

Audit Committee – 24 September 2018

Review of the Effectiveness of the Audit Committee

1. Summary of the report

- 1.1 This reports provides the Audit Committee with an update on the arrangements for undertaking a review of the ‘effectiveness of the Audit Committee’ as recommended by CIPFA and seeks the agreement of Members to a phased approach.
- 1.2 This report provides for:
- An assessment against the good practice checklist for consideration.
 - Consideration of knowledge and training requirements.
 - Next steps to complete the evaluation of the effectiveness of the Audit Committee.

2. Recommendations

Audit Committee is recommended to:

- 2.1. Note the CIPFA recommendation to undertake a regular assessment of Audit Committee effectiveness and consider the frequency of this.
- 2.2. Consider the attached assessment against the ‘Good Practice Checklist’ and actions arising, amend as appropriate and approve the action plan.
- 2.3. Note the responses in relation to the ‘Knowledge Self-Assessment’ that Audit Committee members were requested to complete and comment on any further action needed.
- 2.4. Note the responses in relation to the ‘Evaluating Effectiveness assessment’ that Audit Committee members were requested to complete.
- 2.5. Comment on and agree to the suggested next steps to complete the evaluation of the Effectiveness of the Audit Committee.

3. Background

- 3.1 The CIPFA Position Statement (Appendix 1) on Audit Committees sets out the key principles that CIPFA recommends for Audit Committees operating in local government. To accompany the Position Statement, CIPFA has published additional guidance - as set out in the “Audit Committee: Practical Guidance for Local Authorities and Police” guidance document (2018 edition) - to support the establishment, operation and effectiveness of Audit Committees. This covers:

- the core functions of the Committee, including details of the relevant legislation and professional standards that Committee members should be aware of.
- a Knowledge and Skills Framework to support the appointment, training and development of Audit Committee members and,
- resources to enable self-evaluation and improvement planning.

3.2 CIPFA recommends that an assessment exercise is undertaken regularly by the Audit Committee to ensure that its effectiveness is reviewed. The previous assessment was undertaken in 2015/16 and reported to Committee in January 2016. Audit Committee are due to consider the next review of the 'Effectiveness of the Audit Committee' as part of the 2018/19 approved work programme. This is proposed to be undertaken using CIPFA's guidance

3.3 This guidance incorporates 3 evaluation means, comprising:

- A Good Practice checklist - Using the recommended practice in this publication should help the authority to achieve a good standard of performance. This evaluation is intended to support an assessment against recommended practice to inform and support the Audit Committee. Where an Audit Committee has a high degree of performance against the good practice principles, then it is an indicator that the Committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective Audit Committee. *This is supported by:*
- A Knowledge Self-Assessment form to evaluate overall skills and knowledge on the committee and assess training needs (Knowledge self assessment form attached at Appendix 3). This is intended to guide members on their training needs and to evaluate the overall knowledge and skills of the Committee. Members were asked to complete this.
- An assessment tool to help Audit Committee Members' consider where the Committee is most effective and where there may be scope to do more (Evaluating Effectiveness document attached at Appendix 4). To be considered effective, the Audit Committee should be able to identify evidence of its impact or influence linked to specific improvements. Members were asked to complete this. At the time of despatch of the report, 2 returns had been received.

4. **Effectiveness of Audit Committee Assessment**

- 4.1 Officers have populated the CIPFA Good Practice Checklist to aid as a discussion document for Audit Committee's consideration and this is attached at Appendix 2.
- 4.2 The 'Knowledge Self-Assessment' form was sent to Audit Committee members for completion, to allow Audit Committee to consider the knowledge and experience of the collective Committee, and to aid future training and any tailored training and development requirements. At the time of despatch of the

report, 2 returns had been received. It is recommended that all members complete this assessment.

- 4.3 The 'evaluating effectiveness' assessment form was also sent to members and at the time of despatch, 2 returns were received.
- 4.4 The timing of this review was set for 2018 as it was considered a reasonable timeframe since the previous review was undertaken. During 2018, a revised version of CIPFA's Position Statement and supporting guidance has been issued. In addition, whilst there has been consistency of membership in relation to the Independent Member and several longer standing members, there has also been a level of turnover and new membership.
- 4.5 The CIPFA guidance has changed considerably in its focus. As such, members are asked to consider the timing of the review and a two staged approach:

Stage 1 - completion of the knowledge self-assessment and a review of any further training requirements, and implementation to address actions arising from the Good Practice Checklist assessment (Appendix 2).

Stage 2 – completion of the effectiveness evaluation.



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Appendix 1

Extract of CIPFA's Position Statement: Audit Committees in Local Authorities

1. Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
2. The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.
3. Authorities should adopt a model that establishes the committee as independent and effective. The committee should:
 - act as the principal non-executive, advisory function supporting those charged with governance.
 - in local authorities, be independent of both the executive and the scrutiny functions and include an independent member where not already required to do so by legislation.
 - have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups.
 - be directly accountable to the authority's governing body.
4. The core functions of an audit committee are to:
 - be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
 - in relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and professionalism
 - support the effectiveness of the internal audit process
 - promote the effective use of internal audit within the assurance framework
 - consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations.

- monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption.
- consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.
- support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
- review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

5. An audit committee can also support its authority by undertaking a wider role in other areas including:

- considering governance, risk or control matters at the request of other committees or statutory officers.
- working with local standards and ethics committees to support ethical values.
- reviewing and monitoring treasury management arrangements in accordance with [Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes](#) (CIPFA, 2017).
- providing oversight of other public reports, such as the annual report.

6. Good audit committees are characterised by:

- a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. The political balance of a formal committee of a council will reflect the political balance of the council, however, it is important to achieve the right mix of apolitical expertise.
- a membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives.
- a strong independently minded chair – displaying a depth of knowledge, skills and interest. There are many personal qualities needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - an interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime

- unbiased attitudes – treating auditors, the executive and management fairly.
- the ability to challenge the executive and senior managers when required.

7. To discharge its responsibilities effectively the committee should:

- meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public.
- be able to meet privately and separately with the external auditor and with the head of internal audit.
- include, as regular attendees, the CFO(s), the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required.
- report regularly on its work to those charged with governance, and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities.

Additional guidance to support those acting as audit committee members in local authorities can be found in CIPFA's publication *Audit Committees: Practical Guidance for Local Authorities and Police* (2018), available from www.cipfa.org.uk/publications

Audit Committee - Self-Assessment Checklist

Appendix 2

Good Practice Questions	Yes	Partly	No	Comments	Actions Arising
Audit Committee purpose and governance					
1. Does the authority have a dedicated audit committee?	√				
2. Does the audit committee report directly to full council?	√				
3. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	√			Purpose: "The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place".	
4. Is the role and purpose of the audit committee understood and accepted across the authority?	√			This can be further tested from actions arising from Q19.	See Q19.
5. Does the audit committee provide support to the authority in meeting the requirements of good governance?	√			Audit Committee role and remit sets out governance responsibilities, including consideration and approval of the Annual Governance Statement.	
6. Are the arrangements to hold the committee to account for its performance operating satisfactorily?	√			Annual report presented to Council.	Contents of next annual report to be reviewed against CIPFA guidance.

Good Practice Questions	Yes	Partly	No	Comments	Actions Arising
Functions of the Committee					
<p>7. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?</p> <ul style="list-style-type: none"> • good governance • assurance framework • internal audit • external audit • financial reporting • risk management • value for money or best value • counter fraud and corruption • supporting the ethical framework • 	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>			<p>The current terms of reference (TOR) are based on previous CIPFA statement and covers all core areas. The terms of reference has been reviewed against the 2018 CIPFA statement and covers all core areas apart from 'supporting the ethical framework' in full.</p> <p>The current TOR includes oversight of the effectiveness of whistleblowing arrangements, which is part of the counter fraud arrangements. The committee also considers any changes to the Local Code of Governance. Codes of Conduct are referred to Personnel (Officer) and Standards (Member) Committees.</p>	<p>Review the TOR and report revised TOR as required, to Full Council May 2019.</p>
8. Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	√			<p>Remit is reviewed as part of the review of the Constitution and as legislation changes (Accounts and Audit Regulations) and as part of the annual setting of the work programme.</p>	<p>A formal assessment against the checklist will be incorporated into the annual review of the work programme.</p>
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?		√		<p>Reviewed at first meeting of the year against core function as nominated by Council, rather than explicitly against CIPFA guidance. <i>Wider Area Covers:</i></p> <ul style="list-style-type: none"> • <i>considering governance, risk or control matters at the request of other committees or statutory officers</i> 	<p>A formal assessment will be incorporated into the annual review of the work programme.</p>

Good Practice Questions	Yes	Partly	No	Comments	Actions Arising
				<ul style="list-style-type: none"> • <i>working with local standards and ethics committees to support ethical values</i> • <i>reviewing and monitoring treasury management arrangements</i> • <i>providing oversight of other public reports, such as the annual report.</i> 	
10. Where coverage of core areas has been found to be limited, are plans in place to address this?				N/A, as Core areas covered in remit.	
11. Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	√				
Membership and support					
12. Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • consideration has been given to the inclusion of at least one independent members. 	√ √ √ √			Subject to confirmation from Knowledge self-assessment being undertaken by Committee members.	<i>Outcome of self-assessment to be discussed at 24 September Committee meeting.</i>

Good Practice Questions	Yes	Partly	No	Comments	Actions Arising
13. Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full Council?	√			Recruitment to second independent member did not complete.	
14. Does the chair of the committee have appropriate knowledge and skills?	√			Knowledge self-assessment being undertaken by Chairman.	
15. Are arrangements in place to support the committee with briefings and training?	√			Knowledge self-assessment being undertaken by Committee members. Training programme in development.	<i>Outcome of Knowledge self-assessment to be discussed at 24 September Committee meeting.</i>
16. Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		√		Knowledge self-assessment being undertaken by Committee members. Training programme in development.	<i>Outcome of Knowledge self-assessment to be discussed at 24 September Committee meeting.</i>
17. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	√				
18. Is adequate secretariat and administrative support to the committee provided?	√				

Good Practice Questions	Yes	Partly	No	Comments	Actions Arising
Effectiveness of the Committee					
19. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		√		Annual report presented to Council and discussed.	Consideration of mechanism to undertake this.
20. Are meetings effective with a good level of discussion and engagement from all members?	√				
21. Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?		√		Some discussion with managers, main assurance obtained for internal and external audit officers and CFO/Head of Finance. Some examples of risk owners invited to audit committee.	<i>Audit Committee may wish to consider if it wishes to engage further with managers.</i>
22. Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	√			Example of Risk management framework, Annual Governance Statement, Internal audit reports.	
23. Has the committee evaluated whether and how it is adding value to the organisation		√		Annual report produced, review of core functions undertaken.	<i>Outcome of Evaluating Effectiveness assessment to be discussed at 24 September Committee meeting.</i>
24. Does the committee have an action plan to improve any areas of weakness?		√		Training Programme. Actions from this checklist will support improvement.	

Good Practice Questions	Yes	Partly	No	Comments	Actions Arising
25. Does the committee publish an annual report to account for its performance and explain its work?	√			<p>The guidance contains areas of suggested coverage of an annual report that sets out how the Committee has fulfilled its responsibilities.</p> <p>The aspects that should be specifically considered include:</p> <ul style="list-style-type: none"> • whether the committee has fulfilled its agreed terms of reference • whether the committee has adopted recommended practice • whether the development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities • whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review • what impact the committee has on the improvement of governance, risk and control within the authority. 	Next annual report to be mapped against the CIPFA guidance for annual reporting.

Audit Committee Knowledge Self-Assessment

Knowledge Area	Details of core knowledge required	How the audit committee member is able to apply the knowledge	Do you meet these requirements?		Further training needs identified/comments
			✓	X	
Organisational knowledge	<ul style="list-style-type: none"> • An overview of the governance structures of the authority and decision-making processes. • Knowledge of the organisational objectives and major functions of the authority. 	<ul style="list-style-type: none"> • This knowledge will be core to most activities of the audit committee including review of the Annual Governance Statement, internal and external audit reports and risk registers. 			
Audit committee role and functions	<ul style="list-style-type: none"> • An understanding of the audit committee's role and place within the governance structures. Familiarity with the committee's terms of reference and accountability arrangements. • Knowledge of the purpose and role of the audit committee. 	<ul style="list-style-type: none"> • This knowledge will enable the audit committee to prioritise its work in order to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others. 			
Governance	<ul style="list-style-type: none"> • Knowledge of the seven principles of the CIPFA/SOLACE Good Governance Framework and the requirements of 	<ul style="list-style-type: none"> • The committee will review the local code of governance and consider how governance 			

Knowledge Area	Details of core knowledge required	How the audit committee member is able to apply the knowledge	Do you meet these requirements?		Further training needs identified/comments
			✓	X	
	<p>the Annual Governance Statement (AGS).</p> <ul style="list-style-type: none"> • Knowledge of the local code of governance. 	<p>arrangements align to the principles in the framework.</p> <ul style="list-style-type: none"> • The committee will plan the assurances it is to receive in order to adequately support the AGS. • The committee will review the AGS and consider how the authority is meeting the principles of good governance. 			
Internal audit	<ul style="list-style-type: none"> • An awareness of the key principles of the <i>Public Sector Internal Audit Standards</i> and the <i>Local Government Application Note</i>. • Knowledge of the arrangements for delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled. 	<ul style="list-style-type: none"> • The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards. • The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. The committee will also receive the annual report, 			

Knowledge Area	Details of core knowledge required	How the audit committee member is able to apply the knowledge	Do you meet these requirements?		Further training needs identified/comments
			✓	X	
		<p>including an opinion and information on conformance with professional standards.</p> <ul style="list-style-type: none"> • In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed. • The audit committee is likely to be interviewed as part of the quality assessments and the committee will receive the outcome of the assessment and action plan. 			
Financial management and accounting	<ul style="list-style-type: none"> • Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. • Understanding of good financial management principles. 	<ul style="list-style-type: none"> • Reviewing the financial statements prior to publication, asking questions. • Receiving the external audit report and opinion on the financial audit. 			

Knowledge Area	Details of core knowledge required	How the audit committee member is able to apply the knowledge	Do you meet these requirements?		Further training needs identified/comments
			✓	X	
	<ul style="list-style-type: none"> • Knowledge of how the organisation meets the requirements of the role of the chief financial officer, as required by the <i>The Role of the Chief Financial Officer in Local Government (CIPFA, 2016)</i>. 	<ul style="list-style-type: none"> • Reviewing both external and internal audit recommendations relating to financial management and controls. • The audit committee should consider the role of the CFO and how this is met when reviewing the AGS. 			
External audit	<ul style="list-style-type: none"> • Knowledge of the role and functions of the external auditor and who currently undertakes this role. • Knowledge of the key reports and assurances that external audit will provide. • Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken. 	<ul style="list-style-type: none"> • The audit committee should meet with the external auditor regularly and receive their reports and opinions. • Monitoring external audit recommendations and maximising benefit from audit process. • The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective 			

Knowledge Area	Details of core knowledge required	How the audit committee member is able to apply the knowledge	Do you meet these requirements?		Further training needs identified/comments
			✓	X	
		service.			
Risk management	<ul style="list-style-type: none"> • Understanding of the principles of risk management, including linkage to good governance and decision making. • Knowledge of the risk management policy and strategy of the organisation. • Understanding of risk governance arrangements, including the role of members and of the audit committee. 	<ul style="list-style-type: none"> • In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements and should also have awareness of the major risks the authority faces. • Keeping up to date with the risk profile is necessary to support the review of a number of audit committee agenda items, including the risk-based internal audit plan, external audit plans, and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee. • The committee should also review reports and action plans to develop the application of risk 			

Knowledge Area	Details of core knowledge required	How the audit committee member is able to apply the knowledge	Do you meet these requirements?		Further training needs identified/comments
			✓	X	
		management practice.			
Counter-fraud	<ul style="list-style-type: none"> • An understanding of the main areas of fraud risk the organisation is exposed to. • Knowledge of the principles of good fraud risk management practice in accordance with the <i>Code of Practice on managing the Risk of Fraud and Corruption</i> (CIPFA 2014). • Knowledge of the organisation's arrangements for tackling fraud. 	<ul style="list-style-type: none"> • Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy. • An assessment of arrangements should support the AGS and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment. 			
Values of good governance	<ul style="list-style-type: none"> • Knowledge of the Seven Principles of Public Life. • Knowledge of the authority's key arrangements to uphold 	<ul style="list-style-type: none"> • The audit committee member will draw on this knowledge when reviewing governance issues and the AGS. 			

Knowledge Area	Details of core knowledge required	How the audit committee member is able to apply the knowledge	Do you meet these requirements?		Further training needs identified/comments
			✓	X	
	<p>ethical standards for both members and staff.</p> <ul style="list-style-type: none"> • Knowledge of the whistleblowing arrangements in the authority. 	<ul style="list-style-type: none"> • Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported. 			

Evaluating the Effectiveness of the Audit Committee

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
Promoting the principles of good governance and their application to decision making.	<ul style="list-style-type: none"> • Supporting the development of a local code of governance. • Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it. • Working with key members 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 audit committees to review governance arrangements in partnerships. 		
Contributing to the development of an effective control environment.	<ul style="list-style-type: none"> • Actively monitoring the implementation of recommendations from auditors. • Encouraging ownership of the internal control framework by appropriate managers. • Raising significant concerns over controls with appropriate senior managers. 		
Supporting the	<ul style="list-style-type: none"> • Reviewing risk management arrangements and 		

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

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

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
	<ul style="list-style-type: none"> • Publishing an annual report from the 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.