

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Audit Committee
Date:	27 September 2012
Title:	A Toolkit for Local Authority Audit Committees – Self Assessment
Reference:	4262
Report From:	Director of Corporate Resources

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1. Executive Summary

1.1 At its meeting of 22 March 2012 the Audit Committee agreed a recommendation for a sub group of Members to assess the Audit Committee's operation against the relevant standards detailed in the CIPFA publication 'A toolkit for Local Authority Audit Committees' as a contribution to the overall report on the effectiveness of the system of internal audit.

2. Background

- 2.1 The Accounts and Audit (England) Regulations 2011, require relevant bodies 'to conduct an annual review of the effectiveness of its system of internal audit'. This process is part of the wider annual review of the effectiveness of the system of internal control, and significantly contributes towards the overall controls assurance gathering processes and ultimately the publication of the Annual Governance Statement.
- 2.2 To maintain independence in the process it was agreed by the Audit Committee at its meeting on 22 March 2012 that the review and report on the effectiveness of the system of internal audit for 2011/12 will be undertaken by the Monitoring Officer.
- 2.3 It was acknowledged however, that the Audit Committee plays an essential role in the effectiveness of the system of internal audit through its function to monitor, review and report on the way in which governance is exercised within the County Council.
- 2.4 One key aspect of the overall review of the effectiveness of the system of internal audit is the operation of the Audit Committee to relevant codes and standards

- 2.5 It was therefore agreed that a sub group of the audit committee would assess the Audit Committee's operation against the relevant standards detailed in the CIPFA publication 'A toolkit for Local Authority Audit Committees' to feed into the overall report on the effectiveness of the system of internal audit
- 2.6 The membership of the sub-group was agreed at the Audit Committee meeting of the 22 March 2012 as:
 - o Cllr Bryant (Chairman)
 - o Cllr Dash
 - o Cllr Gibson
 - o Cllr Frankum

3. Outcomes

- 3.1 A terms of reference (Appendix 1) was agreed and documented by the sub group to outline the scope and purpose of the review.
- 3.2 The sub group met on 8 June 2012. The Chief Internal Auditor provided an initial assessment against the standards accompanied by documentary evidence to support relevant compliance. The sub group then considered each of the 66 standards for compliance.
- 3.3 The results of members assessments are detailed within Appendix 2.
A summary of results highlight:

Compliance			
Yes	Part	No	N/A
59	2	4	1

- 3.4 In areas of compliance cross-reference is made (with in Appendix 2) to source documentation, C – Constitution; IAS – Internal Audit Strategy; or WP – Work Programme.
The Work Programme (Appendix 3) identifies the reports periodically presented to the Audit Committee throughout the year to support the effective discharge of their duties.
- 3.5 In areas of partial or non compliance an action has been put in place to stimulate improvement. Each action identified has been assigned an action owner and target date for implementation.
- 3.6 Actions will be monitored through to implementation. The internal audit progress report will be used to enable Members to monitor progress.

4. Recommendation(s)

- 4.1 That the Audit Committee approve the assessment and proposed action plan of the Audit Sub Group against the 'Toolkit for Local Authority Audit Committees'

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes/no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes/no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes/no
Corporate Improvement plan link number (if appropriate):	
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:	
Accounts and Audit (England) Regulations 2011	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> Effectiveness of the System of Internal Audit – Assessment Options	<u>Reference</u> 3788	<u>Date</u> 22 March 2012
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1 Equality objectives are not considered to be adversely affected by the proposals within this report

2. Impact on Crime and Disorder:

- 2.1 The proposals in this report are not considered to have any direct impact on the prevention of crime., however internal audit work has provided to ensure that controls are in place to minimise the risk of fraud and corruption against the County Council

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific changes

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific proposals affecting adaptation to climate change

