

A - Knowledge & behaviours		N/A	1	2	3	4	5	Comments
1.	<p>Understanding of core business, business model and risks</p> <p>All Audit Committee members have a good understanding of the business model and the risks associated with it.</p>				X			<p>The level of experience held by Members of the Audit Committee varies, however all members demonstrate a good understanding of the Council business and objectives. The committee are yet to receive their training on risk or be presented with the Corporate Risk Register for review; this is scheduled for the March Meeting so no action has been raised. Risk is generally only presented once a year.</p> <p>Action – Members to consider if the frequency of reporting on risk is sufficient for their needs.</p>
2.	<p>Understanding risk appetite and management</p> <p>a. The Audit Committee members have a clear understanding of the company's agreed risk appetite; and</p> <p>b. of the risk management and internal control framework that is in place.</p>				X			<p>As above.</p> <p>Risk Appetite has not been determined for the Council as part of its Risk Management procedures in the past but this is part of our action plan for the future so no further action has been raised.</p>
3.	<p>Understanding of how assurance is gained</p> <p>a. The Audit Committee understands the interaction between the various sources of assurance available to it; and</p> <p>b. how these sources map to the</p>				X			<p>The Audit Committee receive reports from both the Internal and External Auditors as well as from Officers and the s151 Officer. The Committee is yet to complete a full year of meetings and training to complete there full understanding however two members had served on the Audit Committee for a number of years prior to last</p>

A - Knowledge & behaviours		N/A	1	2	3	4	5	Comments
	significant risks of the organisation							years elections. See above comments and planned and suggested actions.
4.	Understanding of financial reporting The Audit Committee has a good understanding of the financial reporting and the key financial issues, for example how the results compare with prior periods and market expectations, quality of earnings (including exceptional items), critical accounting policies and complex transactions.					X		The Audit Committee have received training with regards the Annual Statement of Accounts prior to the September meeting when they were approved. Updates with regards accounting policies and changes are presented in year as required. This is one of the more complex areas for Audit Committee to understand. This is an area where understanding and expertise certainly increases each year that they serve.
5.	Members with appropriate skills and experience The Audit Committee comprises members with an appropriate mix of skills and experience, including recent and relevant financial experience.					X		As part of the induction to the Committee one to one meetings were held with each of the new Members to discuss the knowledge and skills required to be an effective Audit Committee Member and whether there were any specific areas of focus or particular support required. A training programme has been devised and approved for the committee which will see all key topics covered in the first 14 months. The first year of training focuses on face to face briefings as the main deliverable. The Committee contains members with finance expertise. A review of the training needs of Committee and the forward plan is undertaken annually. Next one is planned for June 2015

A - Knowledge & behaviours		N/A	1	2	3	4	5	Comments
								Action – Members to consider training and training needs and highlight any areas where additional training is required.
6.	<p>Ongoing personal development to remain up to date</p> <p>All Audit Committee members, in conjunction with the Board chairman, undertake ongoing personal development activities to update their skills and knowledge. Consider also induction arrangements for new members.</p>					X		A comprehensive induction for members was provided after the elections in 2014. Attendance at training provided specifically for Audit Committee Members has been good the annual programme of topics is yet to be fully completed.
7.	<p>Quality of chairmanship</p> <p>The chairman operates satisfactorily in terms of promoting effective and efficient meetings, with an appropriate level of involvement outside of the formal meetings.</p>					X		Views of officers and Members confirmed a good quality of chairmanship.
8.	<p>Rigour of debate</p> <p>Audit Committee meetings encourage a high quality of debate with robust and probing discussions.</p>					X		Officers confirmed a good rigour of debate occurs in meetings. This is confirmed by the minutes of the meetings.
9.	<p>Sufficient time and commitment to undertake responsibilities</p> <p>a. All Audit Committee members have sufficient time to fulfil their</p>					X		Attendance at the meetings is good; officers observe that members come prepared for the meetings having considered the agenda items sufficiently to participate in the discussion and

A - Knowledge & behaviours		N/A	1	2	3	4	5	Comments
	responsibilities. b. All Audit Committee members demonstrate sufficient commitment to fulfilling their responsibilities							debate.
10.	Contribution at meetings All Audit Committee members actively and effectively contribute at meetings.					X		This is confirmed by observation of meetings, assessment by officers and the contents of the minutes.
11.	Challenging situations The Audit Committee responds positively and constructively to challenging situations, including for instance accounts adjustments and restatements, major issues or investigations.						X	Officers confirm that Committee have positive relationships with officers who attend the Committee and challenge in a constructive manner.
12.	Setting the tone from the top There is an appropriate balance between the monitoring role of the Audit Committee and it being an “influencer for good”. The Committee fulfils its responsibilities in respect of establishing and monitoring compliance with codes of ethics and conduct.	X						This is the role of Standards Committee.

B – Processes		N/A	1	2	3	4	5	Comments
13. Clear terms of reference								
a. There are clear terms of reference, with clarity as to role vis a vis the Board as a whole and other committees, including in relation to risk management.						X		The Terms of Reference for Audit Committee are included within the constitution, they are not specific in detail and information is held in various locations. Review of terms of reference are triggered by change in committee structure, changes in legislation these would be approved by the Governance Committee. The terms of reference was discussed with members as part of their induction.
b. The terms of reference are reviewed annually.								
14. Appropriate links with other board committees								
The Audit Committee has appropriate links with the other board committees, for example, Risk committee, Remuneration committee and their respective responsibilities are clearly delineated.							X	The Audit Committee reports annually to Full Council, it also has a responsibility to report any significant governance issues to the Governance Committee. The Pensions Committee look at their Accounts prior to them being included in the Annual Statement of Responsibilities are clearly defined in the constitution.
15. Structured and appropriate annual agenda								
a. There is a structured annual agenda of matters to be covered in each meeting and across the year.							X	A forward plan is produced and approved annually; ad hoc items are added to the plan. All annual and quarterly agenda items are identified on the appropriate agenda of the year. There is some flexibility in the timing of some items to allow length of agenda to be balanced.
b. The structured agenda focuses on the right areas and avoids minutiae.								
16. Sufficient number and timing of meetings								
								In previous years the Committee has had five meetings per year. This year there are four. Efforts have been made to spread agenda items

B – Processes		N/A	1	2	3	4	5	Comments
	<p>a. The number and length of meetings is sufficient.</p> <p>b. Meetings are sufficiently in advance of board meetings for issues to be resolved.</p>				X			<p>evenly across the meetings where possible. There is no limit on the length of the meeting so agenda items are all covered. Timing is appropriate with regards other meetings. The forward plan for the Committee contains a number of agenda items as standard before any ad hoc additional items are added. The reporting of activity is can be 3-6 months behind, which delays the influence on resolution that the committee could have to significantly after the issue is raised.</p> <p>Action – Members to consider in the number of meetings per year is sufficient.</p>
17.	<p>Right people invited to attend and present at meetings</p> <p>Executive management and others are asked to present on topics, as appropriate, but are not present when it is not appropriate.</p>						X	<p>The Committee requests reports where it requires them from Management; the relevant officer will attend to present the report. Officers only attend Audit Committee when required. The Councils s151 officer attends every meeting.</p>
18.	<p>Concise, relevant and timely information</p> <p>a. Audit Committee papers are concise, relevant and timely.</p> <p>b. Audit Committee papers are received sufficiently in advance of meetings.</p>					X		<p>The reports strike a balance between ensuring that the Members get sufficient background information without being too lengthy. The agenda is circulated eight days prior to the meeting. Exceptions to this are very rare. The templates for regular reports have been developed over time and input from members is</p>

B – Processes		N/A	1	2	3	4	5	Comments
								reflected in the current format and contents provided. Quarterly reports contain activity from the last quarter completed. Reports are reviewed and cleared prior to being publishes as part of the agenda. Comments above re timeliness of information are relevant here.
19.	<p>Access to independent advice and adequate resources</p> <p>a. Audit Committee members are able to take independent advice as required; and</p> <p>b. have sufficient resources available to support them in their role.</p>					X		There are no independent members on the Audit Committee. Officers are there to advise members on issues within the agenda, there will be officers present who are independent of management. All reports are cleared by Human Resources, Finance, Legal prior to publication. In the past the committee has had an officer from legal present at each meeting, however this practice has ceased recently due to a vacancy in the management structure. The clerk is present to guide members in governance or procedural issues.
20.	<p>Feeding back to board meetings</p> <p>All key issues are identified reported back to the Board promptly, and the timing of meetings allows this.</p>						X	There has been no requirement to report issues this year; mechanisms are in place to do so if required. An Annual Report is produced reporting the activity of the Committee.
21.	<p>Role in relation to whistle-blowing</p> <p>The Audit Committee has been informed of the whistle-blowing procedures in place within the organisation and undertakes its</p>			X				Whistleblowing has not been specifically covered with Audit Committee members; it is not part of the induction process. The whistleblowing policy has been approved at Governance Committee in

B – Processes		N/A	1	2	3	4	5	Comments
	defined role in relation to them.							<p>the past; however it is visible to the Audit Committee as part of the Annual Review of Fraud and Corruption Arrangements which is yet to be completed due to the implementation of the oneSource team.</p> <p>ACTION – Provide members with briefing note and link to policy.</p>
22.	<p>Appointment of external auditors The Audit Committee makes its recommendation to the board on the basis of an effective process, including robust assessment:</p> <p>a. Of the quality and effectiveness of the audit process; and</p> <p>b. of the tenure of the current auditor, and any need to tender.</p>	X						N/a
23.	<p>Independence of external auditors a. The committee is provided on a timely basis with information on any potential threats to the independence of the external auditors along with the safeguards that have been put in place</p> <p>b. The safeguards are thoroughly considered by the Committee</p>	X						N/a

B – Processes		N/A	1	2	3	4	5	Comments
24.	<p>Quality of interaction with external auditors</p> <p>a. The Audit Committee actively engages with the external auditors regarding scope of work, audit findings and other relevant matters.</p> <p>b. The Audit Committee ensures that issues raised are appropriately resolved in a timely manner.</p>				X			<p>There is usually a discussion around the audit fee. The Committee have been interested in the findings of external audit work. They have not in the past requested updates on progress to implement external audit recommendations and it is noted that one recommendation re reconciliations was raised two years in a row.</p> <p>ACTION – Committee to consider the need to request assurance that appropriate actions have been taken following all audit work.</p>
25.	<p>Quality of interaction with internal audit</p> <p>The Audit Committee demonstrates an appropriate degree of:</p> <p>a. involvement in setting the remit of internal audit; and</p> <p>b. involvement in the findings of internal audit and in their resolution.</p>					X		<p>The Committee approve the Annual Audit Plan and all changes to the plan are reported for information and challenge. Outcome of audit work is also presented and Management can be asked to attend the meeting to provide update on issues of concern. Outstanding audit recommendations are monitored by Committee. In 2014/15 members have requested audits to be undertaken in two areas and these were both considered and added to the plan by the Internal Audit & Corporate Risk Manager.</p>
26.	<p>Private meetings with internal and external auditors</p> <p>Private meetings of the Audit Committee, without management, are held at least annually with both the external auditors</p>				X			<p>The Internal Audit & Corporate Risk Manager met privately with all new members of the Committee when they joined. The Internal Audit & Corporate Risk Manager meets periodically with the Lead Member for Finance and attends</p>

B – Processes		N/A	1	2	3	4	5	Comments
	and internal audit.							pre meets with the Chair and Vice Chair prior to each meeting. There are no meetings with External Audit without management present. ACTION – to agree a private meeting is diarised annually.
27.	Review of effectiveness of risk management and internal control Where requested, the Audit Committee carries out a thorough review of the effectiveness of the risk management and internal control systems (covering all material controls including financial, operational and compliance controls).					X		The Committee receives an Annual Report from Internal Audit which provides assurance on risk management and internal control systems. An Annual Review of Risk Management is also presented to the Committee although this has been delayed until the oneSource team integration occurs post April 2015. Previous comments and actions are relevant here.
28.	Sufficient involvement throughout year The Audit Committee is sufficiently involved in monitoring the integrity of the financial statements and formal announcements throughout the year, including quarterly and half year results.	X						The Committee receive updates regarding the closure of accounts during the year. The Council only reports annually on Financial results.
29.	Consideration of going concern The Audit Committee considers the prevailing economic climate and refers to relevant guidance when reviewing management's year end going concern processes and reports including the applicable level of stress-testing.	X						

B – Processes		N/A	1	2	3	4	5	Comments
30.	<p>Quality of external reporting – including significant issues</p> <p>a. The Audit Committee communicates with stakeholders in an effective and transparent manner through the reporting of the committee’s activities.</p> <p>b. In particular, the Committee’s reporting on significant issues considered in relation to the financial statements is meaningful and transparent to an appropriate degree.</p>						X	Minutes and Agendas as well as other information regarding the activity and responsibilities of the Audit Committee are available through the Havering Website.
31.	<p>Fair, balanced and understandable annual report</p> <p>Where requested, the Audit Committee has a well-defined and robust process, including sufficient review of management’s proposals, to allow it to advise the board on whether the annual report taken as a whole is fair, balanced and understandable.</p>						X	<p>An Annual Report is approved by the Committee annually before it is presented by the Chair to Full Council in May. The template has been reviewed for 2014/15 to include more detail of specific activity.</p> <p>ACTION – new Committee to consider any additional contents required in the annual report at the March Meeting.</p>
32.	<p>Assessment of the effectiveness of the Audit Committee</p> <p>The annual effectiveness review of the Audit Committee is carried out with sufficient rigour.</p>						X	The effectiveness is considered against a different benchmark annually in the past under guidance of the Chartered Institute of Public Finance and Accountancy this year using the PricewaterhouseCoopers toolkit. There has never been an independent review undertaken which is considered best practice every three

B – Processes		N/A	1	2	3	4	5	Comments
								years. ACTION – consider independent review next year.

- 1 = Hardly ever/Poor
- 2 = Occasionally/Below average
- 3 = Some of the time/Average
- 4 = Most of the time/Above average
- 5 = All of the time/Fully satisfactory