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<b>REPORT TO:</b>	<b>AUDIT SUB COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>14th December 2006</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>TONY STAMPER (595706)</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>Measuring the Effectiveness of the Audit Sub Committee</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

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## **1.0 Recommendations**

- 1.1 Members are asked to consider the self-assessment CIPFA measurement checklist attached (Annexe 1).
- 1.2 That the monitoring approach for the regulatory framework processes, covered in the terms of reference, be confirmed.

## **2.0 Purpose of Report**

- 2.1 To provide members with information on measuring the effectiveness of their Audit Sub Committee.

## **3.0 Executive Summary**

- 3.1 This report details the criteria used to measure the effectiveness of the Audit Sub Committee including the current assessment.
- 3.2 In addition there are a number of Corporate Governance Strategies which are components of the regulatory framework and included in the sub committees terms of reference for monitoring. The Sub Committee monitors the action recommended by auditors and inspectors in their action plans, this being the accepted approach.

## **4.0 Detail**

- 4.1 The external auditors assess the effectiveness of audit committees against best practice.
- 4.2 South Derbyshire will be assessed during 2006/07 by the Audit Commission.
- 4.3 CIPFA practical guidance on the establishment and operation of an audit committee will be used. Their guidance includes a self-assessment process utilizing a checklist.

- 4.4 A self-assessment checklist has been completed for the Sub-Committee and is attached (Annexe 1).
- 4.5 The checklist is divided into sections covering terms of reference, internal audit, external audit, membership, meetings, training and administration. This is evidenced by reference to the Sub Committee's terms of reference, structure arrangements and other documentation.
- 4.6 Risk Management, Statement on Internal Control, Anti-Fraud and Corruption Strategy and Whistle blowing policy are corporate governance issues. These being administered by the Finance and Management Committee.
- 4.7 The Sub Committee's responsibilities are detailed in its terms of reference within the regulatory framework section.
- 4.8 This responsibility is primarily to oversee process although in the case of the Statement of Internal Control and the Anti -Fraud and Corruption Strategy these are considered by this sub-committee for adoption by Finance and Management committee.
- 4.9 The Sub-Committee considers reports from external and internal audit including the use of resources assessment , this being the method by which the Sub Committee monitors the action recommended by auditors and inspectors.

## **5.0 Financial Implications**

- 5.1 None stemming directly from this report.

## **6.0 Conclusions**

- 6.1 The completed checklist illustrates that the Council' Audit Sub Committee has been established with the components to enable it to be effective.

## **7.0 Background Papers**

- 7.1 CIPFA Audit Committees – Practical Guidance for Local Authorities 2005