

EOAC effectiveness evaluation

Scoring – 1= never, 5 =always

Independence	Score (1-5)
Are most of the committee external members?	5
Is the chairperson of the Committee a different person to the chief executive of the entity or the chairperson of the governing body?	5
Is the size of the committee conducive to effective committee performance? (The optimal size is usually 3 to 5 members.)	5
Is the composition of the committee conducive to maintaining continuity and ensuring a fresh perspective? (That is, is there an appropriate rotation schedule for members?)	5
Competence	
Does the committee have relevant expertise and experience? The committee should include members with a range of appropriate skills. As a minimum these would normally comprise: <ul style="list-style-type: none"> • financial expertise; • risk management and assurance expertise; • relevant industry or sector experience; and • experience in governance. 	4
Does the mix of skills on the committee allow it to perform its assigned responsibilities effectively?	5
Has the committee been able to analyse and critically evaluate information presented to it by management?	4
Has the audit committee been sufficiently probing and challenging in its deliberations?	4
Is an induction programme provided for new committee members covering the role of the committee, its terms of reference, expected time commitment and overview of the organisation including key strategies and risks? Can be further enhanced	3
Do the committee members keep abreast of wider developments relevant to their roles and responsibilities? Consider whether members are informed about developments in: <ul style="list-style-type: none"> • corporate governance; • financial reporting; • internal controls and assurance; • risk management; and • sector issues and developments. 	5

Is there clarity about the role of the committee within the overall governance structure?	5
Is there a written and approved terms of reference?	5
Do the terms of reference clearly distinguish the role of the committee from other committees?	5
Do the committee's responsibilities include: <ul style="list-style-type: none"> • reviewing the adequacy of the organisation's risk management processes? • reviewing the adequacy of the organisation's system of internal controls? • reviewing the integrity of reported performance information including financial and non-financial information? • reviewing the effectiveness of the internal audit function? • reviewing the effectiveness of external audit arrangements? • reviewing the adequacy of the organisation's systems for monitoring compliance with legislative and regulatory requirements? • reviewing the effectiveness of ethics and values programmes? • reviewing the arrangements by which staff may confidentially raise concerns about possible fraud/impropriety? 	5 5 4 5 3 3 2 3
Where the committee is largely advisory, does it also consider: <ul style="list-style-type: none"> • the effectiveness of governance arrangements? • external accountability reporting including the clarity of links between non-financial performance measures and strategy? • The integrity of systems and processes that record non-financial performance information? <p><i>IEOAC is always "advisory" – has no decision-making authority.</i></p>	1 3 2
Execution of responsibilities	
During the past twelve months did the committee adequately address all of its responsibilities as detailed in the terms of reference?	4
If not are arrangements in place to rectify this in the next twelve months?	5
Risk management and controls	
Does the committee have enough understanding and appreciation of the entity's risk management framework? Consider the committee's knowledge of : <ul style="list-style-type: none"> • who within management has responsibility for risk management? • whether a formal risk management framework exists; • how the entity identifies and assesses risks, including fraud risks; • how the entity records new and emerging risks; • whether controls are in place to effectively manage the highest inherent risks; and • how management ensures that risk mitigations strategies, controls, or improvements are implemented. 	3

Does the committee have enough understanding and appreciation of the effectiveness of the entity's internal control environment? Consider the committee's knowledge of:	
<ul style="list-style-type: none"> • what the critical internal control areas are that warrant the attention of the committee and why they are important; 	4
<ul style="list-style-type: none"> • whether the entity's key controls are reflected in, or addressed by, its policies and procedures; 	4
<ul style="list-style-type: none"> • the extent to which internal audit provides the audit committee with a level of assurance over controls that mitigate key risks; 	3
<ul style="list-style-type: none"> • whether there are processes to review the adequacy of financial and other key controls for all new systems, projects and activities; and 	3
<ul style="list-style-type: none"> • whether the entity controls its information technology operations effectively. 	4
Financial reporting	
Does the committee consider the clarity and completeness of disclosures in the financial statements, whether disclosures made are set properly in context and whether they comply with financial reporting standards?	4
Does the committee review related information presented with the financial statements, including the operating and financial review and statements relating to corporate governance, culture and values and the independence of the external auditors?	4
Does the committee review the statements included in the annual report in relation to internal controls and the management of risk?	4
Internal audit	
Does the committee ensure that the internal audit function has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal audit? <i>Currently unable to cover all stations with appropriate frequency. IT skills within IA less than adequate</i>	4
In assessing the effectiveness of the internal audit function does the committee consider:	
<ul style="list-style-type: none"> • if there is free access to the governing body's chair or the chief executive and the committee? 	5
<ul style="list-style-type: none"> • the role and effectiveness of the internal audit function in the overall context of the organisation's risk management system? (That is, is there a clear link between the audit programme and the organisation's risk management framework?) 	5
<ul style="list-style-type: none"> • management's responsiveness to internal audit's findings and recommendations? 	5
Did the committee review the internal audit charter to ensure that appropriate structures, authority, access and reporting arrangements are in place?	5

Does the committee consider whether internal audit has made progress in implementing its quality improvement programme?	2
External audit	
Does the committee meet with the external auditors before the start of the annual audit to communicate matters of relevance to the audit and review and confirm the areas of audit focus?	3
When the committee reviews with the external auditors the results of their work, does the committee make enquiries about: <ul style="list-style-type: none"> • major issues that arose during the course of their audit and have subsequently been resolved and those issues that have been left unresolved? • key accounting and audit judgements? • the errors identified during the audit, obtaining explanations from management as to why certain errors remain unadjusted? 	5 5 5
Does the audit committee formally assess the effectiveness of the audit process and the performance of the external auditors?	2
Open and effective relationships	
Management	
Does the committee ensure that its requests of management to do further work or provide further information are reasonable? Consider: <ul style="list-style-type: none"> • the cost/benefit of the request; • linking the request to key risks faced by the organisation; and • relative priority in management's work programme. 	5
Did information presented by management (not the internal auditor) meet the audit committee's expectations (nature, clarity, quality and timeliness)?	4
Internal audit	
Does the committee meet with the internal auditor without management being present?	5
Is there a standing invitation for the internal auditor to regularly attend committee meetings?	5
Has the internal auditor been able to raise matters of concern with the committee in an open and frank manner?	5
External audit	
Does the external auditor have unrestricted access to the chairperson of the committee?	5
Is there interaction between the audit committee chairperson and the external auditor outside the committee meetings?	1

Does the committee meet with the external auditor without management being present?	5
Is there a standing invitation for the external auditor to regularly attend the committee meetings?	5
Meeting administration and conduct	
Has the committee had the appropriate number of meetings at the appropriate times to properly discharge its duties?	4
Is sufficient time allowed between meetings to allow any work to be carried out?	5
Does the agenda-setting process allow for all necessary items to be included?	5
Does the committee have input into setting the agenda?	5
Is the agenda structured to allow sufficient time to discuss the most complex and critical issues?	4
Does the committee receive agenda and supporting papers in enough time before meetings?	3
Are committee members given the opportunity to be briefed before meetings?	1
If so, are these briefings useful?	
Are the committee agenda and supporting papers of sufficient clarity and quality to make informed decisions?	4
Are committee meetings well run and productive?	4
Are committee minutes appropriately maintained and of good quality?	4
Are committee minutes circulated and approved promptly?	4
Does the committee have time without management present to discuss key issues it would like to hear from management on?	5
Effectiveness considerations	

In which of the areas below has the committee added value to the organisation?	
• Improved the organisation’s policies and practices?	5
• Improved the organisation’s risk management?	4
• Improved the organisations control environment?	5
• Improved the organisation’s legislative compliance?	1
• Improved the organisation’s accountability model, including where applicable accountability for non-financial performance/achievement of results?	1
• Improved understanding by the organisation as a whole of its strategic, operational, financial, and compliance risks?	1
• Strengthened internal assurance mechanisms, including internal audit?	5
• Improved the effectiveness and efficiency of the processes and controls?	3
• Improved transparency of organisational accountabilities?	3
• Supported/advocated alignment of audit resources to address the areas of highest risk or critical performance?	4