

Audit Committee 23 September 2010

Review of the Audit Committee's effectiveness

Executive summary and recommendations

Introduction

At its meeting on 12 June 2006, the Audit Committee agreed that it would in future use the National Audit Office (NAO) self-assessment checklist to review the Committee's effectiveness.

The checklist is attached as an appendix to the paper. The Secretary to the Committee has completed responses to the questions and included comments for clarification where needed. The answers to the questions are based on the responses agreed by the Committee on 26 September 2008 and the Committee's work since that date.

Decision

The Committee is asked to:

- (1) review its performance against the self-assessment checklist; and
- (2) identify any areas which require further attention.

Background information

See item 8 in the minutes of the Audit Committee held on 12 June 2006 for the decision to use the NAO self-assessment checklist.

For the self-assessment checklist used in 2008, see enclosure 9 (paper AUD 42/08) for the Audit Committee on 26 September 2008 and item 12 in the minutes of that meeting, available on the HPC website.

The checklist is available from the NAO's website at:

http://www.nao.org.uk/guidance_good_practice/financial_audit_guidance.aspx

Resource implications

None.

Financial implications

None.

Appendices

National Audit Office self-assessment checklist.

Date of paper

9 July 2010.



National Audit Office

FINANCIAL
MANAGEMENT
AND GOVERNANCE
PRACTICE

NOVEMBER 2009

The Audit Committee Self-Assessment Checklist



Our vision is to help the nation spend wisely.

We promote the highest standards in financial management and reporting, the proper conduct of public business and beneficial change in the provision of public services.

The National Audit Office scrutinises public spending on behalf of Parliament. The Comptroller and Auditor General, Amyas Morse, is an Officer of the House of Commons. He is the head of the National Audit Office which employs some 900 staff. He and the National Audit Office are totally independent of Government. He certifies the accounts of all Government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources. Our work leads to savings and other efficiency gains worth many millions of pounds: at least £9 for every £1 spent running the Office.



National Audit Office

The Audit Committee Self-Assessment Checklist

FINANCIAL MANAGEMENT AND GOVERNANCE PRACTICE
NOVEMBER 2009

Non-Executives can provide a constructive challenge to accepted wisdom within organisations, as well as alerting them to risks and opportunities. ...Fully developed, audit committees could help to identify and focus attention on common problems and themes.

Lord Sharman: "Holding to Account: The Review of Audit and Accountability for Central Government"

Introduction

1 This Checklist has been designed to help Audit Committees in central government assess how well they apply good practice. The criteria we have used are derived largely from the Audit Committee Handbook (March 2007), published by HM Treasury.

2 The Handbook highlights five good practice principles which aim to answer the following key questions:

- **Principle 1: The Role of the Audit Committee** – Does the Audit Committee effectively support the Board and the Accounting Officer by reviewing the completeness of assurances to satisfy their needs, and by reviewing the reliability and integrity of these assurances?
- **Principle 2: Membership, Independence, Objectivity and Understanding** – Is the Audit Committee suitably independent and objective, and does each member have a good understanding of the objectives, priorities and risks of the organisation, and of their role on the Audit Committee?
- **Principle 3: Skills** – Does the Audit Committee contain or have at its disposal an appropriate mix of skills to perform its functions well?
- **Principle 4: Scope of Work** – Is the scope of the Audit Committee suitably defined, and does it encompass all the assurance needs of the Board and Accounting Officer?
- **Principle 5: Communication** – Does the Committee engage effectively with Financial and Performance Reporting issues, and with the work of internal and external audit? And does the Audit Committee communicate effectively with the Accounting Officer, the Board, and other stakeholders?

3 For each principle, we have developed a series of Good Practice Questions to help Audit Committees conclude whether they are meeting these principles. These are set out in **Section I** of this checklist.

4 In addition, the role of the Chair and the provision of appropriate secretariat support are key for an effective Audit Committee. The Handbook details Good Practice Questions on these two roles. **Sections II and III** of this checklist include questions that will enable the Audit Committee to determine if they currently meet this guidance.

How to use this Checklist

5 To help Audit Committees conclude as to whether they are meeting the Principles highlighted above, we have developed Good Practice Questions to inform the thinking process. These Questions are phrased to identify “yes”, “no” or “not applicable” responses.

6 We recognise, though, that organisations and their Audit Committees vary considerably in their size and in the complexity of issues that they deal with. In some circumstances, it may therefore be more appropriate to only use the more important Questions to help inform debate – and we have highlighted these in **bold**.

7 Also, the checklist is not exhaustive, and should the Audit Committee or their organisation feel that they have experience of other good working practice that will make the Committee work more effectively, they should not be deterred from implementing these practices, after consulting with the Board, if appropriate.

NAO Facilitated Workshops

8 To help Audit Committees use this checklist, the National Audit Office, as part of its Good Governance work, has a rolling programme of **Facilitated Workshops** for Audit Committees to help them use a tailored version of this checklist and draw conclusions as to their effectiveness. In this way, the workshop provides an opportunity for individual audit committees to work together, away from their normal business, to assess how well they work and establish areas to develop further. The workshop is followed up with an Action Plan that draws from the decisions and actions raised. This Action Plan will be owned by the Audit Committee, and act as the means by which decisions are implemented and reviewed.

9 If you would like the NAO to facilitate a workshop for your Audit Committee, please ask your usual NAO contact or Client Director.

10 This checklist is also available as a Word document to enable Audit Committees to record their responses electronically.

National Audit Office

November 2009

Section I

Good Practice Principles for Audit Committees

Principle 1: The Role of the Audit Committee

The Audit Committee should support the Board and the Accounting Officer by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs, and reviewing the reliability and integrity of these assurances.

Good Practice Questions

(Yes, No, N/A)

Terms of Reference

- | | |
|---|--|
| 1. Have all executive responsibilities, and making or endorsing of decisions been excluded from the roles and responsibilities of the Audit Committee members? | Yes |
| 2. Does the Audit Committee follow up recommendations regarding its effectiveness? | Yes |
| 3. Does the Audit Committee's role include monitoring and reviewing the executive's processes for assessing, reporting and owning business risks and their financial implications? | Yes |
| 4. Has the role and responsibilities of the Audit Committee been clearly defined and communicated to all Audit Committee members, along with details of how the Committee supports the Board? | Yes, as part of the process of appointing members to the Committee |
| 5. Are the Terms of Reference reviewed at least annually by the Board and the Audit Committee, to ensure that the work of the Audit Committee is aligned with good practice and business needs? | Yes |
| 6. Do the Terms of Reference include rules for a quorum? | Yes, as part of the standing orders |
| 7. Does the Audit Committee meet regularly (at least four times a year), and do meetings coincide with key dates in the financial reporting and audit cycle? | Yes, four meetings are to be held in 2010 |

Conclusions

Do we achieve Principle 1: The Role of the Audit Committee – Does the Audit Committee support effectively the Board and the Accounting Officer by reviewing the comprehensiveness of assurances to satisfy their needs, and by reviewing the reliability and integrity of these assurances?

The Committee does effectively support the Council and the Accounting Officer by reviewing these matters.

What do we need to do to enhance the Audit Committee?

Where we have carried out the self-assessment before, the audit committee has improved its performance against most, if not all, of the good practice questions.

Principle 2: Membership, Independence, Objectivity and Understanding

The Audit Committee should be independent and objective; in addition, each member should have a good understanding of the objectives and priorities of the organisation and of their role as an Audit Committee member.

Good Practice Questions

(Yes, No, N/A)

Independence

8. Is the Chair of the Audit Committee different from the Chair of the Board? Yes

9. Are the Audit Committee members either independent non-executive Board members or independent external members, and have they been appointed for an appropriate period of time (e.g. three years)? Yes

Relationship with the Executive

10. Are the Executive members of the organisation invited to attend Audit Committee meetings, participate in discussions, and provide information to the Audit Committee as and when the Audit Committee deems it necessary? Yes

Other Participants

11. Where appropriate, does a representative from the sponsoring body attend the Audit Committee meetings (e.g. if an Executive Agency, does a member of the Sponsoring Department attend the meeting)? N/A

12. Does the Accounting Officer, Finance Director, Head of Internal Audit and the External Auditor routinely attend the Audit Committee, or attend at the request of the Audit Committee members? Yes, routinely

13. Are the numbers attending the Audit Committee meetings sufficient to deal adequately with the agenda, but not too many to blur issues? Yes

Conflict of Interest

14. Is the first agenda item of every meeting a request for the Audit Committee members to declare any potential conflict of interest with any of the business items on the Audit Committee's agenda? No, but it is near the start of the agenda

15. In instances where there is a declaration of interest in any of the agenda business items, are appropriate actions taken, e.g. is the member asked to leave the meeting while the business item is being discussed? Yes

16. In instances where the conflict of interest is likely to last for a long time, has the Audit Committee member been asked to relinquish his or her membership? N/A

17 Are the Audit Committee members required to declare their interest in a register of interests? Yes

Terms of Appointment

18 Do all Audit Committee members have a clear understanding of what is expected of them in their role, set out in a letter of appointment, including: Yes, as part of their appointment to the Council

- a) their appointment and purpose;
- b) the support and training that they will receive;
- c) the commitment required;
- d) their remuneration;
- e) conflict of interest procedures;
- f) expected conduct;
- g) duration of appointment and how often it may be renewed;
- h) how their individual performance will be appraised, including a clear understanding of what would be regarded as unsatisfactory performance; and
- i) termination conditions?

Conclusions

Do we achieve Principle 2: Membership, Independence, Objectivity and Understanding – Is the Audit Committee suitably independent and objective, and does each member have a good understanding of the objectives, priorities and risks of the organisation, and of their role on the Audit Committee?

Members of the Committee are all non-executives and in the last year demonstrated that they were suitably independent and objective. Each member does have a good understanding of the organisation and of their role on the Audit Committee.

What do we need to do to enhance the Audit Committee?

Where we have carried out the self-assessment before, the audit committee has improved its performance against most, if not all, of the good practice questions.

Principle 3: Skills

The Audit Committee should collectively possess an appropriate skills mix to perform its functions well.

Good Practice Questions

(Yes, No, N/A)

Range of Skills

19. Are there formal assessment criteria for the appointment of the Audit Chair, including attitudes to non-executives, strength of personality, experience of chairing, and time commitment? No

Comment: At its meeting on 25 September 2007, the Committee agreed that it was not appropriate in HPC's case to prepare formal assessment criteria for the appointment of the Chair. (See minutes of the public meeting held on 25 September 2007, paragraph 13.16).

20. Do the assessment criteria of Committee members include, or expect Audit Committee members to acquire as soon as possible after appointment: Yes, as part of their appointment and induction to the Council

a) understanding of the objectives of the organisation and current significant issues for the organisation;

b) understanding of the organisation's structure, including key relationships such as that with a sponsoring department or major partner;

c) understanding of the organisation's culture;

d) understanding of any relevant legislation or other rules governing the organisation; and

e) broad understanding of the government environment, particularly accountability structures and current major initiatives?

21. Does the Audit Committee ensure that there are areas of collective understanding, including: No

a) accountancy – with at least one member having recent and relevant financial experience;

b) governance, assurance and risk management;

c) audit;

d) technical or specialist issues pertinent to the organisation's business;

e) experience of managing similar sized organisations;

f) understanding of the wider environments in which the organisation operates; and

g) detailed understanding of the government environment and accountability structures?

Comment: At its meeting on 25 September 2007, the Committee noted that it did not set down requirements for collective understanding but noted that members were asked to complete a statement of suitability when applying to become members of the Committee. This approach was followed for the appointment of the current members. (See minutes of the public meeting held on 25 September 2007, paragraph 13.15).

Additional Skills

22. Do the Audit Committee members feel empowered to:

a) co-opt members for a period of less than one year to provide specialist skills that the members do not have to be an effective Committee;

N/A.

There is no power to do this under the standing orders. However, the standing orders permit anyone advising on the business before the Committee to attend the meeting.

b) procure specialist advice at reasonable approved expense to the organisation, on an ad-hoc basis to support them in relation to particular pieces of Committee business.

Yes.

Training and Development

23. Is there an induction checklist for new Audit Committee members that details key things that they must do e.g. visits to important business locations, meetings with Board, Risk Manager, Internal Audit and External Auditors?

N/A. All members were invited to attend an induction programme which included a tour of HPC's office, presentations and discussions on particular topics. Training is also offered to members on specific issues (e.g. induction for each committee)

24. Do all new members of the Audit Committee attend an induction training course for Audit Committee members run by the National School of Government, or other sector related organisation?

No.

Comment: Council members received a general induction to HPC and training during the year. The previous Audit Committee agreed to receive annual training on aspects of its work, which usually took place after its spring meeting. Members are welcome to express interest in attending a suitable induction course, as part of the six events which all Council members can attend each year.

25. Does the Audit Committee ensure that new members have sufficient knowledge of the business to identify the key risk areas and to challenge both line management and internal and external auditors on critical and sensitive issues?

Yes, as part of induction programme.

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| 26. Does the Audit Committee and the Chair make recommendations to the Board on the Committee's and individual Members' training needs? | N/A. Individual members can express interest in attending training to meet their needs. |
| 27. Does the Audit Committee keep abreast of best practice and developments in corporate governance in central government and more widely? | Yes, where relevant |

Comment: For example, papers in the last year have included the role of the Comptroller and Auditor General; the conversion to International Financial Reporting Standards; HPC's response to the Government's Poynter Review; and the NAO's guidance on the Statement of Internal Control.

Conclusions

Do we achieve Principle 3: Skills – Does the Audit Committee contain or have at its disposal an appropriate mix of skills to perform its functions well?

In the last year, the Committee has worked well, drawing on its members' range of skills and experience. A reciprocal arrangement is in place where the Chair of the Finance and Resources Committee observes meetings of the Audit Committee and vice versa.

What do we need to do to enhance the Audit Committee?

Where we have carried out the self-assessment before, the audit committee has improved its performance against most, if not all of the good practice questions.

Principle 4: Scope of Work

The scope of the Audit Committee's work should be defined in its Terms of Reference, and encompass all the assurance needs of the Board and Accounting Officer. Within this, the Audit Committee should have particular engagement with the work of Internal Audit, the work of External Auditor, and Financial Reporting issues.

Good Practice Questions

Relationship with Internal Audit	(Yes, No, N/A)
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28. Does the Audit Committee consider the independence and effectiveness of Internal Audit?	Yes
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29. Does the Audit Committee consider that the experience, expertise and professional standard of the Internal Audit team are appropriate for the size, complexity, and inherent risk of the organisation?	Yes
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30. Does the Audit Committee consider that the scope of Internal Audit work, the available resources at its disposal, and their access to information and people allow it to address significant risks within the organisation? Yes

31. Does the Audit Committee review and approve the Internal Audit plan before they commence any work and make suggestions regarding risk and problem areas that the audit could address in the short and long term? Yes

32. Does the Audit Committee receive regular progress reports on studies/work undertaken by Internal Audit? Yes

33. Does the Audit Committee review internal audit reports and management responses to issues raised, and monitor the progress made on Internal Audit's recommendations? Yes

Relationship with External Audit

34. Where relevant, does the Audit Committee consider the independence, objectivity, and effectiveness of the External Auditors? Yes

35. Does the Audit Committee periodically obtain the views of the External Auditor on the work and effectiveness of the Audit Committee? Yes

36. Is the Audit Committee informed by the External Auditors on an annual basis as to their quality control procedures and compliance with applicable UK ethics guidance? Yes

37. Does the Audit Committee consider the External Auditor's Audit Strategy before they commence work, and make suggestions regarding risk and problem areas the audit could address in the short and long term? Yes

38. Do the External Auditors inform the Audit Committee of key developments and issues at key stages of the audit? Yes

39. Where relevant, does the Audit Committee review the audit fees? Yes

40. Does the Audit Committee consider the management letter and other relevant reports (e.g. the NAO's Value for Money work), and the management's response, and monitor the progress made on the recommendations? Yes

Relationship Between Internal Audit and External Auditors

41. Does the Audit Committee consider whether there are areas where joint working between Internal Audit and the External Auditors would be beneficial? Yes

42. Does the Audit Committee seek confirmation from Internal Audit and the External Auditors on the effectiveness of the relationship? Yes

Fraud

43. Does the Audit Committee consider whether effective anti-fraud and corruption policies and procedures are in place and operating effectively? Yes

44. Does the Audit Committee consider whether there is a code of conduct and its distribution to employees? No

Comment: The Council has agreed that the Finance and Resources Committee should be responsible for human resources issues. A new employee handbook, which address issues of employee conduct, was agreed by the Finance and Resources Committee on 20 November 2007. The handbook is regularly updated.

45. Does the Audit Committee consider whether management arrangements for whistle blowing are satisfactory? Yes

Comment: Arrangements for whistle blowing were discussed by the Audit Committee in 2006. The arrangements are set out in the employee handbook which was agreed by the Finance and Resources Committee on 20 November 2007. The agreed policy for whistle blowing is that any issues raised should be brought to the attention of the Council Chair.

Internal Control

46. Does the Audit Committee consider whether Corporate Governance is embedded throughout the organisation, rather than treated as a compliance exercise? Yes. For example, the internal audit workplan includes an annual review of corporate governance.

47. Does the Audit Committee consider whether the system of internal reporting gives early warning of control failures and emerging risks? Yes

48. Does the Audit Committee consider whether the SIC is sufficiently comprehensive and meaningful, and the evidence that underpins it? Yes

49. Does the Audit Committee satisfy itself that the system of internal control has operated effectively throughout the reporting period? Yes

50. Does the Audit Committee consider whether financial control, including the structure of delegations, enables the organisation to achieve its objectives and achieve good value for money? Yes

51. Does the Audit Committee monitor whether the organisation's procedures for identifying and managing business risk have regard for the relevant legislation and regulation? Yes

Financial Reporting

52. Does the Audit Committee review the first draft of the annual accounts before the External Auditors start work on them? No

Comment: In September 2008, the Committee agreed that this was not necessary.

53. Before the Accounting Officer signs off the Annual Report and Financial Statements, does the Audit Committee consider: Yes

- a) that the accounting policies in place comply with relevant requirements, particularly the Treasury's Financial Reporting Manual and Accounts Direction;
- b) that there has been a robust process in preparing the accounts and annual report;
- c) whether the accounts and annual report have been subjected to sufficient review by management and by the Accounting Officer and/or Board;
- d) that when new or novel accounting treatments arise, whether appropriate advice on accounting treatment has been taken;
- e) whether there is an appropriate anti-fraud policy in place, and whether losses are suitably recorded;
- f) whether suitable processes are in place to ensure accurate financial records are kept;
- g) whether suitable processes are in place to ensure regularity and propriety is achieved; and
- h) whether issues raised by the External Auditors have been given appropriate attention.

54. Where the accounts have been qualified, does the Audit Committee consider the action taken by the Board to deal with the causes of the qualification? N/A

55. Does the Audit Committee satisfy itself that the annual financial statements represent fairly the financial position of the organisation, regardless of the pressures on executive management? Yes

56. Before the Accounting Officer signs off the Letter of Representation, does the Audit Committee review it and give particular attention to non-standard issues of representation? Yes

Conclusions

Do we achieve Principle 4: Scope of Work – Is the scope of the Audit Committee suitably defined, and does it encompass all the assurance needs of the Board and Accounting Officer?

The scope of the Committee is defined in the terms of reference, which have been agreed by the Council.

What do we need to do to enhance the Audit Committee?

Where we have carried out the self-assessment before, the audit committee has improved its performance against most, if not all of the good practice questions.

Principle 5: Communication

The Audit Committee should ensure it has effective communication with the Board, the Head of Internal Audit, the External Auditor, and other stakeholders.

Good Practice Questions

Reporting to the Board

(Yes, No, N/A)

57. Does the Audit Committee send regular reports or provide oral updates to the Board that they review at their meetings? Yes, in the form of minutes of meetings

58. Does the Audit Committee provide an Annual Report to the Board, timed to support preparation of the Statement on Internal Control? Yes, in effect, through its work during the year

59. Does the Annual Report of the Audit Committee present the Committee's opinion about: Yes

- a) the comprehensiveness of assurances in meeting the Board and Accounting Officers needs;
- b) the reliability and integrity of these assurances;
- c) whether the assurance available is sufficient to support the Board and Accounting Officer in their decisions taken and their accountability obligations;
- d) the implication of these assurances for the overall management of risk;
- e) any issues the Audit Committee considers pertinent to the Statement on Internal Control, and any long term issues the Committee thinks the Board and/or Accounting Officer should give attention to;
- f) financial reporting for the year;
- g) the quality of both Internal and External Audit and their approach to their responsibilities; and
- h) the Audit Committee's view of its own effectiveness, including advice on ways in which it considers it needs

to be strengthened or developed.

Conclusions

Do we achieve Principle 5: Communication – Does the Committee engage effectively with Financial and Performance Reporting issues, and with the work of internal and external audit?

And does the Audit Committee communicate effectively with the Accounting Officer, the Board and other stakeholders?

The Committee does engage effectively with financial and performance reporting issues and with the work of internal and external audit. In addition, it receives reports on audits conducted by the British Standards Institute to ensure that HPC remains compliant with the ISO standard 9001:2008 on quality management systems. The Committee does communicate effectively with the Accounting Officer, the Council and other stakeholders.

At its meeting on 25 September 2007, the Committee noted that the term ‘stakeholders’ in this context should be interpreted as meaning communication with the Privy Council and HM Treasury. The annual report and accounts is received by the Privy Council Office, which arranges for the report and accounts to be laid in Parliament.

What do we need to do to enhance the Audit Committee?

Where we have carried out the self-assessment before, the audit committee has improved its performance against most, if not all of the good practice questions.

Section II

The Role of the Chair: Good Practice

The Chair of the Audit Committee has particular responsibility for ensuring that the work of the Audit Committee is effective, that the Committee is appropriately resourced, and that it is maintaining effective communication with stakeholders.

Good Practice Questions

Agenda Setting

(Yes, No, N/A)

60. Is the Board Secretary different from the Audit Committee Secretary?

Yes

61. Does the Chair of the Audit Committee meet with the Committee Secretary before every meeting to discuss and agree the business for the meeting?

No, but draft agendas are sent to the Chair by e-mail for agreement. Each agenda includes an item to formally agree the agenda by the Committee.

62. Are inputs on Any Other Business formally requested in advance from Committee members and attendees?	Yes
63. Are outline agendas planned one year ahead to cover core activities and specific issues on a cyclical basis?	Yes
64. Does the agenda exclude executive business, so that there is no overlap with the work of the Board whilst linking to the main elements of the organisation's business?	Yes
65. Are the meetings set for a length of time which allows all business to be conducted, yet not so long that the meeting becomes ineffective?	Yes
66. Does the Chair encourage full and open discussion and invite questions at the Audit Committee meetings?	Yes
67. Does the Chair of the Audit Committee have open lines of communication with the Board, Head of Internal Audit, and the External Auditors?	Yes
68. Does the Chair encourage all Committee members to have regular interface with the organisation and its activities to help them understand the organisation, its objectives, and business needs and priorities?	Yes, this is done as part of members' induction and ongoing training
69. Do reports to the Audit Committee communicate relevant information at the right frequency, time, and in a format that is effective?	Yes
70. Does the Audit Committee issue guidelines concerning the format and content of the papers to be presented to the Committee?	N/A

Comment: The Secretariat has prepared a template for papers and advises the Executive on the format and content of papers as necessary.

Monitoring Actions

71. Does the Chair or the Secretariat ensure that all action points from Committee meetings are appropriately acted upon?	Yes
72. Does the Chair or the Secretariat ensure that members who have missed a meeting are appropriately briefed on the business conducted in their absence?	Yes
73. Is a report on matters arising made and minuted at the Audit Committee's next meeting?	Yes

Appraisal

74. Does the Chair ensure that the Committee members are provided with an appropriate appraisal of their performance as a Committee member? Yes

Comment: The Chair of Council undertakes an annual review with each Council member, which includes identification of any training needs.

75. Does the Audit Committee Chair seek appraisal of their personal performance from the Accounting Officer or Chair of the Board? Yes. See answer to question 74.

76. Are Audit Committee meetings well attended, with records of attendance maintained and reviewed annually by the Board? Yes

Appointments

77. Is the Chair involved in the appointment of new Committee members, including providing advice on the skills and experience required of the new individual? No

Comment: The decision on appointments of members to the committees is made by the Council.

Conclusions

Do we meet Good Practice: the Role of the Chair – Is the Committee appropriately resourced, work planned in advance as far as possible, and effective communication with stakeholders maintained?

The Committee is appropriately resourced and work is planned for a year in advance. The programme of work for the year was received as a paper to note at the Committee's meeting on 24 June 2010. Effective communication with stakeholders is maintained.

What do we need to do to enhance the Audit Committee?

Where we have carried out the self-assessment before, the audit committee has improved its performance against most, if not all of the good practice questions.

Section III

Committee Support: Good Practice

The Audit Committee should be provided with appropriate Secretariat support to enable it to be effective. This is more than a minute-taking function – it involves providing proactive support for the work of the Committee, and helping its members to be effective in their role.

Good Practice Questions

(Yes, No, N/A)

Does the Audit Committee Secretariat:

- | | |
|--|---|
| 78. Commission papers as necessary to support agenda items? | Yes |
| 79. Circulate meeting documents to all Committee members, Internal Audit and External Auditors in good time before each meeting, to allow members time to study and understand the information e.g. at least one week before the meeting? | Yes |
| 80. Arrange for Executives / senior management to be available as necessary to discuss specific agenda items with the Audit Committee during meetings? | Yes |
| 81. Keep records of meetings and minutes after they have been approved by the Audit Chair and circulate them to Committee members, Head of Internal Audit, External Auditors, Board, and the Accounting Officer on a timely basis e.g. within one week of the meeting? | Yes |
| 82. Ask for confirmation that the minutes are a true and fair representation of a summary of the business taken by the Audit Committee? | Yes |
| 83. Ensure that the minutes clearly state all agreed actions, the responsible owner, when they will be done by and any advice given from any stakeholders? | Yes |
| 84. Ensure action points are being taken forward between meetings? | Yes |
| 85. Support the Chair in the preparation of Audit Committee reports to the Board? | N/A. Reporting is done in the form of the committee's minutes |

86. Arrange the Chair's bilateral meetings with: a) the Accounting Officer, the Head of Internal Audit, Director of the External Auditors; b) the Chair of the Board of sponsored NDPBs.	Yes, if required.
87. Keep the Chair and members in touch with developments and relevant background information about developments in the organisation?	Yes, where relevant
88. Maintain a record of when members' terms of appointment are due for renewal or termination?	Yes
89. Ensure that appropriate appointment processes are initiated when required?	Yes

Conclusions

Do we meet Good Practice: Support for the Committee – Does the Committee receive appropriate support from its secretariat?

The Committee meets the good practice set out above and receives appropriate support.

What do we need to do to enhance the Audit Committee?

Where we have carried out the self-assessment before, the audit committee has improved its performance against most, if not all of the good practice questions.

Useful References

1. Higgs Report (2003): Review of the Role and Effectiveness of Non-Executive Directors
2. Combined Code on Corporate Governance (2003)
3. Good Governance Standard for Public Services (2004)
4. Code of Good Practice for Corporate Governance in Central Government Departments (2005)
5. HM Treasury Audit Committee Handbook (revised 2007)
6. Financial Reporting Council (revised 2008): Guidance on Audit Committees
7. ICAEW: Miscellaneous guides, publications, and documents on the ICAEW website:
<http://www.icaew.com/index.cfm?route=12764>