



Leicester
City Council

WARDS AFFECTED:
ALL

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee
Council

29 September 2015
26 November 2015

**Annual Report of the Audit & Risk Committee to Council
for the municipal year 2014-15**

Report of the Director of Finance

1 PURPOSE OF REPORT

- 1.1 To present to the Council the annual report of the Audit & Risk Committee setting out what the Committee has achieved over the municipal year 2014-15.
- 1.2 There is no specific requirement for such a report. However, best practice is for the Audit & Risk Committee to be able to demonstrate its effectiveness in overseeing the City Council's control environment and this is reflected in the Committee's terms of reference. This report was presented to the Committee for approval at its meeting on 29 September 2015.

2 RECOMMENDATIONS

- 2.1 The Audit & Risk Committee is recommended to approve this report for submission to the Council.
- 2.2 The Council is recommended to receive this report.

3 SUMMARY

- 3.1 The Audit & Risk Committee has considered a wide range of business in fulfilment of its central role as part of the Council's system of corporate governance and internal audit and control. It has conducted its business in an appropriate manner through a programme of meetings and has fulfilled the expectations placed upon it.
- 3.2 The report covers the municipal year 2014-15 rather than the financial year so as to align with members' terms of office.

4 REPORT

4.1 The Committee's terms of reference had been reviewed and updated immediately prior to the beginning of the municipal year and the Committee had approved these at its meeting on 15 April 2014. A further update of the terms of reference was approved by the Committee at its final meeting of the municipal year, 31 March 2015. The terms of reference formally confer upon the Committee the role of 'the board' for the purposes of the *Public Sector Internal Audit Standards*, issued jointly by Chartered Institute of Public Finance & Accountancy and the Chartered Institute of Internal Auditors as the recognised professional standards for local authority internal audit.

4.2 The Committee is well established and has continued to make an important contribution to the effectiveness of the City Council's internal control and corporate governance frameworks. It is also a central component of the Council's system of internal audit.

Achievements of the Committee

4.3 During the municipal year 2014-15, the Committee met on seven occasions:

- 25 June 2014
- 30 July 2014
- 29 September 2014
- 29 October 2014
- 3 December 2015
- 4 February 2015
- 31 March 2015

The Committee's terms of reference require it to meet at least three times a year. All of the Committee's meetings have been properly constituted and quorate.

4.4 The appendices to this report give further information on the activities of the Committee during the municipal year 2014-15:

- Appendix 1 - a summary of the Committee's work according to its responsibilities under its terms of reference.
- Appendix 2 – an assessment of the effectiveness of the Committee against the criteria in *Audit Committees - Practical Guidance for Local Authorities and Police*, CIPFA 2013.

4.5 Key outcomes from the Committee's work:

The responsibilities of the Committee are set out in its terms of reference:

- The Committee has continued to keep its own terms of reference under review to ensure compliance with current best practice.
- The Committee's membership in 2014-15 was well established and experienced. Nonetheless, Members considered their training needs in support of their role on the Committee. In furtherance of this, they

received briefings on a number of relevant topics including: the published statement of accounts; the Regulation of Investigatory Powers Act 2000 (RIPA); the Council's approach to procurement; and the delivery of the Council's objectives for public health.

Internal Audit

- The Committee considered the Internal Audit annual and quarterly plans and monitored their delivery and outcomes during the year. The Committee also received the Internal Audit annual report and opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.
- The Committee reserves the right to summon relevant officers to attend its meetings to discuss in more depth specific issues raised by Internal Audit reports. This has helped to maintain the profile of the Committee and its role in promoting adherence to procedures and improved internal control.
- The Committee received and approved the annual review of the effectiveness of the Council's system of internal audit, as required under regulation 6(3) of the Accounts and Audit (England) Regulations 2011. Further detail on this is given below at paragraph 4.12.

Fraud

- The Committee maintained an effective overview of the Council's measures to combat fraud and financial irregularity. Specifically, the Committee:
 - Reviewed and approved the Council's updated Anti-Fraud, Bribery and Corruption Policy and Strategy
 - Considered the annual counter-fraud report, which brought together the various strands of counter-fraud work in 2013-14 with data on the various types of work carried out by the teams involved
 - Reviewed and supported the Council's participation in the National Fraud Initiative
 - Reviewed the Council's activity and performance under the Regulation of Investigatory Powers Act 2000 and the Disclosure Policy and Whistleblowing Policy.

External audit

- The Committee considered the external auditor's plans and progress and the outcomes of this work, with particular reference to the annual audit of the Council's statutory financial statements.
- The external auditor places reliance on Internal Audit work in connection with the external audit of the Council's accounts and the certification of certain grant claims and returns. The Committee has received reports on the outcomes of such work and to this extent is fulfilling its responsibility to promote an effective working relationship between the two audit functions.

Risk Management

- The Committee confirmed the Risk Management Strategy and Policy and Corporate Business Continuity Management Strategy. The Committee maintained a regular overview of the risk management arrangements including the Council's strategic and operational risk registers and 'horizon-scanning' for potential emerging risks to the Council and its business.
- The continued management of the Internal Audit and Risk Management functions by one head of service has meant good coordination between the two related disciplines, including reporting to the Committee.

Corporate Governance

- During 2014-15, the Committee has fulfilled the responsibilities of 'the board' for the purposes of the City Council's conformance to the CIPFA *Public Sector Internal Audit Standards* in terms of the overseeing of the Council's arrangements for audit, the management of risk and the corporate governance assurance framework.
- The Committee maintained its oversight of the Council's corporate governance arrangements. The Council's updated assurance framework, which maps out the process for collating the various sources of assurance and from them preparing the Council's statutory¹ Annual Governance Statement, was reviewed and approved by the Committee.
- Alongside this was the approval by the Committee of the updated Local Code of Corporate Governance.
- The Committee approved the draft Annual Governance Statement for 2013-14. The annual review of the assurance framework, which sets out the essential process for preparing the Annual Governance Statement, was approved by the Committee.
- This annual report to Council is part of the governance arrangements, through giving a summary of the Committee's work and contribution to the good governance of the City Council and demonstrating the associated accountability.

Financial reporting

- The Committee received and approved the Council's statutory Statement of Accounts for 2013-14 and associated external audit reports. It approved the Council's letter of representation, by means of which the City Council gives assurance to the external auditor; there were no significant items that were not reflected in the Council's accounting statements.

Effectiveness of Committee's work

- 4.6 In considering the above, it is concluded that the Committee fulfilled in all material respects the requirements of its terms of reference.

¹ Regulation 4(3) of the Accounts and Audit (England) Regulations 2011

- 4.7 The work of the Committee is reflected in the external auditor's Annual Governance Report for 2013-14, which is issued to the Committee as 'those charged with governance'. In this report, the auditors confirmed that their audit opinion on the Council's financial statements for 2013-14 would be 'unqualified' and that the Council has 'made proper arrangements to secure economy, efficiency and effectiveness in its use of resources'.
- 4.8 The Committee considered at its meeting on 30 July 2013 the annual review of the effectiveness of the system of internal audit, as required by the Accounts and Audit (England) Regulations 2011. This review found that for 2013-14 the Audit & Risk Committee met all of the main indicators of being an effective audit committee as set out by CIPFA². The criteria include:
- Regular meetings
 - Sufficient independence of other functions
 - Constructive meetings, conducted freely and openly and without political influence
 - Proper, approved terms of reference with a sufficient spread of responsibilities for internal and external audit, governance and risk management
 - Playing a sufficient part in the management of Internal Audit including approval of audit plans, review of Internal Audit performance and the outcomes of audit work plus management's responses to it
 - Maintaining a proper overview of the relationship with and the work of the external auditor.
- 4.9 An assessment of conformance to the CIPFA guidance has been conducted in the preparation of this report; the outcome is given in Appendix 2. There are no significant areas of non-conformance with this recognised best practice. There are points of detail that could be considered in the next annual review of the Committee's terms of reference.
- 4.10 As has been acknowledged in previous years, annual changes in membership are to be expected but can hinder the development of expertise and knowledge acquired by members. As a result, and given the complexities of the Committee's business, meetings of the Committee are normally preceded by a briefing or training session on a particular topic, usually linked to that meeting's agenda. Overall, throughout 2014-15, the Committee's membership was such as to ensure both continuity and that the Committee had a positive effect on the Council's control environment.
- 4.11 The Head of Internal Audit & Risk Management attends all meetings of the Committee. In addition, and in the interests of providing the full range of legal, constitutional and financial advice and expertise, meetings of the Committee are routinely attended by the Director of Finance and the City Barrister & Head of Standards (who is also the Council's designated monitoring officer) or their representatives.

² Chartered Institute of Public Finance & Accountancy: *Audit Committees: Practical Guidance for Local Authorities and Police*, 2013.

Conclusions

- 4.12 The Committee fulfilled all of the requirements of its terms of reference and the good practice guidance issued by CIPFA.
- 4.13 It is the view of the Head of Internal Audit & Risk Management and the Director of Finance that during the municipal year 2014-15 the Audit & Risk Committee made a significant contribution to the good governance of the City Council. Through its work, it has reinforced the Council's systems of internal control and internal audit and has given valuable support to the arrangements for corporate governance, legal compliance and the management of risk.
- 4.14 Especially following the changes in membership after the 2015 local elections, there is a need to support members with relevant training and briefings on the Committee's responsibilities for internal and external audit, risk management, internal control and governance. These are technically complex subjects, particularly in the context of the governance of a large local authority and especially during a period of continued financial stringency and change. The effectiveness of the Committee is enhanced by having members who have sufficient expertise and experience, attributes which benefit from continuity of membership.

5 FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 Financial Implications

An adequate and effective Audit & Risk Committee is a central component in the governance and assurance processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Its support for the processes of audit and internal control will help the Council as it faces the financially challenging times ahead.

Colin Sharpe, Head of Finance (Corporate Resources) x37 4081

5.2 Legal Implications

The Audit & Risk Committee aids the fulfilment by the Council of its statutory responsibilities under the Accounts and Audit Regulations 2011 for monitoring the Council's system for internal control. It is an important part of the way the duties of the Director of Finance are met as the responsible financial officer under s151 of the Local Government Act 1972.

Kamal Adatia, City Barrister & Head of Standards, x37 1401

5.3 Climate Change Implications

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

Louise Buckley, Senior Environmental Consultant (Climate Change), 37 2293

6 Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph references within supporting information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	4.5 – references to fraud and corruption
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities	No	
Risk Management	Yes	The whole report concerns the audit, risk management and governance process, a main purpose of which is to give assurance to Directors and this Committee that risks are being properly identified and managed appropriately by the business.

7 BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

Minutes of the Audit & Risk Committee 25 June, 30 July, 29 September, 29 October and 3 December 2014, 4 February and 31 March 2015.

8 CONSULTATIONS

City Barrister & Head of Standards.

9 REPORT AUTHOR

Steve Jones, Audit Manager, Internal Audit, Financial Services, extension 37 1622.

Summary of work of the Audit & Risk Committee – municipal year 2014-15

This table shows the activities of the Audit & Risk Committee during the municipal year 2014-15 alongside the terms of reference of the Committee as approved immediately prior to the municipal year (15 April 2014). (Note that the Committee also reviewed its terms of reference on 31 March 2015 in preparation for the 2015-16 municipal year.

There is no area that has not been covered at least sufficiently by the Committee.

Terms of Reference	Date considered	Item	Outcome
1. AUDIT FRAMEWORK			
1.1 Internal Audit			
On behalf of the Council, to approve the Head of Internal Audit's annual report and opinion, considering the level of assurance given over the Council's corporate governance arrangements and decide on appropriate actions.	29.10.14	Internal Audit Annual Report for 2013-14 including the Internal Audit opinion	Approved
To consider, challenge and approve (but not direct) Internal Audit's strategy and plan and monitor performance on an annual basis.	30.7.14	Internal Audit Q2 Operational Plan 2014-15	Noted
	3.12.14	Internal Audit Q3 and Q4 Operational Plan 2014-15	Noted
	31.3.15	Internal Audit Annual Plan 2015-16	Approved
	31.3.15	Internal Audit Q1 Operational Plan 2015-16	Noted
To receive summaries of Internal Audit reports and the main issues arising.	30.7.14	Outcomes of Internal Audit Work in Q4 2013-14 (January 2014 to March 2014)	Noted
	3.12.14	Internal Audit Update Q1 and Q2 2014-15 (April 2014 to September 2014)	Noted
To review and challenge management's responsiveness to the internal audit findings and recommendations, seeking assurance that appropriate action has been taken where necessary and agreed recommendations have been implemented within a reasonable timescale.	As last item	Internal Audit Updates - as last item	Noted
	29.10.14	Internal Audit Annual Report for 2013-14 including the Internal Audit opinion	Approved
To monitor and assess the role and effectiveness of the Internal Audit function.	30.7.14	Review of the Effectiveness of the System of Internal Audit 2013-14	Approved
	30.7.14	Annual Review of Internal Audit Charter	Approved
	31.3.15	Annual Review of Internal Audit Charter (refresh for next financial year)	Approved
In fulfilling these functions, the Audit & Risk Committee fulfils the role of 'the board' for the purposes of the <i>Public Sector Internal Audit Standards</i> .	25.6.14	Schedule of A&R Committee meetings for 2014-15	Noted
	29.9.14	Draft A&R Committee Annual Report to Council 2013-14	Approved
	31.3.15	Annual Review of the Council's Assurance Framework, Local Code of Corporate Governance, and the Committee's Terms of Reference	Approved

Summary of work of the Audit & Risk Committee – municipal year 2014-15

Terms of Reference	Date considered	Item	Outcome
(Continued) In fulfilling these functions, the Audit & Risk Committee fulfils the role of 'the board' for the purposes of the <i>Public Sector Internal Audit Standards</i> .	31.3.15	Schedule of planned A&R Committee agendas and meeting dates for 2015-16	Approved
1.2 External Audit			
On behalf of the Council, to review with the external auditor and inspection agencies the findings of their work including any major issues which are unresolved; key accounting and audit judgments; and the levels of errors identified during the audit. The Committee should obtain explanations from management and from external auditors, where necessary, as to why errors might remain unadjusted.	29.9.14	Annual Governance Report 2013-14 and Letter of Representation	Approved
	3.12.14	External Auditor's Annual Audit Letter 2013-14	Noted
	31.3.15	Certification of Grants, Claims and Returns 2013-14 Annual Report (external auditor)	Noted
	31.3.15	Risk Management & Insurance Services update including management briefing on Ofsted report on Children's Services	Noted
	As next item	External Audit Progress Reports and Technical Updates	Noted
To consider the scope and depth of external audit work and to assess whether it gives value for money.	30.7.14	External Audit Progress Report and Technical Update	Noted
	4.2.15	External Audit Progress Report and Technical Update	Noted
	31.3.15	Annual External Audit Plan for financial year 2014-15	Noted
To liaise with the Audit Commission (or such other body that assumes this responsibility ³) over the appointment of the Council's external auditor and conduct such other related functions as required by the local public audit regime.	N/A	This has not been needed during the 2014-15 municipal year.	
To facilitate effective relationships between external and internal audit, inspection agencies and other relevant bodies and ensure the value of these audit relationships is actively promoted.	Various	Reference to joint working or coordination is made in various internal and external reports, with particular reference to the annual audit of the main financial systems.	Noted
To approve any instances of non-audit work by the external auditors in accordance with the <i>Policy for Engagement of External Auditors for Non-Audit Work</i> and report any such instances to the Council.	25.6.14	Policy for Engagement of External Auditors for Non-Audit Work	Approved

³ Public Sector Audit Appointments Ltd with effect from 1st April 2015.

Summary of work of the Audit & Risk Committee – municipal year 2014-15

Terms of Reference	Date considered	Item	Outcome
2. RISK MANAGEMENT FRAMEWORK			
On behalf of the Council, to consider and challenge the effectiveness of the Council's Risk Management Strategy and Framework, including the Risk Management and Insurance Services function.	25.6.14	Risk Management & Insurance Services update	Noted
	29.10.14	Risk Management & Insurance Services update	Noted
	3.12.14	Risk Management & Insurance Services update	Noted
	4.2.15	Risk Management & Insurance Services update	Noted
	4.2.15	Risk Management and Business Continuity Management Strategies and Policies for 2015	Noted
	31.3.15	Risk Management & Insurance Services update	Noted
To consider and approve, on behalf of the Council, the Council's Risk Management Strategy and its key risk management policies including the Council's statement of overall risk appetite.	4.2.15	Risk Management and Business Continuity Management Strategies and Policies for 2015	Approved
To approve, on an annual basis, the Risk Management and Insurance Services function's terms of reference and its annual plan.	4.2.15	Risk Management and Business Continuity Management Strategies and Policies for 2015	Approved
To review (and take any actions as a consequence of) reports from the Head of Internal Audit & Risk Management in respect of the status of key current and emerging risks and internal controls relating to those risks (the Operational and Strategic Risk Registers).	25.6.14	Risk Management & Insurance Services updates	Noted
	29.10.14		
	3.12.14		
	4.2.15		
	31.3.15		
3. INTERNAL CONTROL AND GOVERNANCE FRAMEWORK			
To review the adequacy of the Council's internal control framework through review of its system of internal control and system of internal audit and overseeing the production and approval of the Council's Annual Governance Statement prepared in accordance with the Local Code of Conduct Governance.	30.7.14	Annual Review of Internal Audit Charter	Approved
	30.7.14	Review of the Effectiveness of the System of Internal Audit 2013-14	Approved
	29.9.14	Annual Governance Statement 2013-14	Approved
	31.3.15	Annual review of the Council's, Assurance Framework, Local Code of Corporate Governance and annual review of the Committee's terms of reference	Approved
	31.3.15	Annual Review of Internal Audit Charter (refresh for next financial year)	Approved

Summary of work of the Audit & Risk Committee – municipal year 2014-15

Terms of Reference	Date considered	Item	Outcome
To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts. (The Committee is to do this before approving the Council's published financial statements. The Committee should take note of any adjustments set out in the external auditor's report and agree any such adjustments where management has declined to do so or set out the reasons for not doing so.)	29.9.14	Annual Governance Report 2013-14 and Letter of Representation	Approved
	3.12.14	External Auditor's Annual Audit Letter 2013-14	Noted
To maintain an overview of the Council's Constitution in respect of contract procedure rules, finance procedure rules and codes of conduct and behaviour.	Various	Reference is made to constitutional requirements and rules of procedure where relevant in internal and external audit reports	Noted
	29.9.14	Proposed Changes to the Contract Procedure Rules and Finance Procedure Rules	Noted
To review and approve, on an annual basis, the Council's anti-fraud, bribery and corruption and its disclosure (whistle-blowing) policies and procedures.	29.9.14	Regulation of Investigatory Powers Act 2000	Training for Committee
	29.9.14	Regulation of Investigatory Powers Act 2000 - Biannual performance report January – June 2014	Noted
	29.9.14	Counter-Fraud Annual Report 2013-14	Noted
	29.9.14	Review of the Anti-Fraud, Bribery and Corruption Policy and Strategy	Approved
	29.10.14	Revenues & Benefits prosecutions data 2013-14	Noted
	3.12.14	Counter-Fraud update report – first half of 2014-15	Noted
	3.12.14	Disclosure Policy and Whistleblowing Annual Summary 2013-14	Noted
	4.2.15	Corporate Fraud review – update from management	Noted
	4.2.15	National Fraud Initiative - annual report	Noted
	4.2.15	Review of the Whistleblowing Policy	Noted
	31.3.15	RIPA Statistics and Performance report July - December 2014	Noted
<p>Annually, to assess all significant risk issues considering:</p> <ul style="list-style-type: none"> ○ Changes since the last annual assessment and the Council's response; ○ The scope and quality of management's ongoing monitoring of risks and the system of internal control; ○ The incidence of significant control failings in relation to all significant risks and their impact. 	25.6.14 29.10.14 3.12.14 4.2.15 31.3.15	Risk Management & Insurance Services updates (including briefing at 31.3.15 meeting on the Council's response to the Ofsted report on Children's Services)	Noted

Summary of work of the Audit & Risk Committee – municipal year 2014-15

Terms of Reference	Date considered	Item	Outcome
To review regular reports from Internal Audit and Risk Management on risk and internal controls, considering: <ul style="list-style-type: none"> The effectiveness of systems of internal control across the Council 	30.7.14 3.12.14	Internal Audit Update reports	Noted
	29.10.14	Internal Audit Annual Report for 2013-14 including the Internal Audit opinion	Approved
	<ul style="list-style-type: none"> Reports on major control issues and their impact on the Council's risk profile. 	Various as above	Risk Management & Insurance Services updates
25.6.14		Procedural Guidance and Recent Changes in Arrangements for Cash Handling at the Council	Noted
29.10.14		Leicester Markets Cash Collection	Noted
29.10.14		Scrutiny Report on Collection of Income	Noted
To consider and decide on appropriate actions relating to the Council's compliance with its own and other published or regulatory policies, standards and controls, including: <ul style="list-style-type: none"> Policies relating to information governance and assurance 	29.10.14	Internal Audit Annual Report for 2013-14 including the Internal Audit opinion	Approved
	30.7.14 3.12.14	Internal Audit Update reports (which include reference to the various legal and policy requirements as relevant to the specific subject matter)	Noted
	29.9.14	Annual Governance Statement 2013-14	Approved
<ul style="list-style-type: none"> Health & Safety at Work Civil Contingencies Act 	25.6.14	Customer Data Integration project	Briefing for Committee
	29.9.14	Regulation of Investigatory Powers Act 2000 - LCC policy and compliance	Training for Committee
	29.9.14	Regulation of Investigatory Powers Act 2000 - Biannual performance report January – June 2014	Noted
<ul style="list-style-type: none"> Policies relating to disclosures and complaints 	3.12.14	Disclosure Policy and Whistleblowing Annual Summary 2013-14	Noted
	4.2.15	Review of Whistleblowing Policy	Noted
<ul style="list-style-type: none"> Others as appropriate 	25.6.14	Procedural guidance on cash handling	Noted
	29.9.14	Proposed Changes to the Contract Procedure Rules and Finance Procedure Rules	Noted
	4.2.15	Procurement Plan Update 2014-15	Noted
	31.3.15	Procurement Plan 2015-16	Noted

Summary of work of the Audit & Risk Committee – municipal year 2014-15

Terms of Reference	Date considered	Item	Outcome
4. FINANCIAL REPORTING FRAMEWORK			
To review and approve the Council's published financial statements, the external auditor's annual opinion and other reports to Members and to monitor management action in response to issues raised.	30.7.14	Draft Statement of Accounts 2013-14	Noted
To review and approve the annual statement of accounts and the annual Letter of Representation on behalf of the Council, giving particular attention to critical accounting policies and practices, decisions requiring a significant element of judgement, how any unusual transactions should be disclosed and the clarity of the disclosures.	30.7.14	Introduction to the Statement of Accounts	Training for Committee
	29.9.14	Statutory Statement of Accounts 2013-14	Approved
	29.9.14	Annual Governance Report 2013-14 and Letter of Representation	Approved
To bring to the attention of the Council any concerns arising from the financial statements or from the audit.		None.	
5. OTHER MATTERS			
To consider, approve or make recommendations in respect of any other matters referred to it by the City Mayor, Chief Operating Officer (as the Head of Paid Service) or a Director or any Council body.	Training and briefings on:		
	25.6.14	Demonstration of the Customer Data Integration system	Training for Committee
	29.10.14	Training – The Council's approach to Procurement	Training for Committee
	3.12.14	Training - Delivery of the Objectives of the Public Health service	Training for Committee
	4.2.15	Briefing on the Council's new telephone system	Briefing for Committee
To consider any relevant matters reserved for Member-level decision as detailed in Rules of Procedure.		None	
To present an annual report to the Council on the Committee's conduct, business and effectiveness.	29.9.14 (Council 13.11.14)	Draft A&R Committee annual report to Council 2013-14	Approved. Presented to Council 13.11.14

Audit & Risk Committee – municipal year 2014-15

August 2015 - Review of conformance to CIPFA *Practical Guidance for Audit Committees* (2013 Edition)

	Good practice questions	Yes	Partly	No	Notes and actions
Audit committee purpose and governance					
1	Does the authority have a dedicated audit committee?	Y			
2	Does the audit committee report directly to full council? (Applicable to local government only.)	Y			
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Y			<p>Though we conform to the criteria, compliance could be strengthened by addressing the following:</p> <ul style="list-style-type: none"> • Ref 3(5): We do not routinely take all reports of other inspections agencies (e.g. Ofsted, Care Quality Commission) to A&R Committee • Ref 4(2): Closer working with the Standards Committee? • Ref 4(3): Decide whether review of Treasury Management arrangements should be within the Committee's specific remit and if so, update Terms of Reference accordingly • Ref 5(5): Update Terms of Reference to specify minimum four meetings a year (currently three). In practice, the Committee meets at least six times a year.
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y			
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y			
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Y			

Audit & Risk Committee – municipal year 2014-15

August 2015 - Review of conformance to CIPFA *Practical Guidance for Audit Committees* (2013 Edition)

	Good practice questions	Yes	Partly	No	Notes and actions
Functions of the committee					
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	Y			Subject to Q3 above.
	good governance	Y			
	assurance framework	Y			
	internal audit	Y			
	external audit	Y			
	financial reporting	Y			
	risk management	Y			
	value for money or best value		P		This is implied but is not explicit in the terms of reference.
	counter-fraud and corruption.	Y			
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?	Y			
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		There has been no specific consideration of this by the Committee but there is no area in the Position Statement that has been fundamentally omitted in the Committee's remit or activity in 2014-15.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	Y			Further revision of the Committee's terms of reference.
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?	Y			

Audit & Risk Committee – municipal year 2014-15

August 2015 - Review of conformance to CIPFA *Practical Guidance for Audit Committees* (2013 Edition)

	Good practice questions	Yes	Partly	No	Notes and actions
Membership and support					
12	Has an effective audit committee structure and composition of the committee been selected?	Y			
	This should include:				
	separation from the executive	Y			
	an appropriate mix of knowledge and skills among the membership	Y			
	a size of committee that is not unwieldy	Y			
	where independent members are used, that they have been appointed using an appropriate process.	N/A			
13	Does the chair of the committee have appropriate knowledge and skills?	Y			
14	Are arrangements in place to support the committee with briefings and training?	Y			
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y			With the exception of Treasury Management (which is not specified in the Committee's terms of reference).
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	Y			
17	Is adequate secretariat and administrative support to the committee provided?	Y			
Effectiveness of the committee					
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y			The opportunity is there from the full Council on presentation of the Committee's annual report. There are regular discussions between the Chair and lead officers.

Audit & Risk Committee – municipal year 2014-15

August 2015 - Review of conformance to CIPFA *Practical Guidance for Audit Committees* (2013 Edition)

	Good practice questions	Yes	Partly	No	Notes and actions
19	Has the committee evaluated whether and how it is adding value to the organisation?	Y			Such evaluations are done as part of the annual report and as part of the annual Review of the Effectiveness of the System of Internal Audit, which includes the Committee.
20	Does the committee have an action plan to improve any areas of weakness?	Y			The Committee has a forward planner for agenda items including scheduled training sessions to address identified needs. Regular review of the Committee's terms of reference and associated governance documentation gives the opportunity to improve any necessary areas, e.g. Q3 and Q7 above.

Ends