

Performance and Audit Scrutiny Committees - Self Assessment

Issue	Yes (Y) / No (N) / Partia l (P)	Comments/action
Establishment, Operation and Duties		
Role and Remit		
1. Does the audit committee have written terms of reference?	Y	
2. Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	Y	
3. Are the terms of reference approved by the council and reviewed periodically?	Y	
4. Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Y	
5. Can the audit committee access other committees and full council as necessary?	Y	Performance and Audit Scrutiny Committee can make recommendations to committees and/or Council and can ask for information from other committees.
6. Does the authority's statement on internal control include a description of the audit committee's establishment and activities?	N/A	The Statement on Internal Control has been superseded by the Annual Governance Statement which does not require a description of the audit committee's establishment and activities.
7. Does the audit committee periodically assess its own effectiveness?	Y	This checklist is considered by Performance and Audit Scrutiny Committee annually.
8. Does the audit committee make a formal annual report on its work and performance during the year to full council?	Y	SEBC - Yes FHDC - There will be a formal annual report from 2015/16 onwards.

Issue	Yes (Y) / No (N) / Partial (P)	Comments/action
Membership, Induction and Training		
9. Has the membership of the audit committee been formally agreed and a quorum set?	Y	
10. Is the Chairman independent of the executive function?	Y	
11. Has the audit committee Chairman either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?	Y	Appropriate training is provided
12. Are new audit committee members provided with an appropriate induction?	Y	Members are provided with training via the Members Induction Programme.
13. Have all members' skills and experiences been assessed and training given for identified gaps?	Y	Training may be provided where appropriate.
14. Has each member declared his or her business interests?	Y	
15. Are members sufficiently independent of the other key committees of the council?	Y	
Meetings		
16. Does the audit committee meet regularly?	Y	
17. Do the terms of reference set out the frequency of meetings?	Y	
18. Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	Y	
19. Are members attending meetings on a regular basis and if not, is appropriate action taken?	Y	
20. Are meetings free and open without political influences being displayed?	Y	
21. Does the authority's S151 officer or deputy attend all meetings?	Y	
22. Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	Y	

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?	Y	
24. Does the audit committee have responsibility for review and approval of the Annual Governance Statement and does it consider it separately from the accounts?	Y	
25. Does the audit committee consider how meaningful the Annual Governance Statement is?	Y	
26. Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	Y	
27. Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	N/A	Risk Management is a quarterly agenda item of the Performance and Audit Scrutiny Committee.
28. Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"	Y	<p>The West Suffolk Anti-Fraud and Anti-Corruption Policy meets current good practice as set out in the CIPFA Better Governance Forum guidance 'Managing the Risk of Fraud: actions to counter fraud and corruption'.</p> <p>An appendix of the Annual Internal Audit Report relates to fraud and demonstrates the progress made by the council annually in developing anti-fraud arrangements; and publicises the actions taken where fraud or misconduct has been identified.</p>
29. Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	Y	
30. Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	Y	
31. Does the audit committee review the authority's strategic risk register at least annually?	Y	Reports are presented to Performance and Audit Scrutiny Committee on a quarterly basis.

32. Does the audit committee monitor how the authority assesses its risk?	Y	
33. Do the audit committee's terms of reference include oversight of the risk management process?	Y/N	SEBC - Yes FHDC - This is not currently specifically mentioned in the committee's terms of reference but could be included in the future.
Financial Reporting and Regulatory Matters		
34. Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	Y	
35. Does the audit committee consider specifically:		The Performance and Audit Scrutiny Committee reviews and challenges the draft accounts before approval. This challenge may include any of the bullet points but it is considered unrealistic for example for Members to have the detailed technical knowledge to challenge suitability of accounting policies. Large write-offs are approved by Cabinet in accordance with the policy.
• the suitability of accounting policies and treatments	Y	
• major judgements made	Y	
• large write-offs	N	
• changes in accounting treatment	Y	
• the reasonableness of accounting estimates the narrative aspects of reporting?	Y	
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?	Y	
37. Does the audit committee review management's letter of representation?	Y	Included within the External Auditors (Ernst and Young) Annual Audit Letter.
38. Does the audit committee annually review the accounting policies of the authority?	N	See response to question 35.
39. Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Y	Albeit at a very high level.

<p>40. 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?</p>	<p>Y</p>	<p>A specific duty of a member of the Performance and Audit Scrutiny Committee is to be aware of national developments and best practice relating to scrutiny and to keep the effectiveness of the process under review.</p> <p>Additionally, any new legislative requirements affecting the Committee would always be made known to it via a report.</p>
<p>Internal Audit</p>		
<p>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?</p>	<p>Y</p>	
<p>42. Does internal audit have an appropriate reporting line to the audit committee?</p>	<p>Y</p>	
<p>43. Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?</p>	<p>Y</p>	
<p>44. Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?</p>	<p>Y</p>	<p>Follow-ups to previous audit recommendations are included in subsequent reports presented to Performance and Audit Scrutiny Committee.</p>
<p>45. Does the audit committee hold periodic private discussions with the Head of Internal Audit?</p>	<p>Y</p>	<p>Service Manager (Internal Audit) attends Chairmen's briefing before Committee.</p>
<p>46. Is there appropriate cooperation between the internal and external auditors?</p>	<p>Y</p>	<p>Internal Audit and External Audit liaise to ensure work is not duplicated and that External Audit is able to utilise the work of Internal Audit should they choose to do so.</p>
<p>47. Does the audit committee review the adequacy of internal audit staffing and other resources?</p>	<p>Y</p>	

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?	Y	Note – the Public Sector Internal Audit Standards apply from 2013-14 onwards. Compliance with these new Standards is covered within the 2014-15 Internal Audit Annual Report.
49. Are internal audit performance measures monitored by the audit committee?	Y	
50. Has the audit committee considered the information it wishes to receive from internal audit?	Y	
External Audit		
51. Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Y	
52. Does the audit committee hold periodic private discussions with the external auditor?	N	Believed not to be the case – but could if felt necessary.
53. Does the audit committee review the external auditor's annual report to those charged with governance?	Y	
54. Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	Y	The Service Manager (Internal Audit) does this and would build into internal audit work / action plans where necessary – Internal Audit performance reports cover areas of improvement still required.
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?	Y	
56. Does the audit committee assess the performance of external audit?	Y	
57. Does the audit committee consider and approve the external audit fee?	Y	

Administration		
Agenda Management		
58. Does the audit committee have a designated secretary from Committee/Member Services?	Y	
59. Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Y	
60. Are outline agendas planned one year ahead to cover issues on a cyclical basis?	Y	
61. Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	Y	
Papers		
62. Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Y	
63. Does the audit committee issue guidelines or a pro forma concerning the format and content of the papers to be presented?	Y	All committees now use the Corporate Report Template. This template is very clear on every area which must be covered when writing committee reports.
Actions Arising		
64. Are minutes prepared and circulated promptly to the appropriate people?	Y	
65. Is a report on matters arising made and minuted at the audit committee's next meeting?	N/A	If an issue is raised at a meeting and a report or more information is requested at a future meeting, this would be a separate report, but would not necessarily be titled as matters arising, although the report would make it clear that the issue arose at an earlier meeting.
66. Do action points indicate who is to perform what and by when?	Y	

Performance and Audit Scrutiny Committee's Review of Internal Audit's Role in the Authority	
Question	Result (narrative)
1. Do the internal auditors receive the necessary degree of co-operation?	Yes – during the year, all reviews and investigations are carried out with the fullest possible co-operation of officers, at all levels.
2. Do the authority's statements on corporate governance reflect reality?	Yes – these receive input from a number of officers and are subject to various review processes to ensure they are robust.
3. Has there been any attempt to restrict the scope of the internal auditors' work in any way?	<p>No – an Annual Audit Plan is produced which is presented to and approved by the Performance and Audit Scrutiny Committee.</p> <p>The scope of individual reviews are discussed and agreed with officers at the pre-audit meeting.</p> <p>During the year, no attempt has been made by officers to adversely influence the scope of the work to be undertaken.</p>
4. Was the original audit plan modified due to deficiencies in internal control or accounting records?	No
5. Did the auditors have any significant disagreements with management? How were these resolved?	No – all audit recommendations are discussed with operational management at the post-audit meeting. Any significant disagreements would be discussed with senior management and if not resolved this would be reported to Performance and Audit Scrutiny Committee.
6. Do the internal auditors have any concerns about management's control awareness or operating style?	No – during the year there were no concerns regarding the 'tone at the top'. Senior management provide a level of challenge and scrutiny, particularly around control deficiencies identified through the audit review process which lead to audit recommendations.
7. What is the internal auditors' view of their relationship with management?	The Service Manager (Internal Audit) believes that the good working relationship with management has continued during the year.
8. Do the internal auditors believe they are under any undue pressure?	No – the Service Manager (Internal Audit) believes that the service is not only seen as independent and objective, but is also treated as such.
9. Are there any other matters that, in the opinion of the internal auditors, should be considered by the audit committee?	No

Performance and Audit Scrutiny Committee's Review of Internal Audit's Performance

Question	Result
1. Are there formal terms of reference that define internal audit's objectives, responsibilities, authority and reporting lines?	Yes – the Internal Audit Charter addresses objectives and responsibilities, authority and reporting lines.
2. Has the scope of internal audit work been determined using a risk-based systematic approach and in accordance with the Public Sector Internal Audit Standards?	Yes - a risk based approach is taken when preparing the Internal Audit Plan – also, the scope of each individual audit is based on a consideration of relevant risks.
3. What are the relative emphases given to internal control reviews, VFM (economy/efficiency/effectiveness) audits and special projects?	Internal Audit's primary objective is to review the internal controls framework. However, increasingly Internal Audit are also getting involved in special projects, at the request of management, where this is appropriate and audit skills can be used to add maximum value.
4. Are any restrictions placed on the scope of internal audit work and, if so, who establishes them?	The only restriction is that of capacity, i.e. number of available person-days. Capacity issues that affect any proposed audit plans would be addressed by the Leadership Team and the Performance and Audit Scrutiny Committee.
5. If internal audit is asked to undertake a special project, how is its independence safeguarded?	The Service Manager (Internal Audit) has direct access to all levels of Members and officers.
6. Does internal audit report directly to an appropriate level of management that will ensure audit recommendations are given due weight and attention?	Yes – audit recommendations are agreed by Service Managers, and are often ratified by Heads of Service. In addition, progress of implementation of audit recommendations is monitored by Performance and Audit Scrutiny Committee.
7. Are the internal auditors free from any other responsibilities that could impair their objectivity?	Yes
8. Do internal audit staff have sufficient technical knowledge and experience to ensure that duties are performed to an appropriate standard? Is there sufficient information systems expertise to deal with the level of technology used by the authority?	The Service Manager (Internal Audit) is a professionally qualified accountant and has approximately 30 years audit experience covering private practice, local government and the National Audit Office. Remaining audit staff also have good local government and private sector experience. Their qualifications include Accounting Technician and the Diploma in

	<p>Internal Audit Practice.</p> <p>Internal Audit staff have a basic level of IT skills. If it was felt that additional specialist expertise is needed in say IT we have access to a number of specialists through the Suffolk audit network.</p>
<p>9. Is the work of the internal auditors properly planned, completed, supervised and reviewed? Are there any quality assurance procedures?</p>	<p>Yes - an audit brief is issued in respect of each piece of audit work setting scope, objectives, time allocation, audit approach, etc. The degree of supervision will depend on the complexity of the audit but support is always available. All work undertaken is documented and reviewed according to agreed quality standards within the section.</p>
<p>10. Are internal audit reports issued on a timely basis?</p>	<p>Yes</p>
<p>11. Are reports followed up on a timely basis? Is there evidence that internal audit has a systematic approach to following up recommendations, and reporting on those where little or no action has been taken by management?</p>	<p>Yes</p>