ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	**AUDIT COMMITTEE**
DATE:	**09 FEBRUARY 2015**
TITLE OF REPORT:	**AUDIT COMMITTEE – REVIEW OF EFFECTIVENESS REPORT 2014/15**
PURPOSE OF REPORT:	**FOR INFORMATION**
REPORT BY:	**AUDIT MANAGER**
ACTION:	**NONE**

1. **INTRODUCTION**

    1.1 The terms of reference of the Audit Committee are set out in the Council's Constitution. The Committee's terms of reference include at 3.4.8.1.1 (ix) a requirement 'to prepare a report for the annual meeting of the Council on its activities for the year.'

    1.2 The CIPFA Practical Guidance for Local Authorities and Police 2013 Edition provides best practice in terms of the core functions of an Audit Committee and included in that guidance is a reference to the benefits of undertaking a regular self-assessment of the effectiveness of the Committee. The guidance suggests that such self-assessment should be used to support the planning of the committee work programme and training plans and also to inform the Committee's annual report to the Council

    1.3 The Audit Committee has therefore over the past few years set up an Annual Workshop which includes the review of its effectiveness during the current year with a view to including the results in its annual report to the Council. These Workshops are based around best practice guidance and specifically upon the CIPFA - Self-Assessment of Good Practice and the Evaluating the Effectiveness of the Audit Committee Checklists contained within the CIPFA Practical Guidance for Local Authorities and Police 2013 Edition.

    1.4 The review of Audit Committee effectiveness 2014-15 took place on 19 January 2015 in Committee Room 1 at the Council's offices in Llangefni.

    The workshop was attended by six Members of the Audit Committee including the Chair of the Committee. The Chair of Scrutiny, Leader of the Council and the Deputy Chief Executive had also been invited in order raise the profile of the Committee's work but neither was able to attend on this occasion.

2. **EFFECTIVENESS OF THE AUDIT COMMITTEE**

    2.1 <u>CIPFA - Self-Assessment of Good Practice:</u> The results of the Workshops self-assessment of Audit Committee Good Practice are contained at Appendix A in the form of the completed CIPFA - Self-Assessment of Good Practice checklist.

    2.2 Overall the Audit Committee self assessment of its performance against best practice was positive with only 1 out of 20 of the specified best practice being considered not to be undertaken by the Committee and a further 4 out of 20 where it was felt that improvements could be made. The main identified areas of weakness related to:

    - <u>Audit Committee purpose and governance</u> –

Overall the Workshop concluded that it was meeting 3/6 of the requirements in this area and partly meeting the remaining 3/6.

The workshop agreed that the proposed revision and update of the Committees terms of reference will include the documentation of the purpose of the Committee in line with the CIPFA Position Statement.

Members felt that more reporting directly to the Council would be beneficial – perhaps in the form of a Highlight report of key issues / risks raised at Audit Committee as and when appropriate. Members also felt that increased direct report to the Chief Executive should also be considered in relation to the Committee's activities and significant concerns.

Members considered that the profile of the Audit Committee is in need of being raised. The Committee already invites the Leader and the Chair of Scrutiny to training sessions and effectiveness workshops. It was felt that the increase in direct report t Council and Chief Executive would assist in raising the Committee's profile.

The Workshop believed that there was a need to consider how the Committee can liaise more effectively with other Committees (Scrutiny, Standards) and with Council. It was suggested that the sharing of forward work programmes and mutual recommending of items for Committee attention would assist in this process.

The workshop concluded that there are currently no formal arrangements for holding the Committee to account for its performance and to provide assurance that it is operating satisfactorily. This was in effect why the self-assessment process was important. The workshop believed that believed that the WAO had a role to play here and should be asked to provide feedback on its performance as a Committee on a regular basis. It was also recommended that other regular attendees of the Committee; Portfolio Holder, Deputy Chief Executive; S151 Officer, Chief Audit Executive could also be formally requested for their opinion of the Committee's performance.

- Functions of the Audit Committee

  The Workshop agreed that when the revised TOR are issued an exercise be undertaken to go through each of the terms and to set out how the Committee is to comply with each and what assurance is available upon which the Committee can place reliance. This would produce an assurance framework for the Committee.

  The workshop believed that the proposed revision and update of the Committee's terms of reference should specifically include reference to reviewing the obtaining of value for money and best value within the Council.

  The workshop also believed that the terms of reference should be strengthened in terms of providing assurance over the assurance framework as a whole.

  The workshop felt that in the time available at meetings it was not possible to ensure that it fulfilled all of its functions and roles as set out in the terms of reference especially in terms of the core function areas. The Chair is in the process of reviewing the Committee calendar of work and increasing the number of meetings held. Members requested that the agendas for any additional meetings concentrated on the key concerns of the Committee to allow adequate time to discuss the issues involved. The Workshop also considered the use of work groups and pre briefing sessions to provide additional detail on key issues and concerns.

- Membership and Support

  The Workshop acknowledged that no formal assessment against the core knowledge and skills framework for Members set out in the 2013 CIPFA

Guidance has taken place to date. Such assessment will take place in 2-15 to identify any gaps and any training needs.

2.3 Evaluating the Effectiveness of the Audit Committee: - The Committee did not have time to fully consider and discuss the Evaluating the Effectiveness of the Audit Committee checklist at the workshop. The checklist had been previously circulated with the workshop agenda to all Members of the Audit Committee and workshop invitees.

2.4 The Audit Manager had completed a copy of the checklist to identify those areas which, in his opinion, the Committee had strengths and those areas which could be improved upon. The checklist as completed by the Audit Manager is at Appendix B of this report.

2.5 The results of the Audit Manager's assessment of the Committee's effectiveness identified the following significant areas where the Committee may consider improvements could be made in 2015-16:

- Supporting Risk Management Arrangements
  Although the Audit Committee has supported the establishment of a robust Risk Management framework fully embedded within the authority that support has yet to be effective in producing the desired outcome.

- Adequacy of the Assurance Framework
  The Committee needs to continue to support the development of the documentation of its assurance framework. The Workshop has requested that an assurance framework for meeting its obligations under a revised TOR be developed.

- Supporting Value for Money Arrangements
  As identified above in this report the review of the effectiveness of the Council's arrangements for obtaining Value for Money and best value are not currently included in the Committee's terms of reference. Internal Audit is to include a review of VFM arrangements within Services early in 2015/16 and present the findings back to the Audit Committee. The results could form the basis of an initial work group of the Committee involving relevant Heads of Service.

- Helping the authority to implement effective arrangements for countering fraud and corruption risks.
  The arrangements for countering fraud within the Council have been identified by the Committee as an area for further development in 2015-16. The appointment of the Counter Fraud Officer and the undertaking of an initial fraud and error risk assessment of the Council's activities are positive steps in improving arrangements in this area.

- Promoting Effective Public Reporting to the Council's Stakeholders.
  The Committee does not currently have a role in promoting effective public reporting to the authority's stakeholders beyond the publication of its agendas and minutes on the Council's website. This would include Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.

3. EFFECTIVENESS ACTION PLAN

3.1 The work carried out at and surrounding the workshop has identified areas for improvement in terms of both meeting best practice and in the Committee continuing to develop its effectiveness.

3.2 The Committee is asked to consider the weaknesses identified and to endorse the development of an Action Plan detailing how the weaknesses are to be addressed in 2015/16, by whom and by when. Performance against the Action Plan will then be reported regularly to the Audit Committee at its meetings.

AUDIT MANAGER
09 February 2015

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Self-Assessment of Good Practice – As Completed at Workshop held on 19-01-15

	Good Practice Questions	Yes	Partly	No	Comments
	Audit Committee purpose and governance				
1	Does the authority have a dedicated audit committee?	YES			See Constitution – TORs at 3.4.8. The Audit Committee is currently in the process up updating and revising its TOR.
2	Does the audit committee report directly to the full council? (applicable to local government only)	YES			There is some direct report / recommendation to Council such as the TM Strategy, Annual Report of AC etc. AC TOR 3.4.8.1.8 allows auditors to bring forward matters to the AC that they believe should be notified to the Council. **Workshop Comments:** Members felt that more reporting to the Council would be beneficial – perhaps in the form of a Highlight report of key issues / risks raised at Audit Committee as and when appropriate. Members discussed reviewing and agreeing key risk areas at beginning of year and looking at each in more details during the year. Increased direct report to the Chief Executive was also considered in relation to increased reporting of the Committee's activities and concerns.
3	Do the terms and reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?		PARTLY		Current TORs do not specifically mention purpose – The Audit Committee is currently in the process up updating and revising its TOR and these are to include the purpose of the Committee in line with CIPFA Guidelines.
4	Is the role and purpose of the audit committee understood and accepted across the authority?		PARTLY		TOR included in Constitution – attendance of CE, DCE, Section 151 and Monitoring Officer reflects understanding. However, Members considered that the profile of the Audit Committee is in need of being raised. The Committee does already invite the Leader and the Chair of Scrutiny to training sessions and effectiveness workshops. **Workshop Comments:** Need to consider how the Committee can liaise more with

					other Committees (Scrutiny, Standards) and with Council. Suggestion that the sharing of forward work programmes and mutual recommending of items for Committee attention would assist in this process. Approaching the other NW authorities Audit Committees and asking them how they achieve this would also assist.
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	**YES**			Members believed that such support was difficult to quantify but that the Committee had provided a good level of support in the past as was shown by the work it had carried out and is recorded in the Committee's issues log. A log of issues raised had been initiated by the Committee which included the issues raised, when action was due by and by whom. However this had lapsed. Members requested that the log be brought up to date and continued. **Workshop Comments:** Examples of support of good governance include receiving internal and external audit reports; reviewing the Annual Governance Statement; receiving risk management reports; and the ongoing review of the internal control framework etc.
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?		**PARTLY**		There are no specific arrangements for this for the Audit Committee. However following the last review of the Committee's effectiveness the WAO (represented at each meeting) was asked for its opinion on the Committee's performance Members undertake an annual Workshop to review its effectiveness and performance and an Annual Report to the Council on its work during the year is also made. **Workshop Comments:** Members requested that the WAO again be approached to provide an independent view of the Committee's performance. Members also believed that other regular attendees of the Committee; Portfolio Holder, Deputy Chief Executive; S151 Officer, Chief Audit Executive

				 		could also be requested for their opinion of the Committee's performance.

Functions of the Audit Committee						
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?					**Workshop Comment** Members agreed that when the revised TOR are issued an exercise be undertaken to go through each of the terms and to set out how the Committee is to comply with each and what assurance is available upon which the Committee can place reliance. This would produce an assurance framework for the Committee.
a	•Good governance	**YES**				AC – TOR – 3.4.8.1.9 and generally
b	•Assurance framework		**PARTLY**			The Assurance Framework is not specifically included in current AC TOR – The AGS is included though and in general the work of the AC has covered areas of framework. Will be included in revised version of TOR.
c	•Internal audit	**YES**				AC TOR – 3.4.8.1.1
d	•External audit	**YES**				AC TOR – 3.4.8.1.1
e	•Financial reporting	**YES**				AC TOR – 3.4.8.1.2
f	•Risk management	**YES**				AC – TOR – 3.4.8.1.9
g	•Value for money or best value				**NO**	Not specifically in AC TOR but will be in proposed review and update. Internal Audit to carry out review of VFM arrangements within services and to present this to the AC early in 2015/16. **Workshop Comments:** Reports should include reference to the fact that VFM has been taken into account and how this has been done. Consideration to be given to procurement and subsequent contract management.
h	•Counter fraud and corruption	**YES**				AC TOR – 3.4.8.1.3
8	Is the annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given in core areas?	**YES**				The annual self assessment covers the inclusion of the core areas in the work of the Committee. The revised TORs will include all areas specified as core in the CIPFA 2013 Guidance. **Workshop Comments:** Members commented on the lack of time available to the Committee to deal with all the issues in the TOR fully. The

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		YES			Chair is in the process of reviewing the Committee calendar of work and increasing the number of meetings held. Members requested that the agendas for any additional meetings concentrated on the key concerns of the Committee to allow adequate time to discuss the issues involved.
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	YES			The Committee currently receives and considers reports on TM arrangements; oversight of Annual Improvement Report and other public reports; along with the annual Health & Safety report. **Workshop Comments:** Members considered whether such wider areas should include working with the Standards Committee to support ethics but did not believe that such liaison was needed.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	YES			An Action Plan is derived from the Committee's annual Workshop and would include any core areas not considered to have been adequately covered in the relevant period.
11	Has the committee maintained its non-advisory role by not taking any decision-making powers that are not in line with its core purpose?	YES			Decision making is in line with TOR
Membership and support					
12	Has an effective audit committee structure and composition of the committee been selected? This should include:				
a	•Separation from the executive	YES			AC TOR – 3.4.8.3.2 – Executive Members not eligible to be members of AC. 3.4.8.3.5 - Chairperson not to be a Member of group on Executive.
b	•An appropriate mix of knowledge and skill among the membership	YES			The Committee is made up of members from many backgrounds and includes two lay members who provide a non-local authority based input into the work of the Committee. The Committee members are provided with induction training along with specific related training on areas of their work such as the Statement of Accounts; Treasury Management, Risk Management etc. as well as with an update and review of the Committee's role and latest regulation and guidance at its annual workshops.

		YES				**Workshop Comments:** Members were supportive of arrangements to make available the skills sets of members so that determination of appropriate skills mix can be evaluated. This information is not available at present. **(Please see 15 re assessment of core skills against those set out in CIPFA Guidance 2013)**
c	•A size of committee that is not unwieldy	YES				AC TOR – 3.4.8.3 Membership – eight Council Members plus two co-opted Members. **Workshop Comments:** The size of the Committee was considered to be appropriate. Members supported the Chair in proposing a review of the number of Committee meetings to be held in 2015/16 and the calendar of work to be adopted for the year ahead.
d	•Where independent members are used, that they have been appointed using an appropriate process.	YES				Originally by selection Sub Committee of AC – extended by vote in AC December 2013. Options for the process to be adopted for the selection of co-opted members for 2015/16 onwards will be presented the next Audit Committee in February 2015.
13	Does the chair of the committee have appropriate knowledge and skills?	YES				The knowledge and skills of the Chair have not been formally assessed against the core knowledge and skills set out in the CIPFA Guidance. The current Chair is an experienced Chair of the AC and has attended a number of training sessions on key areas of the Committee's work. Members agreed that this criterion is met by the current Chair. **(Please see 15 re assessment of core skills against those set out in CIPFA Guidance 2013)**
14	Are arrangements in place to support the committee with briefings and training?	YES				This Committee has had induction training along with Specific training on TM and RM is on the Members Training programme administered by HR. The Committee also has an annual self-assessment of its effectiveness which includes an update on the Committee's role and latest regulation and guidance for Audit Committees.

No	Question				Comments
					Workshop Comments: Members considered that training arrangements were adequate. However, members believed that more briefing sessions on specific concerns and issues would be of benefit rather than such information being provided as part of normal meetings.
15	Has the membership of the committee of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			NO	No formal assessment against the core knowledge and skills framework set out in the 2013 CIPFA Guidance has taken place to date. **Workshop Comments:** Formal self assessment against core knowledge and skills to be undertaken by Members ion 2015 to determine any skills gaps and training needs.
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	YES			All attend each Audit Committee along with regular attendance from the portfolio holder and Deputy Chief Executive. **Workshop Comments:** Members believed that relations with supporting officers were satisfactory.
17	Is adequate secretariat and administrative support to the committee provided?	YES			Committee Clerks send out agenda and take minutes. Translation Unit attend each meeting. Agendas are sent out in advance of meetings. **Workshop Comments:** Members believed support to be satisfactory.
Effectiveness of the Committee					
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			NO	The Committee did have some feedback from the WAO following the previous Workshop. There is currently no formal process in place for the regular review and provision of feedback from other regular attendees of the Audit Committee or from those relying on its work. **Workshop Comments:** Members requested that a process be out in place for the annual obtaining of feedback from regular attendees and those relying on its work.

19	Has the committee evaluated whether and how it is adding value to the organisation?					Such evaluation is undertaken as part of the annual Workshop review of the Committee's effectiveness. The Committee Chair also considers how the Committee adds value as part of his annual report to the Council. **Workshop Comments:** Members considered that one method of determining if the Committee was adding value would be for the Committee to review its log of issues raised and evaluate the outcome of each following the Committee's input.
		YES				
20	Does the committee have an action plan to improve any areas of weakness?	**YES**				An action plan is produced after each Workshop and included in a report on the workshop and outcomes to the next full Audit Committee. **Workshop Comments:** Action plan to be produced from the outcome of the Workshop held on 19-01-15.

Summary of Results by Area

Area Considered	Yes	Partly	No	Total
Audit Committee purpose and governance	3	3	0	6
Functions of the Audit Committee	5	0	0	5
Membership and support	5	0	1	6
Effectiveness of the Committee	2	1	0	3
	15	**4**	**1**	**20**
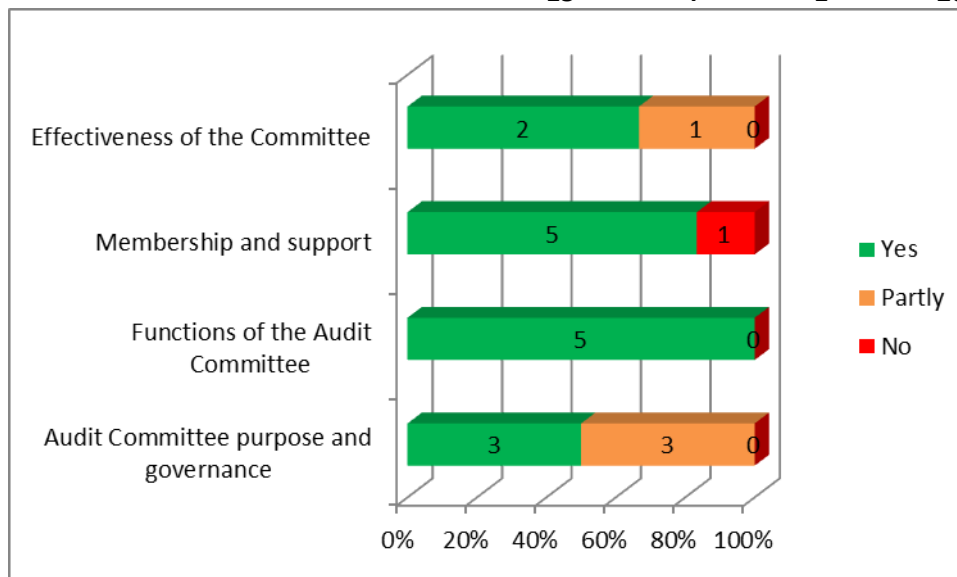
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Evaluating the Effectiveness of the Audit Committee

CIPFA - Audit Committees / Practical Guidance for Local Authorities 2013

Evaluating the Effectiveness of the Audit Committee – Updated Following Presentation to the Audit Committee Workshop held on 19-01-15

	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**	**Overall assessment: 5-1**
1	Promoting the principles of good governance and their application to decision making.	Providing robust review of the AGS and the assurances underpinning it. Working with key members/governors to improve their understanding of the AGS and their contribution to it. Supporting reviews/audits of governance arrangements. Participating in self-assessments of governance arrangements. Working with partner adult committees to review governance arrangements in partnerships.	• Review of AGS; • Support for governance reviews throughout year from IA and WAO etc. • Involved in review of AGS – becoming involved in supporting the development of a governance assurance framework; • Self assessment workshops including governance. **Suggested Areas for Improvement:** • Member suggested that the following the proposed revision and update of the Committee's TOR that for each term an explanation of how the Committee can meet the requirements of the term and what assurance is available to them for each should be produced. This will assist in the development of an Assurance Framework for the Committee and help in developing its calendar of work. • Members requested that the log of matters raised and discussed at Committee be maintained to support	4

			its role on promoting good governance.	
2	Contributing to the development of an effective control environment	Monitoring the implementation of recommendations from auditors. Encouraging ownership of the internal control framework by appropriate managers. Raising sufficient concerns over controls with appropriate senior managers.	•Monitor implementation rate of IA reviews in Audit Manager's Progress Report; •Call in Managers to explain control weaknesses in Red reports; **Suggested Areas for Improvement:** •Extend recommendation tracking to all reports – need to support a central register of recommendations, actions and implementation. • Members have put forward the adoption of the establishment of work groups which would meet in the interim between formal meetings of the Audit Committee and which would focus on specific areas in greater detail and depth than a committee setting will allow. Such work groups to involve relevant senior managers and relevant non Audit Committee Members.	4
3	Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risk.	Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking. Monitoring improvements. Holding risk owners to account for major/strategic risks.	•The Audit Committee has continued to challenge the time taken to fully implement risk management into the Council. •The Committee has supported the establishment – But that support has not been effective in producing the desired result. **Suggested Areas for Improvement:** •The Committee should continue to challenge officers as to why this process has not been fully embedded. •A report on progress is scheduled for the April 2015 meeting of the Audit Committee.	2

The row number in the first column shows "4" next to row 2 and "2" next to row 3 in the leftmost column.

| 4 | Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively. | Specifying its assurance needs, identifying gaps or overlaps in assurance.
Seeking to streamline assurance gathering and reporting.
Review the effectiveness of assurance providers, e.g. internal audit, risk management, external audit. | • The Committee had begun to include the review of the governance assurance framework on its calendar for 2014 but this has not occurred for some time. Development of a documented Assurance Framework seems to have halted.
• Members have requested that an Assurance Framework be provided for the revised TOR of the Committee which would be welcomed as restarting the development of a corporate Assurance Framework.
Suggested Areas for Improvement:
• Request that senior management recommence the development of corporate Assurance Framework linked to the work undertaken to produce the Annual Governance Statement.
• Members believe that the Audit Committee needs to be more pro active in communicating areas of concern to the Council and to SLT and HofS. | 3 |
| 5 | Support the quality of the internal audit activity, particularly by underpinning its organisational independence. | Reviewing the audit charter and functional reporting arrangements.
Assessing the effectiveness of internal audit arrangements and supporting improvements. | • The Committee reviews the Internal Audit Charter and Protocol which includes its independence;
• Receive progress report from IA on a regular basis;
• Approve the IA Plan each year including a review of the resources necessary to implement the Operational Internal Audit Plan.
Suggested Areas for Improvement:
• As above – could consider ways in which the effectiveness of internal audit, risk can be reviewed and measured. Requirement for IA to do so every five years in PSIAS. | 4 |

6	Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, and control and assurance arrangements.	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. Reviewing the effectiveness of performance management arrangements.	•The Committee does aid in these respects by its work and support during the year. •The Audit Committee Matters Raised Log supports the Committee's supporting these areas. **Suggested Areas for Improvement:** •The Committee does not review major projects and programmes; •The Committee does not review performance arrangements.	3
7	Supporting the development of robust arrangements for ensuring value for money.	Ensuring that assurance on the value for money arrangement is included in the assurances receiving by the audit committee. Considering how performance in value for money is evaluated as part of the AGS.	**Suggested Areas for Improvement:** •The VFM conclusion covers a number of elements of efficiency, effectiveness and economy and is much more far reaching than VFM issues. •VFM is to be included in the proposed revision of the Committee's TOR. •The specific criteria for the conclusion on VFM are: •Securing financial resilience (AC review of MTFP); •Challenging how it secures economy, efficiency and effectiveness. •Internal Audit is to include a review of VFM arrangements within Services early in 2015/16 and present the findings back to the Audit Committee. The results could form the basis of an initial work group of the Committee involving relevant Heads of Service. (Please see suggested improvements at 2 above).	1
8	Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption	Reviewing arrangements against the standard set out in CIPFA's *Managing the Risk of Fraud* (Red Book 2). Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.	•The Committee receives an Annual Fraud Report detailing the results of the work undertaken during the year. •The newly appointed Counter Fraud Officer is undertaking the Council's	2

	risks.	Assessing the effectiveness of the ethical governance arrangements for both staff and governors.	first formal fraud and error risk assessment and will be reporting the results to the Committee early in 2015/16. **Suggested Areas for Improvement:** ●Fraud risks and mitigation are not currently reported to the Committee; (but see above re report in 2015/16) ●The Committee does not review the Council's ethical governance arrangements for both staff and Members.	
9	Promoting effective public reporting to the authority's stakeholders and local community and measures to provide transparency and accountability.	Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.	The agendas and minutes of Audit Committee meetings are publicised on the Council's web site. **Suggested Areas for Improvement:** ● The Committee does not currently have a role in promoting effective public reporting to the authority's stakeholders.	1

CIPFA - Audit Committees / Practical Guidance for Local Authorities 2013 - 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.

Audit Committee - Proposed Action Plan for Improvements

Guidance Reference	Area for Improvement	Action Required	Responsible Officer	Implementation Date
CIPFA Good Practice 2013 – section 1	**Terms of Reference**	Terms of Reference of the Audit Committee to be revised and updated in line with CIPFA Guidance and Position Statement.	**Section 151 Officer**	**30 April 2015**
CIPFA Good Practice 2013 – section 7	**Assurance Framework – Audit Committee**	Members agreed that when the revised TOR are issued an exercise be undertaken to go through each of the terms and to set out how the Committee is to comply with each and what assurance is available upon which the Committee can place reliance. This would produce an assurance framework for the Committee.	**Section 151 Officer**	**30 April 2015**
CIPFA Good Practice 2013 – section 2	**Purpose and Governance –** Raising the profile of the Committee and ensuring concerns are being considered at highest level of the Council.	More reporting to the Council and the Chief Executive – perhaps in the form of a Highlight report of key issues / risks identified at Audit Committee as and when appropriate.	**Audit Chair / S151 Officer**	**30 April 2015**
CIPFA Good Practice 2013 – section 4	As above	Need to consider how the Committee can liaise more with other Committees (Scrutiny, Standards) and with Council. Suggestion that the sharing of forward work programmes and mutual recommending of items for Committee attention would assist in this process. Approaching the other NW authorities Audit Committees and asking them how they achieve this would also assist.	**Audit Chair / S151 Officer**	**30 April 2015**
CIPFA Good Practice 2013 – section 2	Ensuring significant issues from core role are met.	The annual review (and thereafter ongoing review) by Members of the key risk areas at the beginning of each year and ensuring that each are dealt with in detail during the year.	**Chair / Committee Members**	**30 April 2015**
CIPFA Good Practice 2013 – section 6 & 18	External evaluation of effectiveness	Members requested that the WAO be approached to provide an independent view of the Committee's performance. Members also believed that other regular attendees of the Committee; e.g. Portfolio Holder, Deputy Chief Executive; S151 Officer, Chief Audit Executive; PWC could also be requested for their opinion of the Committee's performance.	**Chair / Chief Audit Executive**	**30 May 2015**
CIPFA Good	**Functions of the Audit**	Internal Audit to carry out review of VFM arrangements within	**Chief Audit**	**30 May 2015**

Practice 2013 – section 7	**Committee** – Value for Money	services and to present this to the AC early in 2015/16.	**Executive**	
CIPFA Good Practice 2013 – section 8	**Functions of the Audit Committee** – Calendar and frequency of meetings	The Chair to continue to review the Committee calendar of work and the number of meetings held. Members requested that the agendas for any additional meetings concentrated on the key concerns of the Committee to allow adequate time to discuss the issues involved.	**Chair of the Audit Committee**	**31 March 2015**
CIPFA Good Practice 2013 – section 14	**Membership and Support** – Training arrangements	Members requested more briefing sessions on specific concerns and issues would be of benefit rather than such information being provided as part of formal training sessions and meetings.	**Chair / Chief Audit Executive**	**30 May 2015**
CIPFA Good Practice 2013 – section 15	**Membership and Support** – Knowledge and skills	Formal self assessment against core knowledge and skills to be undertaken by Members ion 2015 to determine any skills gaps and training needs.	**Membership Training Officer**	**30 June 2015**
CIPFA – Effectiveness 2013 – Section 1	**Promoting good governance**	Members requested that the log of matters raised and discussed at Committee be maintained to support its role on promoting good governance.	**Chief Audit Executive**	**Ongoing**
CIPFA – Effectiveness 2013 – Section 2	**Developing an effective control environment**	Extend recommendation tracking to all reports – need to support a central register of recommendations, actions and implementation. An Internal Audit report recommending this was made in 2011/12 and remains outstanding.	**S151 to liaise with SLT**	**30 April 2015**
CIPFA – Effectiveness 2013 – Section 2	As above	The establishment of work groups which would meet in the interim between formal meetings of the Audit Committee and which would focus on specific areas in greater detail and depth than a committee setting will allow. Such work groups to involve relevant senior managers and relevant non Audit Committee Members.	**Chair / Committee Members**	**30 April 2015**
CIPFA – Effectiveness 2013 – Section 5	**Performance of Internal Audit**	Consider ways in which the effectiveness of internal audit and risk can be reviewed and measured. Requirement for IA to do so every five years in PSIAS.	**Chief Audit Executive**	**30 April 2015**
CIPFA – Effectiveness 2013 – Section 6	**Aiding achievement of the authority's goals.**	Consider whether the Audit Committee should add reviews of major projects and the Council's performance arrangements to its current work programme.	**Chair / Committee Members**	**30 April 2015**

CIPFA – Effectiveness 2013 – Section 7	Promoting effective public reporting	Contact other Welsh authorities to ascertain and evaluate how they comply with this best practice guidance and make report to the Audit Committee.	Chief Audit Executive	30 April 2015

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