



Assessing the Effectiveness of the Audit Committee

| Issue | Yes | No | Partial | Evidence |
|--|-----|----|---------|---|
| Terms of Reference | | | | |
| 1. Have the committee's terms of reference been approved by full council? | ✓ | | | Approved by Full Council, 23rd March 2006: http://www.darlington.gov.uk/PublicMinutes/Council/March%2023%202006/Item%2011%20Audit%20Committee.pdf |
| 2. Do the Terms of reference follow the CIPFA model? | ✓ | | | See Appendix 1 of the above report: |
| Internal Audit Process | | | | |
| 1. Does the committee approve the strategic audit approach and the annual audit programme? | ✓ | | | The programme is approved annually by the Committee: http://www.darlington.gov.uk/PublicMinutes/Audit%20Committee/July%2012%202006/Item%206%20Annual%20Audit%20Plan.pdf |
| 2. Is the work of internal audit reviewed regularly? | ✓ | | | Progress reports are submitted to the Committee on a quarterly basis: http://www.darlington.gov.uk/PublicMinutes/Audit%20Committee/March%2028%202007/Item%206.pdf |
| 3. Are summaries of quality questionnaires from managers reviewed? | ✓ | | | Performance statistics including questionnaires is reported quarterly see link below page 14, Appendix C, Key Performance Indicators 06/07: http://www.darlington.gov.uk/PublicMinutes/Audit%20Committee/March%2028%202007/Item%206.pdf |
| 4. Is the annual report, from the head of audit, presented to the committee? | ✓ | | | Presented annually: 05/06 was presented to Cabinet, 06/07 will be presented to the Audit Committee in June 07: Link to Annual Report 05/06: http://www.darlington.gov.uk/PublicMinutes/Cabinet/June%206%202006/Item%2015%20Audit%20Services%20Annual%20Report.pdf |

| External Audit Process | | | | |
|--|---|--|--|---|
| 1. Are reports on the work of external audit and other inspection agencies presented to the committee? | ✓ | | | Yes see link to agenda's for examples: http://www.darlington.gov.uk/PublicMinutes/Audit%20Committee/July%2012%202006/Agenda.pdf |
| 2. Does the committee input into the external audit programme? | ✓ | | | The programme and outputs are reported to the Committee for scrutiny and approval. This function is provided for in the Committee's Terms of Reference. |
| 3. Does the committee ensure that officers are acting on and monitoring action taken to implement recommendations? | ✓ | | | A report is taken to the Committee quarterly on progress made in implementing recommendations: |
| 4. Does the committee take a role in overseeing: | | | | All the roles below are provided for in the Committee's Terms of Reference. See attached link, Terms of reference appended to Council Report: http://www.darlington.gov.uk/PublicMinutes/Council/March%2023%202006/Item%2011%20Audit%20Committee.pdf |
| Risk management strategies | ✓ | | | See attached example of agendas / reports: http://www.darlington.gov.uk/PublicMinutes/Audit%20Committee/December%2020%202006/Agenda.pdf |
| Internal control statements | ✓ | | | As above: http://www.darlington.gov.uk/PublicMinutes/Audit%20Committee/July%2012%202006/Agenda.pdf |

Appendix 2

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| Anti-fraud arrangements | ✓ | | | As above: http://www.darlington.gov.uk/PublicMinutes/Audit%20Committee/December%2020%202006/Agenda.pdf |
| Whistle blowing strategies | ✓ | | | As above: http://www.darlington.gov.uk/PublicMinutes/Audit%20Committee/December%2020%202006/Agenda.pdf |
| Membership | | | | |
| 1. Has the membership of the committee been formally agreed and a quorum set? | ✓ | | | Approved at Council 23rd March 2006, 2 Labour group members, one Conservative group member, one officer from another LA as a co-opted non voting member. |
| 2. Is the chair free of executive or scrutiny functions? | ✓ | | | The chair is restricted from being a member of Cabinet. Minute 100, 23rd March 2006, Full Council applies. |
| 3. Are members sufficiently independent of the other key committees of the councils? | ✓ | | | Membership of the Committee be restricted to one Cabinet and one Scrutiny member and that the Chair not be a member of Cabinet. Minute 100, 23rd March 2006, Full Council applies. In addition the co-opted member from an external Local Authority further bolsters the independent function. |
| 4. Have all members' skills and experience been assessed and training given for identified gaps? | ✓ | | | Initial training on role and responsibilities undertaken by Richard king, Chair of CIPFA Audit Panel, Summer 06. Specific training on the Council's internal control framework, SIC process, approach and methodology developed by Internal Audit, production of accounts, delivered in house by Audit and Accounting Services. |
| 5. Can the committee access other committees as necessary? | ✓ | | | This is provided for with in the report to Council 23rd march 2006, Para 10. |

| Meetings | | | | |
|---|---|--|--|--|
| 1. Does the committee meet regularly | ✓ | | | 4 times per year |
| 2. Are separate, private meetings held with the external auditor and internal auditor? | ✓ | | | As required. |
| 3. Are meetings free and open without political influences being displayed? | ✓ | | | |
| 4. Are decisions reached promptly? | ✓ | | | See minutes of meetings. |
| 5. Are agenda papers circulated in advance of meetings to allow adequate preparations by members? | ✓ | | | See link to example of agenda noting agenda and meeting dates. Circulation of papers is done in accordance with timescales laid down by Democratic Services. http://www.darlington.gov.uk/PublicMinutes/Audit%20Committee/July%2012%202006/Agenda.pdf |
| 6. Does the committee have the benefit of attendance of appropriate officers at its meetings? | ✓ | | | Council officers and representatives from External Audit and other bodies where appropriate attend the committee as required depending upon the make up of the agenda. |

Appendix 2

| Training | | | | |
|---|---|--|--|---|
| 1. Is induction training provided to members? | ✓ | | | <p>Training has been provided in respect of the role of the audit service and in respect of Risk Management.</p> <p>\\OA-SERVER\SHARED\$\DocLib\Corporate\Audit\Assessing the Effectiveness of the Audit Committee\0607 Presentation to Audit Committee re Audit.ppt</p> <p>\\OA-SERVER\SHARED\$\DocLib\Corporate\Audit\Assessing the Effectiveness of the Audit Committee\0607 Presentation to Audit Committee re Risk Management.ppt</p> <p>Overviews have also been given on the Financial and Accounting practices of the Council and PwC have provided an overview of their external audit role and responsibilities .</p> |
| 2. Is more advanced training available as required? | ✓ | | | <p>Further training is to be provided shortly in respect of the actual audit process. Other more advanced training is available if required by the committee.</p> |
| Administration | | | | |
| 1. Does the authority's s151 officer attend all meetings? | ✓ | | | <p>Unless apologies given.</p> |
| 2. Are the key officers available to support the committee? | ✓ | | | <p>See nos. 6, "Meetings" above.</p> |