

	Item no: 10
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SUBJECT:	INSPECTION AND ASSURANCE FRAMEWORK
DECISION-MAKER:	AUDIT COMMITTEE
DATE OF DECISION:	8 TH FEBRUARY 2007
REPORT VERSION No:	1.0

FORWARD PLAN No: N/A

KEY DECISION? NO

STATEMENT OF CONFIDENTIALITY

Not applicable

WARDS/COMMUNITIES AFFECTED:

None

SUMMARY

The Audit Committee is responsible for providing assurance to the Standards and Governance Committee on the adequacy of the risk management framework and the internal control and reporting environment. To carry out its responsibilities effectively, the Audit Committee needs to be able to bring together the various assurances available across the Council formally for review in the context of the Statement of Internal Control.

There are two types of assurances the Audit Committee can receive on the adequacy of the risk management, control and governance framework within the Council: assurance from management and independent assurance. This report outlines the sources of assurance.

RECOMMENDATIONS:

- (i) That the Audit Committee notes the sources of external assurance available to it, as attached.

REASONS FOR REPORT RECOMMENDATIONS

1. At the last meeting, the Audit Committee requested information on the Council's Inspection and Assurance framework.
2. The Audit Committee needs to understand the sources of assurance available to it to enable it to effectively fulfil its role in providing independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting process and the statement of internal control.

BACKGROUND

3. There are two types of assurances the Audit Committee can receive on the adequacy of the risk management, control and governance framework within the Council: assurance from management and assurance from independent sources. There are important differences between the two.
4. Management assurance:
The primary responsibility for providing assurance on the adequacy of risk management, control and governance rests with management. Management should put in place the framework to ensure they have the necessary evidence to satisfy themselves as to the efficiency and effectiveness of the internal control framework and to provide the required level of assurance to the Audit Committee. Within the Council, this takes the form of the strategic risk register, annual controls self assurance statements or it may take the form of review and Quality Assurance functions which management establishes in the organisation to assist them with reviewing their actions. In all cases, management assurance is auditable and may be quality assured by review from Internal Audit.
5. Independent Assurance:
Independent assurance validates management assurance and is provided by a body that is independent of, or neutral to, the risk management and internal control systems and processes.
 - Internal Audit: occupies a unique position as the only body with a remit to review the whole of risk, control and governance, with the added value of their “independence”. Consequently Internal Audit is probably the single most important provider of assurance for the Audit Committee. The areas of assurance provided are outlined in the Internal Audit plan and regular ‘Status of work’ reports will be provided to the Audit Committee.
 - External Audit: The work of the Audit Commission provides another independent resource which contributes to the available assurance, especially in respect of financial processes. The Audit Commission produces an annual ‘Audit and Inspection Plan’ that identifies the reports that will be provided to the Audit Committee.
 - External reviews: The Council is subject to a wide-ranging framework of external inspection and assurance, with assurance providers reporting on their own specialist area of risk and control.
6. The Audit Committee should act as the key filter for assurance to the Standards and Governance Committee and be seen as the key assurance provider. The Audit Committee should “add value” to the assurances received by challenging them in such manner as to quality assure them.

CONSULTATION

Consulted with the Council’s “Policy Coordinators” to identify key external assurance activities.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

No alternative options have been considered.

DETAIL

7. The sources of independent assurance available to the Audit Committee is attached for consideration in the appendix. This list is not yet considered to be complete and will be brought back to the Audit Committee at a future date, to include advice from the Chief Internal Auditor on those reports that will provide a useful contribution to the Committee's overall opinion on the Council's risk management, control and governance framework.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

None

Revenue

None

Property

None

Other

None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

The Accounts and Audit (Amendment) (England) Regulations 2006 requires the Council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.

Other Legal Implications:

None

POLICY FRAMEWORK IMPLICATIONS

None

SUPPORTING DOCUMENTATION

Appendices

1.	Inspection and Assurance Framework
2.	

Documents In Members' Rooms

1.	None
2.	

Background Documents

Title of Background Paper(s)

Relevant Paragraph of the
Access to Information
Procedure Rules / Schedule
12A allowing document to be
Exempt/Confidential (if
applicable)

1.	None	
2.		

Background documents available for inspection at: Internal Audit Office, North
Block Basement, Civic Centre

REPORT OF: Chief Internal Auditor

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