

## Appendix 3

### Evaluating the effectiveness of the audit committee

#### 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.

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 (see key above)	Other Comments
Promoting the principles of good governance and their application to decision making	<ul style="list-style-type: none"> <li>• Supporting the development of a local code of governance</li> <li>• Providing robust review of the AGS and the assurances underpinning it.</li> <li>• Working with key members to improve their understanding of the AGS and their contribution to it.</li> <li>• Supporting review/audits of</li> </ul>			

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	<p>governance arrangements.</p> <ul style="list-style-type: none"> <li>• Participating in self-assessments of governance arrangements.</li> <li>• Working with partner audit committees to review governance arrangements in partnerships.</li> </ul>			
Contributing to the development of an effective control environment	<ul style="list-style-type: none"> <li>• Actively monitoring the implementation of recommendations from auditors.</li> <li>• Encouraging ownership of the internal control framework by appropriate managers.</li> <li>• Raising significant concerns over controls with appropriate senior managers.</li> </ul>			
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<ul style="list-style-type: none"> <li>• Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking.</li> <li>• Monitoring improvements.</li> <li>• Holding risk owners to account for major / strategic</li> </ul>			

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	risks.			
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<ul style="list-style-type: none"> <li>• Specifying its assurance needs, identifying gaps or overlaps in assurance.</li> <li>• Seeking to streamline assurance gathering and reporting.</li> <li>• Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</li> </ul>			
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<ul style="list-style-type: none"> <li>• Reviewing the audit charter and functional reporting arrangements.</li> <li>• Assessing the effectiveness of internal audit arrangements and supporting improvements.</li> <li>• Actively supporting the quality assurance and improvement programme of internal audit</li> </ul>			
Aiding the achievement of the authority's goals and objectives through	<ul style="list-style-type: none"> <li>• Reviewing how the governance arrangements support the achievement of</li> </ul>			

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helping to ensure appropriate governance, risk, control and assurance arrangements.	<p>sustainable outcomes</p> <ul style="list-style-type: none"> <li>• Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.</li> <li>• Reviewing the effectiveness of performance management arrangements.</li> </ul>			
Supporting the development of robust arrangements for ensuring value for money.	<ul style="list-style-type: none"> <li>• Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee.</li> <li>• Considering how performance in value for money is evaluated as part of the AGS.</li> </ul>			
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<ul style="list-style-type: none"> <li>• Reviewing arrangement against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014)</li> <li>• Reviewing fraud risks and the effectiveness of the organisation’s strategy to</li> </ul>			

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	<p>address those risks.</p> <ul style="list-style-type: none"> <li>• Assessing the effectiveness of ethical governance arrangements for both staff and members.</li> </ul>			
<p>Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability</p>	<ul style="list-style-type: none"> <li>• Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.</li> <li>• Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.</li> <li>• Publishing an annual report from the committee.</li> </ul>			