

## Evaluating the Effectiveness of the Audit Committee

### Assessment key

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| 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  Details of action to be taken to strengthen compliance.	Overall assessment: 5 – 1 See key above
Promoting the principles of good governance and their application to decision making.	<ul style="list-style-type: none"> <li>• Providing robust review of the AGS and the assurances underpinning it.</li> <li>• Working with key members/governors to improve their understanding of the AGS and their contribution to it.</li> <li>• Supporting reviews/audits of governance arrangements.</li> <li>• Participating in self-assessments of governance arrangements.</li> <li>• Working with partner audit committees to review governance arrangements in partnerships.</li> </ul>	<p>A robust review of the AGS is performed annually.</p> <p>Review &amp; approve the Code of Corporate Governance annually.</p> <p>Governance Audits and partnership arrangements together with contract monitoring reviews are undertaken within the annual internal Audit plans.</p>	5
Contributing to the development of an effective control environment.	<ul style="list-style-type: none"> <li>• 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>	<p>Regular progress regarding the implementation of high level recommendations is reported. Managers have the ability to raise concerns direct with the Committee should they wish to do so.</p> <p>Following receipt of limited assurance reports the Committee has written to Officers and Elected Members to raise any concerns they may have had regarding the control environment.</p>	5

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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 managing benchmarking.</li> <li>• Monitoring improvements.</li> <li>• Holding risk owners to account for major/strategic risks.</li> </ul>	<p>Oversight of the risk management arrangements has been strengthened in 2018. The strategic risk register was presented to the Audit &amp; Standards Committee in July 2018 with a further update on amended risks at the December 2018 Committee meeting. Risk management will continue to be included on future Committee meeting agendas (in accordance with the Forward Plan).</p>	4 was a 3
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, eg internal audit, risk management, external audit.</li> </ul>	<p>The Committee is aware of the key sources of assurance and who they are provided by.</p> <p>During 2018, the Committee has sought and received assurance over the External Auditor's processes for maintaining independence and monitoring compliance with standards. In addition, assurance was obtained regarding the contract</p>	5

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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>	<p>monitoring regime carried out by PSAA in relation to the External Auditor's regulatory compliance and quality compliance. The outcome of the quality reviews by the Financial Reporting Council (FRC) was also obtained.</p> <p>The reporting lines for Internal Audit are included within the Audit Charter which is approved annually by the Committee.</p> <p>The revised ToR makes explicit reference to the Quality Assurance and Improvement Programme.</p>	5
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	<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>	<p>The Audit and Standards Committee have continued to receive in 2018/19 the top 10 risk audit reports (regardless of opinion) along with all limited assurance reports. In addition, project work/reviews continue to be reported to the Audit &amp; Standards Committee as and when required. For example, as part of the</p>	4 was a 2

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		<p>Outturn Report, the suite of audit work carried out in relation to the SAP replacement programme was presented to the Committee in June 2018.</p>	
		<p>In addition, in October 2018 the Committee received assurance over the governance arrangements for the Stoke and Staffordshire Local Enterprise Centre (SSLEP).</p>	
		<p>In March 2019, the Committee is to receive assurance over the Care Director – Digital by Design Project. A review on ICT governance has also been reported to the Audit &amp; Standards Committee in July 2018.</p>	
		<p>The Audit &amp; Standards Committee will continue to receive the full audit report for</p>	

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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>	<p>all high-risk audit reviews regardless of the opinion in 2019/20.</p> <p>The Committee focuses on Value for Money arrangements through the assurances that it receives on going throughout the year. A key source is the External Auditors Value for Money opinion.</p>	4
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 arrangements against the standards set out in CIPFA's <i>Managing the Risk of Fraud</i> (Red Book 2).</li> <li>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</li> <li>Assessing the effectiveness of ethical governance arrangements for both staff and governors.</li> </ul>	<p>The Committee consider fraud related risks as part of the annual audit plan. The results of the proactive fraud work together with the details regarding any special investigations performed are reported as part of the annual Outturn Report.</p> <p>Members have received a briefing regarding the arrangements in place to meet the CIPFA Code of Practice. In addition, at the December 2018 meeting, the Committee received the results of the self-assessment against CIPFA's</p>	5

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Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	<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>Review 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>	<p>Fighting Fraud and Corruption Locally 2016-2019 strategy.</p> <p>All reports are requested to be written in plain English and are accessible to members of the public via the Council's website.</p> <p>The revised ToR has a section on 'Accountability Arrangements' which includes the requirement for the Committee to publish an annual report on its work including its performance in relation to the ToR and its effectiveness in meeting its purpose. The production and precise timing for this report will need to be agreed by the Committee but it is envisaged that the first published report will be in 2019, in accordance with the ToR.</p>	5