

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 (last year in brackets)	Range of Scores (last year in brackets)
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>The difficulty with this one is the word 'robust'. We seem to 'accept and note' in the main rather than inquire and challenge. We also appear to receive more 'information' than solid 'evidence'.</p> <p>Excellent review held of AGS, all areas are covered well.</p>	<p>3.9 (l.y. 3.67)</p>	<p>2– 5 (l.y. 2–4)</p>

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			Average Score (last year in brackets)	Range of Scores (last year in brackets)
	<p>Supporting reviews/audits of 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>Officer's/Members Internal Audit and AC have worked hard in trying to develop a robust set of AGS which now needs to be evaluated to determine adequate assurance levels.</p> <p>4 for all categories.</p> <p>As per Committee work programme both on the AGS and specific areas of Audit review work.</p> <p>Members certainly inquire and challenge during question-time on the committee.</p> <p>At present there are no training arrangements in place with members and governors to improve the understanding of the AGS.</p>		

<p>Contributing to the development of an effective control environment.</p>	<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>a) On paper, this the committee has done, but we really rely upon the written assurances of action taken.</p> <p>b) This the committee did bite into a little deeper, to good effect.</p> <p>c) Concerns have been raised, but I have the feeling that it was 2nd tier managers who appeared to face us, not seniors.</p> <p>Recommendations nearly always followed and are well reported to Audit Committee. Concerns raised with senior managers are answered speedily.</p> <p>AC, IA, the Chief Executive and Senior Managers have worked hard to improve this area and I believe an environment exists of improved ownership and accountability with AC acting as a Critical Friend.</p> <p>I feel more needs to be done – this important area.</p> <p>As per Committee work programme.</p> <p>All that needs to be done is being done in this important area.</p> <p>Arrangements are now in place to take</p>	<p>4.2</p> <p>(l.y. 3.89)</p>	<p>3-5</p> <p>(l.y. 2-5)</p>
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		ownership and control of the internal framework by managers.		
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>a) I sense greater risk aversion than risk management. Management of risk appears to be limited to being aware of that element, but few signs of any/many 'Plan B' arrangements.</p> <p>c) Perhaps, thankfully, we have not had cause to call anyone to account over the particular element.</p> <p>Reviews occur regularly. Those risks identified are monitored well.</p> <p>There is a need for AC to get closer to understanding outcomes and being able to monitor improvements against KPIs which could be aided by developing an Assurance Mapping process.</p> <p>Weak holding risk owners to account. Not sufficiently called to account or engage in feedback session.</p> <p>Not a fully developed function of the Committee noting that is offset, in the positive, by the parallel responsibilities of Overview and Scrutiny Committees.</p> <p>Reviews occur regularly</p>	3.6 (l.y.4)	2.5 - 5 (l.y.3-5)

		Arrangements are now in place to take ownership and control of the internal framework by managers.		
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>Town Councils are audited to the last penny. With the Wales Audit Act not placing the same burden on County Councils, the committee cannot be assured that 'all is well' but is required to function 'within the system'. That is not entirely reassuring.</p> <p>Effectiveness of partners i.e. WAO and Arlingclose is excellent.</p> <p>Improvement required in being able to determine outcome effectiveness (See Assurance Mapping comment).</p> <p>As per Committee work programme.</p> <p>The Wales Audit Office and Arlingclose advise well in those areas.</p> <p>We need special meetings of the committee to review major projects.</p>	4 (l.y.3.78)	3 – 5 (l.y.1-5)
Supporting the quality of the internal audit activity, particularly by underpinning its	<p>Reviewing the audit charter and functional reporting arrangements.</p> <p>Assessing the effectiveness of</p>	<p>The committee functions well enough and has reviewed its charter periodically.</p> <p>Internal Audit growing in stature, confident</p>	4.4 (l.y.3.78)	4 – 5 (l.y.1-5)

<p>organisational independence.</p>	<p>internal audit arrangements and supporting improvements.</p>	<p>approach always willing to take good advice on board.</p> <p>Strong area of audit work.</p> <p>As per Committee work programme.</p> <p>The charter has been reviewed and Internal Audit is open to positive change.</p> <p>We take this very seriously.</p>		
<p>Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.</p>	<p>Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.</p> <p>Reviewing the effectiveness of performance management arrangements.</p>	<p>We note, we approve and we keep our fingers crossed that we have not overlooked anything obvious. If that is 'ensuring' then we are on the ball.</p> <p>Major projects are reviewed.</p> <p>Progressing Risk Management process to the next level to incorporate Assurance Mapping should assist here.</p> <p>Not a fully developed function of the Committee noting that is offset, in the positive, by the parallel responsibilities of Overview and Scrutiny Committees.</p> <p>Major projects are reviewed.</p> <p>More training is always helpful to the</p>	<p>3.4 (l.y.3.22)</p>	<p>2 – 4 (l.y.1-4)</p>

		understanding of risk & control management.		
Supporting the development of robust arrangements for ensuring value for money.	<p>Ensuring that assurance on value for money arrangements is included in assurances received by the Audit Committee.</p> <p>Considering how performance in value for money is evaluated as part of the AGS.</p>	<p>I am not convinced that we are on top of this aspect of our purpose.</p> <p>Appears to be working well.</p> <p>Now being covered as a routine/standard consideration in reports by IA but we will need to ensure that the outcome is also evaluated against the initial KPI.</p> <p>AC getting better in this area, work in progress.</p> <p>Not a fully developed function of the Committee noting that is offset, in the positive, by the parallel responsibilities of Overview and Scrutiny Committees.</p> <p>This is now covered by Internal Audit.</p> <p>This is a part of the AGS and is included in assurances given to the Committee.</p>	<p>3.3</p> <p>(l.y.3.11)</p>	<p>2 – 5</p> <p>(l.y.1-5)</p>
Helping the authority to implement the values of good governance, including effective arrangements for	<p>Reviewing arrangements against the standards set out in CIPFA's <i>Managing Risk of Fraud</i> (Red Book 2).</p>	<p>If we have attended to this aspect my memory has failed to take that in.</p> <p>Areas discussed well and also reported on fully. Think Whistleblowing policy could be</p>	<p>3.5</p> <p>(l.y.3.44)</p>	<p>0 – 5</p> <p>(l.y.2-5)</p>

<p>countering fraud and corruption risks.</p>	<p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and governors.</p>	<p>marketed better.</p> <p>New policy framework recently implemented in line with recent legislation and incorporated within the AGS. AC will need time to review effectiveness. Greater consideration will need to be given to the requirements of Ethical Governance arrangements and could form part of the Assurance Mapping process.</p> <p>Difficult area & one AC accepts, we strive to improve.</p> <p>As pre Committee work programme.</p> <p>Discussed and reviewed in detail.</p> <p>We must always be vigilant and here again extra training is essential to help the Committee be aware of this issue.</p>		
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