

Evaluating the Effectiveness of the Audit Committee (2019 Review)

Appendix 3

<u>Assessment Key (Score)</u>	<u>Criteria</u>
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

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1.	Promoting the principles of good governance and their application to decision making.	<p>Supporting the development of a local code of governance</p> <p>Providing robust review of the AGS and the assurances underpinning it.</p> <p>Working with key members/governors to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews/audits of governance arrangements.</p> <p>Participating in self-assessments of governance</p>	<p>Audit Committee approved a revised code in 2017 and is provided with an improvement action plan following a review of code each year.</p> <p>Presented with Internal Audit Annual report and outputs of review of local code of good governance which does provide information on assurances.</p> <p>The Annual Governance Statement (AGS) is submitted to the Audit Committee as a standalone document</p> <p>Committee approves the annual Audit Plan and thereafter consideration of action plans from assignments. Also relates to action plan resulting from the review of the local Code of Good Governance.</p> <p>Reviews Audit Scotland reports, and Code of Good Governance</p>	<p>5</p> <p>5</p> <p>5</p> <p>5</p> <p>5</p>

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		<p>arrangements.</p> <p>Working with partner audit committees to review governance arrangements in partnerships.</p>	<p>review each year</p> <p>This takes place in relation to the audit plans reported to both the Council's Audit and the HSCP's Audit Committee each year to ensure alignment around risks in the two organisations.</p> <p><u>Suggested action:</u> The Chairs of the Council's and the West Dunbartonshire Heath & Social Care Partnership Board Audit Committees meet to discuss their respective governance arrangements</p>	4
2.	Contributing to the development of an effective control environment.	<p>Actively monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by</p>	<p>The Audit Committee supports the role of audit in improving internal control and governance. Audit Action Plans submitted to the Audit Committee every quarter.</p> <p>The committee has powers to hold individual managers to account for</p>	<p>5</p> <p>5</p>

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		<p>appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>	<p>delays in completing actions by inviting them as appropriate to attend committee to explain.</p> <p>As per comment above.</p>	5
3.	Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<p>Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major/strategic risks.</p>	<p>Risk management arrangements are reported</p> <p>As above.</p> <p>As above.</p>	<p>5</p> <p>5</p> <p>5</p>
4.	Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance.</p> <p>Seeking to streamline assurance gathering and reporting.</p>	<p>Internal Audit has recently participated in a Council sourced self-assessment process with an improvement action plan.</p> <p>Public Sector Internal Audit Standards (PSIAS) external review has been carried out in 2015/16</p>	<p>5</p> <p>4</p>

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		<p>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</p>	<p>(required every five years). Actions arising from the annual Local Scrutiny Plan from Audit Scotland on behalf of inspection agencies are reported and monitored through the Audit Committee.</p> <p>The position for this area is good in relation to both external audit and internal audit.</p>	5
5.	Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<p>Reviewing the audit charter and functional reporting arrangements.</p> <p>Assessing the effectiveness of internal audit arrangements and supporting improvements.</p>	<p>Audit Charter approved by Audit Committee, together with any updates as required (last update was submitted to the Audit Committee for approval in June 2018). Annual Audit Plan approved by the Audit Committee.</p> <p>PSIAS external review outputs reported to the Audit Committee and the annual PSIAS internal review is mentioned in the annual report but no separate report.</p>	<p>5</p> <p>4</p>

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6.	Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	<p>Reviewing how the governance arrangements support the achievement of sustainable outcomes.</p> <p>Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.</p> <p>Reviewing the effectiveness of performance management arrangements.</p>	<p>The established functioning of the Audit Committee promotes the Council in achieving its planned outcomes</p> <p>Some planned audit work relates to project activity. There is also a post-project review report submitted by management on a periodic basis for major capital projects. This could be extended to reports on non-capital projects of significant scale (None have occurred recently).</p> <p><u>Suggested action:</u> Post-project review reports submitted by management to the Audit Committee on a periodic basis for capital projects should be extended to reports on non-capital projects of significant scale</p> <p>Performance information is not taken to the Audit Committee. This could be achieved by bringing an</p>	<p>4</p> <p>4</p> <p>3</p>

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			<p>outcome report on best value status to the Audit Committee in addition to the existing Code of Good Governance action plan. e.g. transformation, sustainability, and performance management and annual assurance statements could be amended to require such information</p> <p><u>Suggested action:</u></p> <ul style="list-style-type: none"> Amend annual assurance statements to require information on value for money arrangements. 	
7.	Supporting the development of robust arrangements for ensuring value for money.	<p>Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee.</p> <p>Considering how performance in value for money is evaluated</p>	<p>Audit Committee currently considers best value through the actions and activities of internal and external audit, however this could be widened.</p> <p>The AGS is provided to the Audit Committee as a standalone</p>	<p>3</p> <p>5</p>

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		as part of the AGS.	document.	
8.	Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<p>Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)</p> <p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and governors.</p>	<p>An annual counter fraud report is provided to the Audit Committee (e.g. general work and NFI work).</p> <p>The Corporate Fraud team has developed a fraud risk assessment process.</p> <p>Ethical procurement has been reported to Council and covered in Procurement Strategy but nothing of this nature has been provided to the Audit Committee. This is not considered necessary to be a high priority to provide</p>	<p>4</p> <p>4</p> <p>1</p>
9.	Promoting effective public reporting to the authority's stakeholders and local community and measures to	Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.	Council audit committee papers enter the public domain – care taken to provide sensible / understandable information but could still be improved	4

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	improve transparency and accountability.	<p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.</p> <p>Publishing an annual report for the committee</p>	<p>This is not covered within the remit of the Audit Committee. Good examples of this would be the LOIP – reported to Council; also the City Deal / Region which has updates regularly reported to Council.</p> <p>An annual report on the Audit Committee is prepared and submitted to both the Audit Committee and full Council. This is intended to provide assurance to the full Council and to identify any actions for the Audit Committee to improve its effectiveness.</p>	<p>3</p> <p>5</p>