

### Evaluating the Effectiveness of Epping’s Audit and Governance Committee

This appendix sets out an assessment of Epping Forest District Council’s Audit and Governance Committee against a set of criteria as prescribed in the CIPFA publication *Audit Committees – Practical Guidance for Local Authorities and Police 2018 edition*. Changes in the guidance from the 2013 version can be identified as **narrative** underlined and in bold.

This document has helped to inform the self-assessment as described in Appendix B.

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.

Appendix 3

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 See key above
<p>1.Promoting the principles of good governance and their application to decision making</p>	<p><b><u>Supporting the development of the local code of governance.</u></b></p> <p>Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it.</p> <p>Working with key members 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 arrangements.</p> <p>Working with partner audit committees to review governance arrangements in partnerships. <i>(Note: Not applicable to Epping Forest District Council).</i></p>	<p>Annual Governance Statement review by the Committee prior to its presentation as part of the Statement of Accounts. Annual report from Internal Audit.</p> <p>There are a suite of training opportunities, not just those on the Audit and Governance Committee including risk management and treasury management. Through the Internal Audit shared service training opportunities with Members at Broxbourne and Harlow have been offered.</p> <p>Audit committee effectiveness last undertaken in November 2016 and was postponed for 2017 while waiting for new CIPFA guidance.</p> <p>Committee produces an annual report which outlines the Committee’s work and achievements for the year.</p>	<p>5</p>
<p>2. Contributing to the development of an effective control environment</p>	<p><b><u>Actively</u></b> monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>	<p>Audit recommendation tracker to each Committee. Officers can and have been called to account if requested by the Committee. However, wider engagement with Officers should be explored.</p> <p>Annual report from Internal Audit and supplemented with regular progress reports of internal work undertaken.</p> <p>The Section 151 Officer (or their deputy) attend all Audit Committee meetings.</p>	<p>5</p>

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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>On an annual basis the Committee considers the effectiveness of the Council's Risk Management arrangement, and receives a report from the Section 151 Officer on this.</p> <p>The Committee approves the annual Internal and External work plan, both of which are risk based, and the outcomes of their work.</p> <p>On a periodic basis risk management training is provided to all Council Members.</p>	5
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>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</p>	<p>The Committee reviews and will challenge reports from the different assurance providers including Internal and External Audit and risk management.</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, <b><u>providing constructive challenge</u></b> and supporting improvements.</p> <p><b><u>Actively supporting the quality assurance and improvement programme of internal audit.</u></b></p>	<p>Internal audit progress report to each Committee meeting. Annual review of Internal Audit Charter and quality assurance and improvement programme, ensuring compliance with Public Sector Internal Audit Standards (PSIAS).</p> <p>Audit Chairman was actively involved in the 2016/17 External Quality Assessment of Internal Audit, which is required every five years under PSIAS.</p>	5

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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><b><u>Reviewing how the governance arrangements support the achievement of sustainable outcomes.</u></b></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>Committee achieves this through assessment of risks, Internal Audit work and External Audit findings. The involvement of the Committee in the agreement of and content of the annual Audit Plan also enables key risks to be adequately monitored.</p> <p>In addition, the Committee reviews the Annual Governance Statement and Local Code of Corporate Governance.</p>	5
7. Supporting the development of robust arrangements for ensuring value for money (VfM)	<p>Ensuring that assurance on value for money arrangements are included in the assurances received by the audit committee.</p> <p>Considering how performance in value for money is evaluated as part of the AGS.</p>	<p>This is undertaken as part of the annual accounts process, VfM work undertaken and reported on by External Audit.</p> <p>This, in turn, along with other assurance providers (such as Internal Audit and the Corporate Governance Group), informs the Annual Governance Statement which is approved by the Committee after appropriate scrutiny and questioning.</p>	5
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 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 members</p>	<p>Fraud risks considered by the Committee as part of the risk management framework, the work of both Internal and External Audit and the Corporate Fraud Team. This includes regular updates on the work undertaken by the Council regarding the National Fraud Initiative.</p> <p>In line with good practice the Committee periodically reviews the Council's anti-fraud and corruption strategy and its approach to anti-fraud and corruption.</p>	5

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		The Committee’s remit includes the local Code of Corporate Governance, incorporating risk management, internal control, standards of conduct and accountability, but excludes matters within the terms of reference of the Standards Committee.	
9. Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability	<p>Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.</p> <p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency.</p> <p><b><u>Publishing an annual report from the committee.</u></b></p>	<p>Formal committee structure in place, standard report, published on Council website.</p> <p>The Committee considers what assurances it requires regarding partnerships when approving the Internal Audit Plan as it includes partnerships as a theme.</p> <p>The Committee produces annually a report of its work, which is approved by Council.</p>	4