

## Audit Committee Self-Assessment (2015)

Measuring the Effectiveness of the Audit Committee

Issue		Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
<b>Roles and Responsibilities</b>						
1	Have the Committee's Terms of Reference been approved by Full Council?	✓			The Terms of Reference is reviewed annually and will next be reviewed prior to Annual Council in May 2015.	
2	Do the Terms of Reference follow best practice, as set out in the CIPFA model and the Local Government Measure 2011?	✓			The TOR is based on the CIPFA model and the Local Government Measure covering all key requirements.	
3	Is the Terms of Reference reviewed periodically to ensure it remains fit for purpose?			✓	A review is undertaken annually when Committee Membership is set at Full Council.	<u>Review of Terms of Reference</u> A review to be undertaken prior to Annual Council May 2015.
4	Does the agenda for meetings and work programme support the role and responsibilities of the Committee?	✓			<p>The Audit Committee Agenda has standard headings e.g. Internal Audit, Risk &amp; Governance. Members of the Committee have opportunity to raise issues.</p> <p>Members are aware of their ability to call a Task and Finish Group which would allow a matter to be dealt with out side of the full Committee.</p> <p>Members felt that the Audit Committee should focus on strategic matters and not to be concerned with overly detailed information.</p> <p>Members noted that although the agenda supports the Work Programme there are often large volumes of paper associated with each agenda item. It can be difficult for Members to digest prior to the meeting given other demands. Possible consideration of summary overviews.</p>	<p><u>Information Items</u> Items for information can lead to agenda items falling behind, therefore items for information to be taken off the Agenda and distributed for information only.</p> <p>Any ongoing actions to be reviewed and where appropriate to be reported, in brief, under Outstanding Actions (for information only.)</p>

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
5	<p>Does the Committee take a role in reviewing and scrutinising:</p> <ul style="list-style-type: none"> <li>• Annual Governance matters</li> <li>• Risk Management Strategies</li> <li>• Internal Control Statements</li> <li>• Anti-Fraud arrangements</li> <li>• Corporate Policies and Strategies</li> <li>• Financial Affairs and Statements</li> <li>• External &amp; Internal Audit Reports</li> </ul>	✓			<p><u>Annual Governance Statement</u> The Audit Committee have opportunity to scrutinise the statement e.g. the 2013/14 statement was presented to March and June meetings. Members challenged the content and provided an opinion for inclusion in the statement.</p> <p><u>Risk Management</u> The Corporate Risk Register is considered biannually by the Committee with opportunity to scrutinise and comment upon.</p> <p>The Audit Committee have opportunity to scrutinise the Risk Management Strategy when reviewed by Officers.</p> <p><u>Internal Control Statements</u> The Committee receive updates on the Senior Management Assurance Statement e.g. January 2015. External and Internal Audit Reports provide information on internal controls.</p> <p><u>Anti Fraud Arrangements</u> Audit Committee scrutinise and approve any Fraud related documents e.g. Anti-Money Laundering Policy.</p> <p><u>Corporate Policies and Strategies</u> Audit Committee receive reports on new corporate policies e.g. The Attendance &amp; Wellbeing Policy. Policy Review and Performance Scrutiny will have greater involvement in this area.</p> <p><u>Financial Affairs and Statements</u> The Committee receive a Budget update at every meeting. Financial Statements are scrutinised and</p>	<p><u>Assurance Summary</u> The Audit Committee annually are presented with an Assurance Summary of the key governance issues and corporate risks. The Committee will continue to receive this summary annually to provide a level of assurance against the Committee's Work Programme.</p> <p><u>Chairperson's Letters</u> There have been instances where issues have been reported to the Committee on more than one occasion, where action has not been taken. In order to escalate these matters the Chair will in future write to the Chief Executive, relevant Cabinet Member or relevant Scrutiny Chair if the Director cannot provide a resolution.</p>

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				<p>challenged by Committee.</p> <p><u>External &amp; Internal Audit Reports</u> Regular reports from both Internal and External Audit update the Committee on a range of matters i.e. Value for Money.</p>	
6			✓	<p>Wales Audit Office provides informal feedback at Committee meetings <b>and formally through improvement reports e.g. Corporate Assessment September 2014.</b></p> <p>The Committee's Annual Report is presented to Council to provide an update on the work of the Committee. The Chair attends to present the report and answer questions.</p> <p>There is little engagement with Members regarding the work of the Audit Committee except for the Annual Report to Council once a year.</p>	<p>The profile of the Committee with other Members could be strengthened.</p> <p><u>Circulation of Work Programme</u> The Committee's Work Programme is to be published more widely amongst elected Members similar to Scrutiny.</p> <p><u>Engagement with Members</u> To benefit the independent Members an item to be included on each agenda which can be used for elected members to bring any matters of interest to the independent Members.</p> <p><u>Members Newsletter</u> The newsletter circulated to elected Members to be distributed to the Independent Members.</p>
<b>Monitoring and Oversight</b>					
7	✓			In advance of each meeting the Committee receive information 5 working days in advance of the meeting.	

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<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Risk Management</li> <li>• Internal Control</li> <li>• Treasury Management</li> <li>• Financial Affairs and Statements</li> </ul>				As above the Committee receive regular reports with opportunity to scrutinise and challenge and refer on to other Committees or Bodies.	
<p>8 Does the Committee consider that it received appropriate support from:</p> <ul style="list-style-type: none"> <li>• Statutory Officers</li> <li>• Senior management</li> <li>• External Audit</li> <li>• Internal Audit</li> <li>• Secretariat services</li> </ul>	✓			<p>Section 151 Officer and Monitoring Officer attends every meeting. Senior Management attend on request. There are many examples of this with wide ranging subject matters covered. The Wales Audit Office (WAO) are represented at every meeting. The Audit Manager attends every meeting. Democratic Services administer and attend Committee providing secretariat support.</p> <p>The Committee valued the time of the Leader and Chief Executive attending the December 2014 meeting of the Committee to set the context of the strategic direction of the Council in response to the Corporate Assessment through the Organisational Development Plan.</p>	<p><u>Chief Executive Attendance</u> The Committee would appreciate if the Chief Executive would attend the Audit Committee on an annual basis to provide an update on the progress of the Organisational Development Plan and the strategic direction of the Council.</p> <p><u>Monitoring Officer</u> The Monitoring Officer to attend Audit Committee when the Annual Governance Statement is considered.</p>
<p>9 Does the Committee consider it has the opportunity to invite officers and members to attend and be held accountable for their actions?</p>	✓			<p>Criteria relating to officer attendance was approved at 27 March 2013 Committee. With a wide ranging agenda a number of varying officers attend Committee meetings e.g. to report on operational issues.</p>	
<p>10 Has the Committee agreed set criteria when an officer may be invited to attend Committee?</p>	✓			As noted above.	
<p>11 Does the Committee consider they have the mechanisms to ensure that</p>	✓			Members are updated through External and Internal Audit progress reports.	

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officers are acting on and monitoring action taken to implement recommendations?				The Committee have the ability to invite officers to attend to provide further information if required.	
12 Does the Committee consider that they have the opportunity to refer matters on to other bodies (internal & external) as they consider appropriate?	✓			<p>This requirement is covered in the Committee's Terms of Reference and has happened previously e.g. the Chair has sent letters to Policy Review and Performance Scrutiny and the Chief Executive.</p> <p>The Chair welcomes suggestions from Members of the Committee on where to refer matters of concern (local knowledge of elected members) i.e. Scrutiny.</p> <p>The Section 151 Officer and Monitoring Officer attend all Audit Committee meetings and advises the Chair where he can refer matters of concern.</p>	
13 Does the Committee have appropriate interaction with other Committees e.g. Scrutiny?			✓	<p>Some Members of the Committee serve on both Committees. Further scope for discussion between Audit Committee and Scrutiny Committees.</p> <p>Each Committee shares their minutes. <b>In future Scrutiny Work Programmes to be shared with Audit Committee Members.</b></p> <p><b>There have been instances where the work of the Committee has overlapped with the work of Scrutiny Committees e.g. Attendance &amp; Wellbeing Policy and the Personal Performance and Development Scheme.</b></p>	<p>Review and seek greater opportunity to interface with Scrutiny, particularly Policy Review and Performance Scrutiny.</p> <p><b><u>Work Programmes</u></b>  <b>In future Scrutiny work programmes to be shared with Audit Committee Members and used to inform Audit Committee work programme to avoid duplication.</b></p> <p><b><u>Scrutiny Chairs Annual Meeting</u></b>  <b>Annually a meeting to be held with all Scrutiny Chairs and the Chair of Audit Committee to identify common areas of work to avoid duplication.</b></p>

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					<u>Audit Committee &amp; Scrutiny Protocol</u> In order to address the issue of items being considered by Scrutiny overlapping with Audit Committee a Protocol is to be put in place.
14 Does the Committee prepare an Annual Report outlining its findings and provide an opinion in relation to its role, which helps to inform the Annual Governance Statement?	✓			Annually presented to Council e.g. July 2014.	
15 Does the Committee undertake an annual Self Assessment of its own effectiveness?	✓			The Audit Committee's first Self Assessment exercise was undertaken in December 2013. It was agreed that an annual self assessment take place in future years. The current assessment being the second. Holding the assessment in January feeds into the process of forming the Committee's Annual Report.	<u>Self Assessment</u> Continue to hold the assessment on an annual basis.
16 Are there arrangements to hold the committee to account for its performance.	✓			The Committee's Annual Report is presented to Council; last presented July 2014.  Members did not think there were arrangements to hold the Audit Committee to account aside from the Annual Report to Council.  The Audit Committee is a deterrent which helps to ensure timely responses and actioning of audit recommendations.  Cabinet members now receive copies of Internal Audit Executive Summary Reports with opinions of Limited or No Assurance.	

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17	Members of the Committee have regard to the Seven Principles of Public Life, known as the Nolan Principles: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.	✓				
18	The Audit Committee is committed to the Council's Vision and Values:  Vision - To be Europe's most liveable Capital City  Co-operative Values - We Are Cardiff – Open, Fair & Together	✓				
<b>Internal Audit Process</b>						
19	Does the Committee approve the strategic audit approach and the annual programme?	✓			Presented annually to March meeting of the Committee.  The impact of the financial pressures facing the Council will have an impact on staff resources within the Internal Audit team, which in the longer term could have a detrimental affect on internal controls.	<u>Internal Audit Resource</u> The impact of reducing resources within the Internal Audit Team to be highlighted in the Audit Committee's Annual Report.
20	Is the work of Internal Audit reviewed regularly?	✓			A Quarterly Progress Report is presented to Committee with an opportunity for questions to be answered by the Audit Manager.	
21	Is the level of detail provided in Audit progress summaries adequate to meet Member's needs?	✓			Information provided includes a list of all Audits, Executive Summary Reports for those with opinions of Limited or No Assurance and Key Performance Statistics.  Members found the Executive Summary Reports	

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					helpful and were encouraged that these were being shared with Cabinet Members.	
22	Does the Committee receive regular information on client perceptions of the Internal Audit service and other performance management information?	✓			Quarterly Progress Reports contain information on completed Quality Assurance Questionnaires and Key Performance Statistics.	
23	Is the Annual Report from the Audit Manager presented to the Committee?	✓			Annually, last reported 20th May 2013	
24	Is there the opportunity to hold private meetings with the Audit Manager?	✓			<p>There have been occasions where the Chair and Audit Manager have met and do converse relating to future Agendas.</p> <p>Financial Procedure Rules provide opportunity for the Audit Manager to meet with the Chief Executive, Senior Managers or Members as considered appropriate.</p>	<p><u>Meeting with Audit Manager</u> A formal arrangement will be offered to Members of the Committee to meet with the Audit Manager on an individual basis.</p> <p>(See question 27)</p>
<b>External Audit Process</b>						
25	Are reports on the work of external audit and other inspection agencies presented to the Committee?	✓			<p>WAO provide regular updates to the Committee through standing agenda items.</p> <p>Reports from other inspection agencies will be sighted if applicable however the Committee focuses on work areas within their remit and not the scope of other committees such as Scrutiny who will receive the majority of other inspection agency reports i.e. Estyn, CCSIW.</p>	<p>Looking ahead Members thought they needed to consider and develop ideas around their input to areas of collaboration.</p> <p>Members questioned whether this was their role or Scrutiny?</p>
26	Does the Committee consider that they have the opportunity to input into the external audit programme?			✓	WAO is represented at each meeting and consider any comments of the Committee relating to their programme of work.	The Audit Committee's ability to have the opportunity to input into the external audit programme, particularly 'All



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					An element of the Wales Audit Office work programme refers to 'All Wales Studies' which can pose a problem when the Committee wish to influence the work undertaken.	Wales' studies has already been raised at previous meetings.  Members asked WAO to consider how they could add more value to the Audit Committee in future.
27	Is there the opportunity to hold private meetings with the External Auditor?	✓			The opportunity exists but has not been required.	<u>Meeting with Audit Manager</u> A formal arrangement will be offered to Members of the Committee to meet with the External Auditors  (See question 24)
<b>Membership</b>						
28	Has the membership of the Committee been formally agreed and a quorum set?	✓			Yes, annually, agreed at Annual Council.	
29	Is the make up of the Committee consistent with the requirements of the Local Government Measure 2011?	✓			Yes, annually, agreed at Annual Council.  <u>The Measure requires the Committee to appoint their own Chair, which takes place following Annual Council.</u>	<u>Vice Chair</u> It was agreed that a Vice Chair should be nominated by the Committee for the municipal year and to act in the absence of the Chair.
30	Is the Chair free of Executive or Scrutiny functions?	✓			Currently Independent / Lay Member elected as Chair.	
31	Does the Chair have strong level of leadership skills?	✓			Extensive experience.	

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32	Are Members sufficiently independent of the other key Committees of the Council?	✓			The Committee has 4 lay Member seats; one has been elected by the Committee as Chair. Some Elected Members serve on Scrutiny Committees and Democratic Services Committee.	
33	Is the Committee politically balanced in accordance with the Local Government (Democracy) (Wales) Act 2013?	✓			Yes, annually, agreed at Annual Council.	
<b>Meetings</b>						
34	Does the Committee meet regularly?	✓			The Committee meet 5 times a year.	
35	Is the frequency of meetings adequate to support the role and responsibly of the Committee?	✓			Committee meetings have busy agendas. Key information is circulated in between meetings.	
36	Are agenda papers circulated in advance of meetings to allow adequate preparation by Members?	✓			5 working days in advance of the meetings.  Meeting papers continue to be lengthy.	<u>Meeting Papers</u> (See response to question 4)  It was suggested that where Members of the Committee have any issues with meeting papers / volume etc. to be reported back to the Chair.
37	Are meetings free and open without political influences being displayed?	✓			The Chair is an independent member, with experience to lead the questioning of the Committee without political influence.	
38	Are meetings public and records relating to the Committee open, transparent and easily available?	✓			All meetings are open to the public, some information will be exempt from the public as defined in the Local Government Act 1972. Agendas and Minutes are available on the Council's website.	

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39	Do Members feel they can actively contribute to discussion at meetings and are encouraged to do so?	✓			Chair encourages discussion. Standing item on the agenda for urgent issues to be raised by Members.	
40	Are decisions reached promptly and recorded?	✓			The Chair will sum up discussions and decisions made which will be incorporated into the minutes.	
<b>Skills and training</b>						
41	Has the membership of the committee been assessed against a knowledge and skills framework and found to be satisfactory.			✓	A recruitment process is followed for independent / lay members taking account of knowledge and skills.  An all Wales group has been established for Local Authority Audit Committee Chairs to meet once or twice a year.	<u>Individual Self Assessment</u> The Committee Members may wish to undertake a personal self assessment in context with the role of an Audit Committee Member which may identify gaps in knowledge and areas where training can be arranged.  The suggested framework was presented to <u>Council in December 2013</u> : The Wales Charter for Member Support and Development: An Introduction for Authorities. Specifically the role of a Member of an Audit Committee.
42	Do Committee Members have the knowledge, experience and understanding of the key risks and issues facing the Council?	✓			Serving Councillors have a vast knowledge of Council business. Regular briefings at meetings provide information to inform Members on key governance and risk matters i.e. Corporate Risk Register & Annual Governance Statement.	

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43	Is induction training provided to Members?	✓			Induction training provided to all Members on Audit, Risk Management, Governance and specialist areas such as Treasury Management.	
44	Is more advanced training available if required?	✓			Officers will arrange further advanced training for Members on request.  Key updates on treasury management reported to the Committee.	Members thought there may be a need for training on collaborative working and what this will mean for the Audit Committee in the future i.e. joint arrangements.
45	In specialised areas such as treasury management do Members feel they have the appropriate skills to fulfil the role expected of them?	✓			Professional training provided by Council Officers and External Sector Advisors (Treasury Management). There is the intention to provide further advanced training in this area.  Elected Members considered it important that there are a small number of Members on the Committee with the knowledge to deal with these agenda items, particularly the expertise of the independent Members.	Further training to be provided on Treasury Management – Officers to arrange.  The Committee stressed the importance of having sufficient opportunity to consider and challenge the Financial Statements of the Authority. Arrangements are in place to schedule meetings to facilitate the challenge of the Financial Statements 2013/14.
46	Do Members feel they can request training if they consider this would help them fulfil their role?	✓			Members are able to request training as and when they wish. Officers are willing to arrange varying forms of training e.g. in groups or one to one sessions.	

## Self Assessment: Proposed Improvement Actions (2015)

Ref.	Proposed Improvement Actions	Target Date	Action Owner
	<b>Roles &amp; Responsibilities</b>		
1.	<p><u>Audit Committee Terms of Reference</u> Officers to undertake a review of the Committee's Terms of Reference prior to Annual Council in May 2015 to ensure fit for purpose and in line with current best practice.</p>	May 2015	Audit & Risk Manager
2.	<p><u>Volume of Meeting Papers</u> Members noted that although the agenda supports the Work Programme there are often large volumes of paper associated with each agenda item. It can be difficult for Members to digest prior to the meeting given other demands. Officers to be reminded that the information put in front of Members to be relevant and concise and not overly detailed. Where Members of the Committee have concerns over such matters to report to the Committee Chair.</p>	Ongoing	Corporate Director Resources & Audit & Risk Manager
3.	<p><u>Information Items</u> Items for information to be taken off the Agenda and distributed for information only. Any ongoing actions to be reviewed and where appropriate to be reported, in brief, under Outstanding Actions (for information only.)</p>	Ongoing	Audit & Risk Manager
4.	<p><u>Assurance Summary</u> The Audit Committee annually are presented with an Assurance Summary of the key governance issues and corporate risks. Members of the Committee to continue to receive this summary annually to provide a level of assurance against the Committee's Work Programme.</p>	Annually	Audit & Risk Manager
5.	<p><u>Circulation of Work Programme</u> The Committee's Work Programme is to be published more widely amongst elected Members similar to Scrutiny.</p>	Ongoing	Democratic Services
6.	<p><u>Audit Committee &amp; Scrutiny Committees</u> In order to address the issue of items being considered by Scrutiny overlapping with Audit Committee a protocol is to be developed by officers.</p> <p>In order to support this notion the Audit Committee Chair would consider it beneficial to meet with the Scrutiny Chairs on an annual basis.</p> <p>In future, Scrutiny work programmes to be shared with Audit Committee Members and used to inform Audit Committee work programme to avoid duplication.</p>	Ongoing	Secretariat

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7.	<u>Chairperson's Letters</u> There have been instances where issues have been reported to the Committee on more than one occasion, where action has not been taken. In order to escalate these matters the Chair will in future write to the Chief Executive, relevant Cabinet Member or relevant Scrutiny Chair if the Director cannot provide a resolution.	Ongoing	Chair
8.	<u>Independent Members</u> Engagement with Members - To benefit the independent Members an item to be included on each agenda which can be used for elected members to bring any matters of interest to the independent Members. Members Newsletter - The newsletter circulated to elected Members to be distributed to the Independent Members.	Ongoing	Democratic Services
<b>Monitoring &amp; Oversight</b>			
9.	<u>Internal Audit Resource</u> The impact of reducing resources within the Internal Audit Team to be highlighted in the Audit Committee's Annual Report.	March 2015	Chair Audit & Risk Manager
10.	<u>Chief Executive Attendance</u> The Committee would appreciate if the Chief Executive would attend the Audit Committee on an annual basis to provide an update on the progress of the Organisational Development Plan and the strategic direction of the Council.	December 2015	Corporate Director Resources, Secretariat & Chief Executive
11.	<u>Monitoring Officer</u> The Monitoring Officer to attend Audit Committee when the Annual Governance Statement is considered.	In accordance with the Work Programme	County Clerk
12.	<u>Audit Committee Self Assessment</u> The assessment exercise to be held on an annual basis.	January 2016	Audit & Risk Manager
<b>Internal &amp; External Audit Process</b>			
13.	<u>Meeting with Audit Manager</u> A formal arrangement will be offered to Members of the Committee to meet with the Internal Audit Manager and External Auditors on an individual basis.	Commencing June 2015	Secretariat & Audit & Risk Manager & Wales Audit Office

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14.	<u>Wales Audit Office</u> External Auditors to be represented at all meetings.	Ongoing	Wales Audit Office
	<b>Membership</b>		
15.	<u>Vice Chair</u> It was agreed that a Vice Chair should be nominated by the Committee for the municipal year and to act in the absence of the Chair.	June 2015	Audit Committee
	<b>Meetings</b>		
16.	No matters to report		
	<b>Skills &amp; Training</b>		
17.	<u>Individual Self Assessment</u> The Committee Members may wish to undertake a personal self assessment in context with the role of an Audit Committee Member which may identify gaps in knowledge and areas where training can be arranged.  The suggested framework was presented to <a href="#">Council in December 2013</a> : The Wales Charter for Member Support and Development: An Introduction for Authorities. Specifically the role of a Member of an Audit Committee.	-	Chairperson, Secretariat, Corporate Director Resources & Audit & Risk Manager