

Toolkit for Local Authority Audit Committees – Assessment & Action Plan

No.	Standard	Compliant					Actions
		Yes	Part	No	N/A	Ref	
Establishment, Operations and Duties							
Role and Remit							
1	Does the audit committee have written terms of reference?	✓				C	
2	Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	✓				C	
3	Are the terms of reference approved by the council and reviewed periodically?	✓				C	
4	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	✓				C	
5	Can the audit committee access other committees and full council as necessary?	✓				C	
6	Does the authority's statement on internal control include a description of the audit committee's establishment and activities?	✓				WP (June)	
7	Does the audit committee periodically assess its own effectiveness?	✓				WP (Sept)	
8	Does the audit committee make a formal annual report on its work and performance during the year to full council?			✓			<p>Guidance: The audit committee, in line with best practice in other sectors, should prepare an annual report to the full council that sets out the committee's work and performance during the year, including how it has met its terms of reference.</p> <p>Action owner: Audit Committee Chairman</p> <p>Implementation: June 2013</p>

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Membership Induction Training							
9	Has the membership of the audit committee been formally agreed and a quorum set?	✓				C	
10	Is the chair independent of the executive function?	✓				C	
11	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?		✓				<p>Guidance: Audit committee training will need to be undertaken in a number of both individual and overlapping subject areas. Some of this can be achieved using in-house resources and skills, whilst other aspects may be better presented by external facilitators or professional advisors.</p> <p>Action: The wider Audit Committee should determine training requirements and an appropriate programme of events arranged.</p> <p>Action owner: Chief Internal Auditor</p> <p>Implementation: September 2012 (onwards)</p>
12	Are new audit committee members provided with an appropriate induction?		✓				
13	Have all members' skills and experiences been assessed and training given for identified gaps?			✓			
14	Has each member declared his or her business interests?	✓				C	
15	Are members sufficiently independent of the other key committees of the council?	✓				C	
Meetings							
16	Does the audit committee meet regularly?	✓				WP	
17	Do the terms of reference set out the frequency of meetings?				✓	WP	
18	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	✓				WP	
19	Are members attending meetings on a regular basis and if not, is appropriate action taken?	✓				-	

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20	Are meetings free and open without political influences being displayed?	✓				-	
21	Does the authority's S151 officer or deputy attend all meetings?	✓				-	
22	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	✓				-	
INTERNAL CONTROL							
23	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	✓				WP (Sep)	
24	Does the audit committee have responsibility for review and approval of the SIC and does it consider it separately from the accounts?	✓				WP (June)	
25	Does the audit committee consider how meaningful the SIC is?	✓				WP (June)	
26	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	✓					<p>Whilst a high level assurance of the level of internal control is received specific concerns were raised by Members on the adequacy of quality control within contracts.</p> <p>Action: The internal audit plan 2012/13 incorporates individual reviews of significant contracts i.e. Highways, Street Lighting and Waste in addition to a wider Contract Management audit.</p> <p>In accordance with the Internal Audit Strategy any significant issues that would impact on the Chief Internal Auditor's Annual Opinion will be reported to the Audit Committee</p>

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							Action owner: Chief Internal Auditor Implementation: September 2012 (onwards)
27	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	✓				-	
28	Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"	✓					A full review was undertaken against the guidance "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption" and reported to the September / December 2009 Audit Committee Action: The Internal Audit Plan 2012/13 incorporates an element of time for proactive fraud work in which an assessment will be undertaken against the latest publication from the National Fraud Agency 'Fighting Fraud Locally – The Local Government Fraud Strategy' and reported to the Audit Committee Action owner: Chief Internal Auditor Implementation: December 2012
29	Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	✓					
30	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	✓				WP (Dec)	
31	Does the audit committee review the authority's strategic risk register at least annually?			✓			Guidance - The audit committee should review the strategic risk register at least annually. Action: Officers to compile a meaningful report to Members to support the effective discharge of duties in accordance with the Audit Committees Terms of Reference Action owner: Corporate Risk Manager / Chief Internal Auditor

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							Implementation: December 2012
32	Does the audit committee monitor how the authority assesses its risk?	✓				WP (Dec)	
33	Do the audit committee's terms of reference include oversight of the risk management process?	✓				C	
FINANCIAL REPORTING AND REGULATORY MATTERS							
34	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	✓				C	
35	Does the audit committee consider specifically: <ul style="list-style-type: none"> the suitability of accounting policies and treatments major judgements made changes in accounting treatment the reasonableness of accounting estimates the narrative aspects of reporting? 	✓				WP (Sep / Feb)	
36	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?	✓				WP (Sep)	
37	Does the audit committee review management's letter of representation?	✓				WP (Sep)	
38	Does the audit committee annually review the accounting policies of the authority?	✓				WP (Feb)	
39	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	✓				WP (Sep)	
40	Does the audit committee have a mechanism to keep it aware of	✓				-	

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	topical legal and regulatory issues, for example by receiving circulars and through training?						
INTERNAL AUDIT							
41	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?	✓				WP (Mar)	
42	Does internal audit have an appropriate reporting line to the audit committee?	✓				IAS	
43	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	✓				WP (June)	
44	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	✓				WP	
45	Does the audit committee hold periodic private discussions with the Head of Internal Audit?	✓				IAS	
46	Is there appropriate cooperation between the internal and external auditors?	✓				IAS	
47	Does the audit committee review the adequacy of internal audit staffing and other resources?	✓				WP (Mar / June)	
48	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?	✓				WP (Sep)	
49	Are internal audit performance measures monitored by the audit committee?	✓				WP (June)	

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50	Has the audit committee considered the information it wishes to receive from internal audit?	✓				C	
EXTERNAL AUDIT							
51	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognizing the statutory duties of external audit)?	✓				WP (Mar)	
52	Does the audit committee hold periodic private discussions with the external auditor?	✓				-	
53	Does the audit committee review the external auditor's annual report to those charged with governance?	✓				WP (Sep / Dec)	
54	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?			✓			Action: To incorporate progress against the implementation of external auditor recommendations within the 'internal audit progress report' Action owner: Chief Internal Auditor Implementation: December 2012
55	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?	✓				WP (Dec)	
56	Does the audit committee assess the performance of external audit?	✓				WP	
57	Does the audit committee consider and approve the external audit fee?	✓				WP (Mar)	
ADMINISTRATION							
Agenda Management							

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58	Does the audit committee have a designated secretary from Committee/Member Services?	✓				-	
59	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	✓				C	
60	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	✓				WP	
61	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	✓				-	
Papers							
62	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	✓				-	
63	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	✓				-	
Actions arising							
64	Are minutes prepared and circulated promptly to the appropriate people?	✓				-	
65	Is a report on matters arising made and minuted at the audit committee's next meeting?	✓				-	
66	Do action points indicate who is to perform what and by when?	✓				-	

Key	
C	Constitution
WP	Work Programme
IAS	Internal Audit Strategy

