

**AUDIT COMMITTEE
SELF-ASSESSMENT
CHECKLIST**

| GOOD PRACTICE QUESTIONS | ACTIONS REQUIRED |
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| 1. Relationships and Communication | |
| With the Executive Board | |
| Is the Audit Committee a committee of the Executive Board? | Yes through PBAC |
| Does the Committee follow up recommendations agreed by the Executive Board? | As appropriate to IEOAC |
| Does the Chair have open lines of communication with the Board? | Yes via EB attendance |
| Does the Committee periodically obtain assurance from the Executive Board on the effectiveness of the Audit Committee? | In hand for 2012 |
| Does the Committee make a formal annual report on its own effectiveness to the Executive Board? | To incorporate for 2011 |
| Do the Executive Board agendas include a regular report from the Audit Committee? | Yes |
| Does the Report from the Audit Committee communicate recommendations to the Board? | As appropriate |
| Are outline agendas, without supporting papers, sent to other Executive Board members to keep them up-to-date with the Audit Committee's work? | Posted retrospectively on public WHO website |
| Do the Board receive the Audit Committee minutes? | Yes, via reports and website |
| Does the Chair of the Audit Committee meet with the Executive Head and Finance Director bilaterally at least once a year. | Yes |
| With Internal Audit | |
| Does the Chair have open lines of communication with the Head of Internal Audit? | Yes |
| Does the Committee periodically seek the views of internal audit on the work and effectiveness of the Audit Committee? | To be considered |
| Does the Chair of the Committee meet separately with the Head of Internal Audit at least once a year? | Yes, whole committee |
| Does the Committee review the internal audit plan and audit reports? | Yes |
| Does the Committee review the scope and remit of internal audit in the organisation? | Yes |
| Does the Committee consider whether the scope of internal audit work addresses the significant risks? | Yes |

| GOOD PRACTICE QUESTIONS | ACTIONS REQUIRED |
|---|---|
| Does the Committee examine all individual terms of reference for internal audit's work? | As applicable |
| Does the Committee consider the experience and expertise of the audit team? | Yes |
| Does the Committee monitor internal audit's progress in undergoing quality assurance or peer review procedures? | Yes |
| Does the Committee monitor whether internal audit is working to professional standards relevant to the organisation? | Yes |
| Does the Committee monitor whether internal audit have the resources and right people with relevant expertise to carry out its remit? | Yes |
| Is the Committee Secretary role separate from internal audit? | Yes |
| Between internal and external audit | |
| Does the Audit Committee monitor the effectiveness of relationships between internal and external auditors? | Yes |
| Does the Committee consider whether internal and external audit have communicated and coordinated audit plans? | Yes |
| Does the Committee consider whether external audit places reliance on the work of internal audit? | Yes |
| Does the Committee discuss whether there are areas where joint working would be beneficial? | Indirectly through review of reports and plans |
| Does the Committee consider whether all audit services are joined up, including in-house operational audits? | Yes |
| Does the Committee expect internal and external auditors to communicate effectively with each other about understanding key business risks, their assessments of risk areas and how their work will cover these key risk areas? | Yes |
| Does the Committee communicate this expectation to internal and external audit? | Where appropriate |
| Does the Committee require an annual report from internal and external audit on the extent of planned and actual co-operation between them? | No |

| GOOD PRACTICE QUESTIONS | ACTIONS REQUIRED |
|--|---|
| With External Audit | |
| Does the Chair have open lines of communication with the external audit Director/Partner? | Yes (whole committee) |
| Does the Committee periodically obtain the views of external audit on the work and effectiveness of the Audit Committee? | No |
| Does the Chair of the Committee meet separately with the external audit Director/Partner at least once a year? | Yes (whole committee) |
| Does the Committee's role include participation in the external audit appointment process? | No but recommended |
| Does the Committee consider the experience and expertise of the audit team? | As required |
| Does the Committee consider whether the audit Director/Partner will spend sufficient time on the audit and whether time to be spent by other audit staff seems reasonable? | Yes |
| Does the Committee monitor external audit's compliance with applicable ethics guidance relating to the rotation of audit Partners? | N/A |
| Does the Committee agree the external audit plans and management letters? | No - planning the prerogative of EA. Review of outputs only. Implicit in IEOAC review generally. |
| Does the Committee seek specific assurance regarding external audit's quality assurance procedures when considering their audit strategy? | Yes as appropriate at IEOAC meetings. |
| Do external audit inform the Committee of key developments and issues at key stages of the audit? | As appropriate and by virtue of IEOAC participation. |
| Does the Committee make suggestions to external audit regarding risk and problem areas the audit could address? | Yes. |
| Does the Committee consider whether external audit focuses on the fundamental issues? | Yes, through review of outputs etc. |
| Does the Committee consider whether the external auditors have delivered fully against their plans? | |

| GOOD PRACTICE QUESTIONS | ACTIONS REQUIRED |
|--|---|
| Does the Committee monitor the performance of external audit? | Through discussion of work and outputs. |
| Does the Committee review audit fees? | Not yet. |
| Communication with stakeholders | |
| Does the Chair have open lines of communication with stakeholders? | Yes |
| Is the Committee's membership published in the Annual Report? | No – on IEOAC Report and website |
| Per the Combined Code/Smith Report, does the Annual Report contain a section on the roles and responsibilities of the Audit Committee and actions taken to discharge those responsibilities? | Not applicable |
| 2. Business Risk and Internal Control | |
| Assessing the scope and work of Internal and External Audit | |
| Does the Committee satisfy itself that the organisation's main risk areas are being reviewed by internal and external audit? | Yes |
| Monitoring risk management arrangements | |
| Does the Committee's role include monitoring the Executive Board's processes for assessing business risks and the financial implications? | Via review of risk management infrastructure. |
| Does the Committee ensure that internal and external audit report to them on what they perceive as the key risks now and in the short and long-term? | Yes. |
| Do senior executives report to the Committee on how key business risks and their financial implications are being dealt with? | No. ERM is a work in progress and under IEOAC scrutiny. |
| Do internal and external audit comment on the Executive Board's reports on how key business risks are being dealt with? | See above. |
| Is the Committee involved in reviewing the effectiveness of internal control? | Yes. |
| Does the Committee consider whether corporate governance is treated as a compliance exercise or is being used to provide benefit to the organisation? | Informally. |
| Does the Committee consider whether the system of internal reporting gives early warning of control failures and emerging risks? | No adequate process yet in place. |
| Does the Committee consider whether each of the significant risks is sufficiently owned by a member of the Executive Board? | Not yet applicable. Corporate, systematic strategic risk management not yet implemented. |

Does the Committee consider the need to raise the awareness of junior staff to the importance of risk management?

N/A. See above.

GOOD PRACTICE QUESTIONS

ACTIONS REQUIRED

Statement on Internal Control and assurance from Internal and External Audit

Does the Committee consider how meaningful the SIC is?

No Statement of Internal Control yet, though advised by the IEOAC

Does the Committee review whether the SIC discloses adequately the processes for dealing with material internal control aspects of any significant problems disclosed in the annual report and accounts?

N/A

Does the Committee approve the SIC?

N/A

Does the Committee ensure that they receive from internal and external audit details on the operation of internal control, including any failures to implement recommendations accepted by the Executive Board?

Indirectly

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

Informally

Fraud

Does the Committee consider whether effective anti-fraud and corruption policies and procedures are in place and operating efficiently?

To be reviewed

Does the Committee consider whether arrangements have been established to deal with situations of suspected or actual fraud?

To be reviewed

Does the Committee consider whether there is a code of conduct and its distribution to employees?

To be reviewed

Does the Committee consider whether a whistle blowers' hotline is required?

To be reviewed

GOOD PRACTICE QUESTIONS

ACTIONS REQUIRED

3. Roles and Remit

Terms of Reference, roles and responsibilities

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| Are the Terms of Reference approved by the Executive Board? | Yes |
| Are the Terms of Reference reviewed at least annually? | Periodic review. |
| Do the Terms of Reference adequately define the Committee's role and provide it with sufficient membership, authority, time and resources to perform its role effectively? | Yes, subject to review/revision currently in hand. |
| Does the Committee consider the impact on their workload of changes to their role? | Yes. |
| Does the role of the Committee include review of business risk and internal control, independence and effectiveness of internal and external audit, maintenance of proper accounting records and quality of financial statements, policies against fraud, implementation of new systems, tax and litigation matters involving uncertainty, compliance with laws and regulations? | Yes. |
| Does the Committee's role include obtaining assurances relating to the corporate governance requirements for the organisation? | Yes. |
| Are the Terms of Reference in line with the Audit Committee Handbook? | Not applicable but good practice followed. |

4. Meetings

Frequency

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| Does the Committee meet sufficiently often to monitor important issues? | Yes |
| Do the Terms of Reference set out the frequency of meetings? | Yes |
| Does the Committee calendar meet the organisation's business needs, governance needs and the financial calendar? | Yes |
| Are there at least 4 meetings a year (per Audit Committee Handbook) or 3 for smaller organisations? | Yes, 3. |
| Can special meetings be organised to allow quick response to emergencies? | Yes. |

Timing and length

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| Do the Terms of Reference set out the timing of meetings? | No |
| Are the meetings set for a length of time which allows all business to be conducted, yet is not so long that the meeting becomes ineffective? | Yes |

GOOD PRACTICE QUESTIONS

ACTIONS REQUIRED

Agenda management

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| Does the Chair encourage full and open discussion and invite questions? | Yes |
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| Are outline agendas planned one year ahead to cover issues on a cyclical basis? (NB ICAEW Audit Committees guidance for the UK contains a specimen seasonal calendar and agendas, as does the Audit Committee Handbook for 4 meetings a year). | N/A |
| Does the agenda exclude executive business so that there is no overlap with the work of the Executive Board whilst linking to the main elements of the organisation's business? | Yes |
| Are inputs on Any Other Business formally requested well in advance from Committee members, Chief Executive, Finance Director, internal and external audit? | Yes |
| Is the Executive Board Secretary also the Audit Committee Secretary? | No |
| Attendance | |
| Do the Terms of Reference include rules for a quorum? | Yes |
| Are attendance records maintained and reviewed annually by the Executive Board? | Yes |
| Timing and content of Audit Committee papers | |
| Do reports to the Audit Committee communicate relevant information at the right frequency, time, and in a format that is effective? | Yes |
| Are agendas and their supporting papers, together with brief executive summaries of papers, issued to all Committee members, internal audit and external audit, giving them at least a week to consider the papers in advance? | As much as possible |
| Are there oral reports to the committee, supported by succinct, easy to read documents? | Yes |
| Does the Committee issue guidelines concerning the format and content of the papers to be presented to the Committee? | Yes, as necessary |
| Is there a proforma for written reports to ensure there is a focus on salient matters, there are clear recommendations, a timescale for completion and the individual responsible for implementation? | N/A |
| Location | |
| Are the Committee meetings rotated between locations to give the members the opportunity to see various operating sites? | No |
| GOOD PRACTICE QUESTIONS | ACTIONS REQUIRED |
| Actions arising | |
| Are minutes prepared and circulated to the appropriate people promptly? | Report issued |
| Is a report on matters arising made and minuted at the Committee's next meeting? | N/A |
| Do action points indicate who is to perform what and by when? | N/A |

Are actions allocated to a single person, rather than joint responsibility?

N/A

5. Financial Information and Regulatory Matters

Understanding financial matters

Does the Committee consider how best to keep the Committee Chair abreast of public sector accounting requirements?

N/A

Does the Committee provide support to the finance function in explaining the effects of financial and reporting requirements to the rest of the Executive Board?

N/A

Does the Audit Committee satisfy itself that:

- the organisation keeps proper accounting records?
- the annual financial statements represent fairly the financial position of the organisation?

**Yes.
To be pursued.**

Does the Committee gain an understanding of management's procedures for developing the organisation's financial report and the historical reliability of the organisation's financial reporting?

Yes.

Does the Committee review the annual report and financial statements before signature by the Executive Director?

To be pursued.

Do they consider specifically:

To be pursued.

- Suitability of accounting policies and treatments
- Major judgements made
- Large write-offs
- Unusual credits
- Last minute transactions

- Changes in accounting treatment
- Unusual financial trends
- Unusual financial statement relationships
- Accounting treatments varying from the sector norm
- The impact on going concern of fundamental issues in the business

- The reasonableness of accounting estimates
- The reasonableness of other accounting entries requiring judgement
- Reporting on the wider financial aspects of the business eg the Operating and Financial Review
- The narrational aspects of the reporting?

GOOD PRACTICE QUESTIONS

ACTIONS REQUIRED

Does the Committee consider whether there is a risk of the accounts being qualified by the external auditors?

Yes

Does the Committee review the Letter of Representation before signature by management and give particular attention to non-standard issues of representation?

N/A

SAS 610 and External Audit

Does the Committee liaise fully with the external auditors on matters concerning the financial statements?

Yes

Is there discussion of the unadjusted misstatements in the draft financial statements?

To be pursued.

Do the Committee consider why unadjusted errors in the draft financial statements detected by the external auditors are not corrected?

N/A

Compliance with regulations

Does the Audit Committee review whether the organisation complies with regulatory matters affecting the business?

Yes

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

N/A

Does the Committee enquire into whether there are procedures for making all employees aware of whistle blowing procedures?

Yes

6. Membership, Induction and Training

Size

Is the membership in the range of 3 to 5?

Yes

Are the numbers attending the meetings sufficient to deal adequately with the agenda, but not too many to blur issues?

Yes

Does the Committee ensure that the right people attend, especially those who will have meaningful input on agenda items?

Yes

| GOOD PRACTICE QUESTIONS | ACTIONS REQUIRED |
|--|-----------------------|
| Membership | |
| The Chairmanship of the Committee and the Executive Board should not be combined. Is this the case? | N/A |
| Do the Chairs of the Committee and the Executive Board and the other non-executive members consult widely before making recommendations on membership of the Committee? | N/A |
| Is the Head of Internal Audit invited to attend rather than being a member? | Yes |
| Where there is executive membership, is this rotated on an appropriate cycle (eg. 3 years)? | N/A |
| Is the Committee membership mostly composed of non-executive or independent members? | Yes, all independent. |
| If there are sufficient non-executives to do so on the Executive Board, is there rotation onto the Audit Committee? | N/A |
| Where the creation of an Audit Committee separate from the Board is not practicable, is consideration given to actions that enhance objectivity eg. appointment of a non-executive chair? | N/A |
| Is the appointment of independent external members for an appropriate period of time (eg.3 years)? | Yes, 4-year term |
| Independence, skills, experience | |
| Does the Executive Board ensure that the membership of the Audit Committee demonstrates independence and the required mix of skills and experience? | Yes |
| Do the Committee's corporate competencies include accountancy skills/recent and relevant financial experience/risk management/audit/technical skills relevant to the organisation/understanding of government environment? | Yes |
| Does the Committee set down requirements for areas of collective understanding? | Ensured by ToRs |
| Is there a formalised process for the Board to consider what the non-executives bring to the Committee? | N/A |
| Do the assessment criteria include knowledge, experience, personal qualities, time available? (NB Audit Committee Handbook contains a list of competencies for Committee members.) | Yes |
| Are there formal assessment criteria for the appointment of the Chair, including attitudes to non-executives, strength of personality; experience of chairing and time commitment? | No |
| How do candidates declare interests before appointment? | Formal declaration |

| GOOD PRACTICE QUESTIONS | ACTIONS REQUIRED |
|---|--|
| Are members required to declare interests in a register of interests and declare conflicts of interest on agenda items? | Yes |
| Are Committee members subject to regular appraisal by the Executive Board? | No |
| Dynamism and performance of Audit Committee | |
| Does the Executive Board ensure that the membership of the Audit Committee retains its dynamism? | No |
| Have recent developments created a need for a review of the work of the audit committee? | No |
| Does the Audit Committee assess its effectiveness annually? | Periodically |
| Does the Committee make a formal annual report on its own effectiveness to the Executive Board? | No |
| How does the Committee benchmark itself against others? | Informally through experience of other UN bodies. |
| As part of self-assessment, does the Committee discuss the quality of the information it receives and make recommendations to the Executive Board on its training needs? | N/A |
| Induction of new members | |
| Do new members receive a copy of the Terms of Reference, a formal letter of appointment setting out responsibilities, term and remuneration? | Yes |
| Do new non-executive members receive recent financial statements and other public reports, executive summaries of internal audit reports, commentaries on how recommendations have been followed up, external audit management letters, codes of conduct etc? | Yes |
| Is there an induction for new non-executive members? | Yes |

SOURCES OF GOOD PRACTICE USED TO COMPILE CHECKLIST

Inter alia:

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| UK National Audit Office | |
| UK Financial Reporting Council | The Combined Code on Corporate Governance |
| ICAEW Audit and Assurance Faculty | The Power of Three: Understanding the Roles and Relationships of Internal and External Auditors and Audit Committees |
| ICAEW Audit and Assurance Faculty | Guidance for Audit Committees – <ul style="list-style-type: none">• Company Reporting and Audit Requirements• Working with Your Auditors• Reviewing Auditor Independence• Evaluating Your Auditors |
| HM Treasury | The Audit Committee Handbook |
| ICAEW Audit and Assurance Faculty | The Effective Audit Committee: A Challenging Role |
| ICAEW Audit Faculty | Audit Committees – A Framework for Assessment |
| Financial Reporting Council | Guidance on Audit Committees |
| UN Joint Inspection Unit | The Audit Function in the United Nations System |