seeking to enhance.</p> <p>Excellent reports on these matters. Fully discussed.</p> <p>Some evidence of activity but little or no</p>	3.44	2-5

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	Assessing the effectiveness of ethical governance arrangements for both staff and governors.	<p>detail available to members.</p> <p>In any large organisation, you must rely on good management. Unfortunately they sometimes fail.</p> <p>Arrangements are reviewed regularly.</p>		
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	<p>Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.</p> <p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.</p>	<p>We work hard to communicate but still face some criticism. More can be done.</p> <p>No impact on public reporting.</p> <p>Agenda items are more concise than they used to be, thus easier. Everything seems extremely transparent already. Would like to see all meetings advertised more.</p> <p>Reports are full of jargon, acronyms and poor grammar. Many are far too long. Too much narrative, too little evidence.</p> <p>Agenda items are more concise than they used to be, but are still occasionally too</p>	2.89	1-4

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		wordy. Some involvement but not widespread.		