

ITEM 12 – APPENDIX 1

AUDIT COMMITTEE SELF ASSESSMENT CHECKLIST	
REVIEW DATE:	29 TH FEBRUARY 2008
COMPLETED BY:	Councillor Sarah Bogle, Chair of the Audit Committee Carolyn Williamson, Executive Director, Resources Sarah Dennis, Chief Internal Auditor

Ref	Priority	Issue	Compliant?	Evidence	Actions proposed
1.	ESTABLISHMENT, OPERATION AND DUTIES				
1.1	Role and remit				
1.1.a	1	Does the audit committee have written terms of reference?	Yes	[1] Constitution, Part 3 “Responsibility for functions	
1.1.b	1	Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	Yes	[1, 2] Terms of reference	
1.1.c	1	Are the terms of reference approved by the council and reviewed periodically?	Yes	[3] Approved by Council 15/11/06. Reviewed by Audit Committee 24/01/08	
1.1.d	1	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Yes	[4] Approved by Council 18/07/07	
1.1.e	1	Can the audit committee access other committees and full council as necessary?	Yes	[1] Terms of reference – access via Standards & Governance Committee	
1.1.f	1	Does the authority’s statement on internal control include a description of the audit committee’s establishment and activities?	Yes	[5] Statement on internal control 2006/07	
1.1.g	2	Does the audit committee periodically assess its own effectiveness?	Yes	First review to Audit Committee 27/03/08	

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1.1.h	2	Does the audit committee make a formal annual report on its work and performance during the year to full council?	No		Annual report to be made by the Chair to Standards & Governance Committee 26/06/08
1.2	Membership, induction and training				
1.2.a	1	Has the membership of the audit committee been formally agreed and a quorum set?	Yes	[4] Approved by Council 18/07/07 [6] Constitution, Part 4 "Rules of Procedure"	
1.2.b	1	Is the chair independent of the executive function?	Yes	[4] In practice, as Council resolved committee membership will mirror that of Resources Scrutiny	
1.2.c	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?	Yes	[7] Minutes of inaugural meeting 19/12/06 - meeting and training workshop attended by Chair. Chair has broad business, financial and risk management background and understanding.	
1.2.d	1	Are new audit committee members provided with an appropriate induction?	Yes	[8] Induction sessions held 10 & 20/09/07 and 04/10/07.	
1.2.e	1	Have all members' skills and experiences been assessed and training given for identified gaps?	No		Recommend action by Members Users Group
1.2.f	1	Has each member declared his or her business interests?	Yes	[9] Register of Members' Interests	
1.2.g	2	Are members sufficiently independent of the other key committees of the council?	Yes	[10] Other responsibilities restricted to scrutiny panels, employment panels, licensing sub-committees.	
1.3	Meetings				
1.3.a	1	Does the audit committee meet regularly?	Yes	Four times per annum: March, June, September and January	

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1.3.b	1	Do the terms of reference set out the frequency of meetings?	No		Terms of reference to be revised to also include specific requirements
1.3.c	1	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	Yes	Meeting dates based around key governance functions, e.g. Annual Governance Statement approval (June), Audit Commission Annual governance Report (September) etc.	
1.3.d	1	Are members attending meetings on a regular basis and if not, is appropriate action taken?	Yes	[11] Summary of attendances 28/08/07 – 24/01/08	
1.3.e	1	Are meetings free and open without political influences being displayed?	Yes	Shared view of officers and Chair that Audit Committee has never exhibited political influences.	
1.3.f	1	Does the authority's S151 officer or deputy attend all meetings?	Yes		
1.3.g	1	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	Yes	Chair is satisfied that appropriate officers attend and that additional officers can be called in as required.	
2.	INTERNAL CONTROL				
2.a	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?	Yes	[12] Audit Committee agenda item 11 28/06/07	
2.b	1	Does the audit committee have responsibility for review and approval of the SIC and does it consider it separately from the accounts?	Yes	[12] Audit Committee agenda item 11 28/06/07 - final approval is responsibility of Standards and Governance Committee	

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2.c	1	Does the audit committee consider how meaningful the SIC (annual governance statement) is?	Partly		This requirement will be made specific in covering report to Committee 26/06/08
2.d	1	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	Partly		This requirement will be made specific in covering report to Committee 26/06/08
2.e	1	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	Yes	[1] Audit Committee Terms of Reference section 1 "to provide independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework"	
2.f	1	Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"	No		Internal audit review of compliance with this framework will be reported back to Committee 26/06/08
2.g	1	Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	No		See 2.f
2.h	2	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	Yes	[13] within Internal Audit Strategy Audit Committee agenda item 8 27/09/07	
2.i	2	Does the audit committee review the authority's strategic risk register at least annually?	Yes	[14] Audit Committee agenda item 6 27/09/07	
2.j	2	Does the audit committee monitor how the authority assesses its risk?	Yes	[15] Audit Committee agenda item 5 28/03/07 Risk Management Policy and Strategy	

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2.k	2	Do the audit committee's terms of reference include oversight of the risk management process?	Yes	[1] Audit Committee Terms of Reference section 1 "to provide independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework"	
3.	FINANCIAL REPORTING AND REGULATORY MATTERS				
3.a	1	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	Yes	[1] Audit Committee Terms of Reference section 3 "oversight of and provision of assurance... maintaining proper accounting records"	
3.b	1	Does the audit committee consider specifically: <ul style="list-style-type: none"> • the suitability of accounting policies and treatments • major judgements made • large write-offs • changes in accounting treatment • the reasonableness of accounting estimates the narrative aspects of reporting?	Partly	[16] Audit Committee agenda item 12 28/06/07 Statement of Accounts 2006/07	This requirement will be made specific in covering report to Committee 26/06/08
3.c	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?	Yes	[17] Audit Committee agenda item 5 27/09/07 Audit Commission Annual Governance Report 2006/07	
3.d	1	Does the audit committee review management's letter of representation?	Yes	[18] Audit Committee agenda item 12 28/06/07 Audit Commission Annual Audit and Inspection Letter 2006	

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3.e	2	Does the audit committee annually review the accounting policies of the authority?	Partly	[16] Audit Committee agenda item 12 28/06/07 Statement of Accounts 2006/07	This requirement will be made specific in covering report to Committee 26/06/08
3.f	2	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Partly		Procedures will be explained in an appendix to report to Committee 26/06/08
3.g	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?	No		Topical briefings to provided to future Committee meetings
4.	INTERNAL AUDIT				
4.a	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?	Yes	[13] Internal Audit Strategy Audit Committee agenda item 8 27/09/07 [19] Internal Audit Strategic Plan 2007 - 2010 Audit Committee agenda item 8 28/03/07 [20] Internal Audit Review of Annual operational Plan 2007/08 Audit Committee agenda item 8 24/01/08	
4.b	1	Does internal audit have an appropriate reporting line to the audit committee?	Yes	[13] Internal Audit Strategy Audit Committee agenda item 8 27/09/07 Appendix para 2.4.4	
4.c	1	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	Yes	[21] Chief Internal Auditor's Annual Report and Opinion Audit Committee agenda item 8 28/06/07 [22] Internal Audit Status of Work Report Audit Committee agenda item 7 24/01/08	

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4.d	1	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	Yes	[22] Internal Audit Status of Work Report Audit Committee agenda item 7 Appendix 24/01/08	
4.e	1	Does the audit committee hold periodic private discussions with the Head of Internal Audit?	Yes	Chair's pre-meeting briefings can move into private discussion if and when required.	
4.f	1	Is there appropriate cooperation between the internal and external auditors?	Yes	[23] Protocol for liaison between internal and external audit Audit Committee agenda item 16 28/06/07	
4.g	1	Does the audit committee review the adequacy of internal audit staffing and other resources?	Yes	[20] Internal Audit Review of Annual operational Plan 2007/08 Audit Committee agenda item 8 24/01/08 [22] Internal Audit Status of Work Report Audit Committee agenda item 7 Appendix 24/01/08	
4.h	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?	Yes	[24] Audit Commission's Internal Audit Assessment 2006/07 Audit Committee agenda item 9 28/06/07	
4.i	2	Are internal audit performance measures monitored by the audit committee?	Yes	[21] Chief Internal Auditor's Annual Report and Opinion Audit Committee agenda item 8 28/06/07	
4.j	2	Has the audit committee considered the information it wishes to receive from internal audit?	Yes		Audit Committee to give this further consideration
5.	EXTERNAL AUDIT				
5.a	1	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognizing the statutory duties of external audit)?	Yes	[25] Audit Commission's Audit and Inspection Plan 2007/08 Audit Committee agenda item 7 28/03/07	

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5.b	1	Does the audit committee hold periodic private discussions with the external auditor?	Yes	Chair's pre-meeting briefings can move into private discussion if and when required.	
5.c	1	Does the audit committee review the external auditor's annual report to those charged with governance?	Yes	[17] Audit Committee agenda item 5 27/09/07 Audit Commission Annual Governance Report 2006/07	
5.d	1	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	Partly		Progress to be reported along similar lines to actions arising from internal audit work
5.e	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?	Partly		Needs to be strengthened – Audit Commission reports are now automatically presented, but needs extending to other inspection agencies
5.f	1	Does the audit committee assess the performance of external audit?	No		Request Audit Commission to outline how their performance may be assessed
5.g	1	Does the audit committee consider and approve the external audit fee?	Yes	[25] Audit Commission's Audit and Inspection Plan 2007/08 Audit Committee agenda item 7 28/03/07	
6.	ADMINISTRATION				
6.1	Agenda management				
6.1.a	1	Does the audit committee have a designated secretary from Committee/Member Services?	Yes	Victoria Pett, Democratic Services Officer	
6.1.b	1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Yes	[27] Constitution Conduct of Business and debate at Committees or Sub-committees – agenda shall be available to the public 5 clear days before the meeting	

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6.1.c	2	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	Yes	[26] Core Work Programme Audit Committee agenda item 5 19/12/06	Needs reviewing and representing to March meeting
6.1.d	2	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	Yes	[27] Constitution Conduct of Business and debate at Committees or Sub-committees – Matters of the agenda raised by Members – 12 clear days prior to meeting	
6.2	Papers				
6.2.a	1	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Yes	Chair's view is that reports to Audit Committee meet requirements	Audit Committee to consider effectiveness of reporting
6.2.b	2	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	Yes	Format has been agreed with Audit Committee	Audit Committee to consider format and content of reporting
6.3	Actions arising				
6.3.a	1	Are minutes prepared and circulated promptly to the appropriate people?	Yes	[28] Constitution Minutes – “Minutes of every meeting of the Council, of any Committee or of any Sub-Committee shall be submitted to, and signed at that meeting or at the next following meeting of the body concerned.”	
6.3.b	1	Is a report on matters arising made and minuted at the audit committee's next meeting?	Yes	[29] Monitoring Audit Committee Recommendations Audit Committee agenda item 5 24/01/08	
6.3.c	1	Do action points indicate who is to perform what and by when?	Yes	[29] Monitoring Audit Committee Recommendations Audit Committee agenda item 5 24/01/08	