



NOTICE OF MEETING

Meeting: Audit Committee
Date and Time: Tuesday 25 October 2022 7.00 pm
Place: Council Chamber
Enquiries to: Committee Services
committeeservices@hart.gov.uk
Members: Engström, Hale, Smith, Axaam (Chairman),
Southern (Vice-Chairman), Blewett and Davies

Joint Chief Executive

CIVIC OFFICES, HARLINGTON WAY
FLEET, HAMPSHIRE GU51 4AE

AGENDA

This Agenda and associated appendices are provided in electronic form only and are published on the Hart District Council Website.

Please download all papers through the Modern.Gov app before the meeting.

- **At the start of the meeting, the Lead Officer will confirm the Fire Evacuation Procedure.**
- **The Chairman will announce that this meeting may be recorded and that anyone remaining at the meeting has provided their consent to any such recording.**

1 MINUTES OF THE PREVIOUS MEETING (Pages 4 - 7)

The minutes of the meeting held on 26 July 2022 are attached for confirmation and signature as a current record.

2 APOLOGIES FOR ABSENCE

To receive any apologies for absence from Members*.

***Note:** Members are asked to email Committee Services in advance of the meeting as soon as they become aware they will be absent.

3 DECLARATIONS OF INTEREST

To declare disclosable pecuniary, and any other, interests*.

***Note:** Members are asked to email Committee Services in advance of the meeting as soon as they become aware they may have an interest to declare.

4 CHAIRMAN'S ANNOUNCEMENTS

5 SHAPLEY HEATH AUDIT REVIEW

To receive a verbal report from the S151 Officer on the Shapley Heath Audit Review

6 INDEPENDENT AUDIT UPDATE REPORT (Pages 8 - 25)

7 INTERNAL AUDIT PROGRESS REPORT OCTOBER 2022/23 (Pages 26 - 34)

The Committee receive a report on the work undertaken by Internal Audit at each of their meetings. The last report was submitted to the Committee in respect of the period ending June 2022. This report covers the period June to 10 October 2022.

RECOMMENDATION

That the Committee review and note the report.

8 APPOINTMENT OF INDEPENDENT PERSON TO THE AUDIT COMMITTEE (Pages 35 - 43)

To seek the Committee's views as to whether they wish to appoint an independent person or persons to the Audit Committee.

RECOMMENDATION

1. That the Committee recommend to the Council that it approves the appointment of two, non-voting, independent persons to the Audit Committee for a period of three years, commencing 1st March 2023.
2. That the Committee recommends to the Council:

- a. That the constitution should be updated to include for the appointment of no more than two independent co-opted persons to the Audit Committee.
3. That it delegates to the Joint Chief Executives the responsibility for establishing a cross party selection panel, assisted by the statutory officers, who shall be responsible for advertising the positions and making all appointments.
4. That the Committee determine whether an allowance should be paid to the independent persons, and if so, make such a recommendation for Council.
5. That the Committee approve the role profile at appendix A.

Date of Publication: Monday, 17 October 2022

AUDIT COMMITTEE

Date and Time: Tuesday 26 July 2022 at 7.00 pm

Place: Council Chamber

Present:

Axam (Chairman), Blewett, Davies, Engström, Hale, Smith and Southern

In attendance: Councillors Butcher, Butler, Farmer
Christopher Harris, TIAA

Officers: Daryl Phillips, Joint Chief Executive
Isabel Brittain, Section 151 Officer
David Harwood, Internal Auditor
Joanne Rayne, Finance Manager
Rebecca Borrett, Committee Services and Members Officer

12 MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 24 May 2022 were confirmed and signed as a correct record.

13 APOLOGIES FOR ABSENCE

No apologies received.

14 DECLARATIONS OF INTEREST

No declarations made.

15 CHAIRMAN'S ANNOUNCEMENTS

No announcements.

16 LOCAL CODE OF CORPORATE GOVERNANCE 2022

Officers presented a revised local code of corporate governance and explained more narrative that had been provided, the seven principals contained within, and the relevant policies and procedures the Council have in place.

DECISION

The Committee accepted the local code of corporate governance.

17 DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

Officers presented the draft annual governance statement 2021/22 and drew members attention to a number of Items contained within the report relating to controls, terms of reference and the summary of actions.

DECISION

The Committee accepted the draft annual governance statement 2021/22.

18 INTERNAL AUDIT CHARTER

Officers sought approval to a revised internal audit charter. The Council will have a fully outsourced audit function from April 2023.

Members discussed

- moving to one provider as opposed to two current providers
- how the two current organisations are split, and work reviewed by internal audit manager
- concern the internal audit manager would not be employed directly and if the appointment requires someone to be resident on site in the future
- the specification could be discussed individually with any members as required
- the standards required being national standards and evidence of achievement via an independent external audit every five years
- the potential to take this to Overview & Scrutiny for the specification of the governance procedure, the KPI's etc to examine the specification as business function
- implications for current structure and staffing against employing a permanent member of staff
- the concerns and benefits regarding the function being outsourced

DECISION

The Committee reviewed and approved the internal audit charter.

19 INTERNAL AUDIT PROGRESS REPORT Q1 2022/23

The Committee were presented with an updated report on the work undertaken by Internal Audit covering the month of June 2022, together with the position of the audits currently being undertaken.

Members discussed

- The recommendations for Items 1-3. Officers confirmed this would be available for the October committee
- Cyber security guidance to service managers and system administrators
- The reliance on software suppliers to manage firewalls
- The award of a government grant to address cyber security

- The auto deletion of emails after 12 months against the need to follow GDPR. Officers confirmed retention periods are currently being reviewed
- Need for clarity of any SLA in place with software providers and bought services. It was agreed the Audit Manager would speak to the IT Manager regarding expertise Councillor Butcher could provide on this subject

DECISION

The Committee noted the report

20 EXCLUSION TO THE PUBLIC

The following item contained exempt information.

DECISION

Members decided that the public interest in maintaining an exemption outweighed the public interest in disclosing the information.

In accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to, on the grounds that they involved the likely disclosure of exempt information, as defined in paragraphs 1 and 2 of Part 1 of Schedule 12A of the Act, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

21 SHAPLEY HEATH GARDEN COMMUNITY PROJECT REVIEW AUDIT

Members had received the independent TIAA review of the Shapley Heath Garden Community Project and were asked to agree the Management response contained therein.

Members discussed

- Governance elements not being carried out in a number of cases
- Mitigating circumstances around Covid
- Staff work not exclusively on Shapley Heath and comparing time spent against outcomes achieved
- Audit committee not receiving reports when requested
- The responsibility of cabinet
- The need for safeguards and flag when processes not followed
- Spend controls
- Opportunities Board update requests
- Achievements
- The robustness of the report presented by TIAA
- The management response presented

DECISION

Cabinet be asked to provide a response to the management recommendations contained within the Shapley Heath Audit Review report, and to review the application of project governance, financial controls, and reporting for the Shapley Heath project and to provide a response to Audit Committee on lessons learnt.

Staffing Committee be asked, for the period from March 2021 to the closure of the Shapley Heath project, to review the exercise of officer management oversight over the Shapley Heath project, including a review of officers' application of financial controls, risk management, monitoring, and reporting. The findings to be shared with Audit Committee.

The meeting closed at 9.17 pm

Hart District Council Audit Update Report

Year ended 31 March 2022

07 October 2022

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The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y'.

Building a better
working world

Agenda Item 6



Hart District Council
Civic Offices
Harlington Way
Fleet GU51 4AE

07 October 2022

Dear Audit Committee Members

We are pleased to attach our audit update report, summarising the status of our audit for the forthcoming meeting of the Audit Committee. We will update the Audit Committee at its meeting scheduled for 25 October 2022 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2022 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Hart District Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

This report is intended solely for the information and use of the Audit Committee, other members of the Council and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 25 October 2022.

Yours faithfully

Kevin Suter

Partner

For and on behalf of Ernst & Young LLP

Encl

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01 Executive Summary



02 Areas of Audit Focus



03 Other Reporting Issues



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated April 2018)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Hart District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Hart District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Hart District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary

Scope update

In our audit planning report presented at the 25th May Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of 2% of gross expenditure on provision of services and 75% of planning materiality, our year-end testing is completed to the levels noted in the table below. The slight decrease is based on overall decrease in gross revenue expenditure of the Council in FY 2021-22 compared to FY 2020-21.

Materiality - Council	Audit Plan	Draft Financial Statements
Planning	£849k	£803k
Performance	£637k	£602k
Reporting	£42k	£40k

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Changes to reporting timescales

The Ministry of Housing, Communities and Local Government established regulations to extend the target date for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years).

In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced proposals to extend the deadline for the publication of audited accounts to 30 November for 2021/22, which has been implemented by the The Accounts and Audit (Amendment) Regulations 2022.

We are working with the Council to deliver the audit in line with these timescales.



Executive Summary

Status of the financial statements audit

Our audit work in respect of the Council's opinion is in progress on all high risk areas that we highlighted to you in our Audit Plan presented at the 24 May 2022 Audit Committee. Details of audit progress in each of these areas is provided in Section 2 of the report.

Given that the audit process is still ongoing, we will continue to challenge the evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion.

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Hart District Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

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Audit differences

As at the date of writing this report, we have no adjusted or unadjusted differences to bring to the attention of the committee. We are currently in discussions with the client regarding treatment of the housing company as well as valuation of assets which could lead to differences. We will provide a verbal update during the committee meeting in this area.



Executive Summary

Control observations

We have noted that the Council does not currently have an agreement with its housing management subsidiary, Hart Housing Property Management Ltd (HHPMC), for leasing the 41 flats in Edenbrook Apartments to HHPMC. HHPMC has entered into rental contracts with third parties and is collecting income from the tenants. We would expect the Council to ensure appropriate agreements are in place to capture the correct accounting treatment in the financial statements. Therefore, we have requested management to prepare an accounting paper to establish the nature of the arrangement in place and also ensure that this is accurately reflected in the accounts. This impacts the valuations of the asset which is discussed on Page 13 of the report.

As at the date of this report, we have no other control observations to bring to your attention.

Other reporting issues

As part of our procedures, we review the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. Our work in this area is currently ongoing. Therefore, we will provide an update at the next audit committee meeting upon finalisation of key audit risks.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts (WGA) submission. We are currently awaiting guidance from the NAO regarding the process for FY 2021-22. Therefore, our work on WGA will begin once the guidance is available.

We have no other matters to report.



Executive Summary

Status of the audit – Value for Money

We have previously reported to the Committee our responsibilities in relation to the VFM for 2021/22. We are currently completing our work and assessing the Council against the three sub-criteria. This includes arranging meetings with senior officers to understand in detail the arrangements in place.

As at the date of this report we are not reporting any significant weakness in arrangements. However, we are considering the arrangement with Hart Housing Property Management Ltd (HHPMC) and the lack of completed agreement between the Council and HHPMC, as described on the previous page, and whether this indicates a risk of significant weakness.

We will be able to make this judgement when we have management's paper.

There are no other issues regarding our Value for money responsibilities to bring to your attention at this time.

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Independence

In our Audit Plan presented at the 25 May Audit Committee meeting we did not identify any independence issues.

There are no updates to report.



02 Areas of Audit Focus



Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

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What judgements are we focused on?

How management address to the risk of material misstatement due to fraud or error through the policies and procedures put in place at the Council.

Audit procedures

We:

- Identified fraud risks during the planning stages;
- Inquired of management about risks of fraud and the controls put in place to address those risks;
- Understood the oversight given by those charged with governance of management's processes over fraud;
- Considered of the effectiveness of management's controls designed to address the risk of fraud;
- Determined an appropriate strategy to address those identified risks of fraud.

What is the status of our work?

We are currently in the process of:

- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements;
- Assessing the nature of any significantly unusual transactions identified; and
- Considering if management bias is present in the key accounting estimates and judgements in the financial statements.

Our testing in this area is currently ongoing and as at the date of this report, we have nothing to bring to the attention of the committee in this area.



Fraud risk

Inappropriate capitalisation of revenue expenditure due to fraud or error

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

From our risk assessment, we have assessed that the risk manifests itself solely through the inappropriate capitalisation of revenue expenditure to improve the financial position of the general fund.

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What judgements are we focused on?

How management decides on appropriate capitalisation of revenue expenditure, including consideration of REFCUS.

What is the status of our work?

Our work in this area is currently under review and we have gone back to the finance team with some follow up queries arising out of review.

As at the date of this report, we have nothing to bring to the attention of the committee in this area.

Audit procedures

Our approach focuses on the following:

- For significant capitalised additions (including REFCUS) we examine invoices, capital expenditure authorisations, leases and other data that support these additions. We review the sample selected against the definition of capital expenditure in IAS 16.
- Journal testing - we use our testing of Journals to identify high risk transactions, such as items originally recorded as revenue expenditure and subsequently capitalised.



Significant risk

Valuation of Investment Properties

What is the risk?

The fair value of Investment Property (IP) has previously mainly been attributed to one asset however the Council purchased a further investment property in the current financial year which has increased the total projected year end balance to £17m. This represents significant balances in the Council's accounts and are subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet which triggers the use of experts by management and EY likewise. Although the economic conditions may now be considered more stable, there are still uncertainties with regards to valuations impacting Investment Properties, which are held at Fair Value. With a greater value of properties held by the Council, we therefore have increased the risk on investment properties compared to prior year to significant risk for valuations as at 31 March 2022.

What judgements are we focused on?

We focus on aspects of the valuation which could have a material impact on the financial statements, primarily:

- Complex methodology and market based inputs e.g. fair value assets
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

Audit procedures

We:

- Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre, or assessing comparative market information);
- Challenge key assumptions used by the valuers;
- Consider the annual cycle of valuations to ensure that assets have been valued annually as required by the Code for IP, and any significant changes notified to the valuer including changes in rental or other tenancy agreements;
- Consider the potential impact of current economic environment on valuation uncertainties while also evaluating the need to involve our internal specialist valuations team; and
- Test accounting entries have been correctly processed in the financial statements.

What is the status of our work?

We have involved our internal property valuation experts in this area and held discussions with the Council's external valuers to understand assumptions as well methodology adopted.

The work of the audit team is currently ongoing and we are also awaiting a final memo from our internal valuations team once we finalise the queries on two Property, Plant and Equipment assets discussed on Pg 13.

As at the date of this report, we have no points to highlight for the attention of the committee.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What is the status of our work?
<p>Valuation of Property, Plant and Equipment (PPE)</p> <p>The value of DRC and EUV assets represents a significant balance in the Council's accounts and it is subject to revaluation changes and impairment reviews.</p> <p>Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>DRC and EUV assets are subject to regular review by the external valuers - Capita.</p> <p>Valuation of these assets involves higher risk estimates due to the significant assumptions and judgments involved in their valuation, which triggers the use of experts by management and EY (where necessary). These estimates give scope for higher inherent risk in this area of accounts therefore we have identified PPE as an area of focus.</p>	<p>We are currently:</p> <ul style="list-style-type: none"> Evaluating the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre) and challenging the key assumptions used by the valuers; Evaluating the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We also consider if there are any specific changes to assets that have occurred and whether these have been communicated to the valuers; Reviewing PPE assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated; Considering the potential impact of current economic conditions on valuation uncertainties; Considering changes to useful economic lives as a result of the most recent valuation; and Testing to confirm that accounting entries have been correctly processed in the financial statements. <p>As at the date of this report, our work is ongoing. We have two issues at the date of drafting this report which we are discussing with management:</p> <ul style="list-style-type: none"> Edenbrook Apartments - There is not currently in place a signed contract or agreement between the Council and Hart Housing Property Management Ltd (HHPMC) regarding the management of this asset. We are consequently unable to progress our work on valuation of the asset. This is because the valuation depends on several factors such as the leasing agreement in place, ownership of the asset and also the arrangement around income retention which is currently unclear due to the lack signed agreement. We are currently awaiting a memo from management on the accounting treatment of the asset and we aim to involve our internal valuers while liaising with the Council and the external valuers to evaluate the valuation methodology. We have already held various discussions with management on this issue. Civic Offices - We have verbally communicated another potential difference in valuation flagged by our valuation team in advance of receiving a final report. This is due a difference in methodology whereby the external valuer have disregarded sublet income and valued a market rent based on a reduced rent per sq ft. Our internal valuers believe it should be valued on the basis of the sublet income that the Council currently receives until lease expiry before reverting a higher market rent reflecting a multi-let approach, which is what is being undertaken at the property currently. <p>We are currently in discussions with management as well as the external valuer to progress our work in these areas and note that there may be other queries arising from our review process.</p>

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What is the status of our work?
<p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hampshire County Council.</p> <p>The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2021 this totalled £30.06million.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We have liaised with the auditors of Hampshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Hart District Council and are currently awaiting their response.</p> <p>In addition, we are also:</p> <ul style="list-style-type: none"> • assessing the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; • evaluating the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's actuarial model; and • reviewing and testing the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. <p>As at the date of writing this report, we have nothing to bring to the attention of the committee in this area.</p>
<p>Accounting for Covid-19 grants</p> <p>Central Government have provided a number of different Covid-19 related grants to local authorities during the year which were new in the prior year i.e. 20/21. There are also funds that have been provided for the Council to disseminate to other bodies.</p> <p>Similar to prior year, the Council needs to review each of these to establish the correct accounting treatment. It needs to assess whether it is acting as a principal or agent, with the accounting to follow that decision. For those where the decision is a principal, it also needs to assess whether there are any outstanding conditions that may also affect the recognition of the grants as revenue during 2021/22. We continue to identify this area as high inherent risk given the number of issues identified in the prior year.</p>	<p>As part of our testing we have undertaken the following procedures and the work is currently subject to review:</p> <ul style="list-style-type: none"> • Reviewed the accounting guidance applied by the Council and assess whether the appropriate guidance was considered and correctly applied; • Reviewed whether any conditions are attached to grants impacting their recognition; • Assessed whether the accounting appropriately follows those judgements; and • Ensured sufficient and appropriate disclosures are included in the accounts. <p>As at the date of writing this report, we have nothing to bring to the attention of the committee in this area.</p>



03 Other reporting issues

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). As at the date of writing this report, we did not identify any issues which required us to issue a report in the public interest.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Page 23
- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
 - Any significant difficulties encountered during the audit;
 - Any significant matters arising from the audit that were discussed with management;
 - Written representations we have requested;
 - Expected modifications to the audit report;
 - Any other matters significant to overseeing the financial reporting process;
 - Findings and issues around the opening balance on initial audits (if applicable);
 - Related parties;
 - External confirmations;
 - Going concern;
 - Consideration of laws and regulations; and
 - Group audits

As at the date of this report we have nothing that we need to bring to the attention of the Audit Committee in respect of Other Matters.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2021:

[EY UK Transparency Report 2021 | EY UK](#)

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ED None

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AUDIT COMMITTEE

DATE OF MEETING: 25 OCTOBER 2022

TITLE OF REPORT: INTERNAL AUDIT PROGRESS REPORT

Report of: Interim Internal Audit Manager

Cabinet Portfolio: Finance

Key Decision: No

Confidentiality: Non-Exempt

PURPOSE OF REPORT

1. The Committee receive a report on the work undertaken by Internal Audit at each of their meetings. The last report was submitted to the Committee in respect of the period ending June 2022. This report covers the period June to 10 October 2022.

RECOMMENDATION

2. That the Committee review and note the report.

MAIN ISSUES

2021-22 Internal Audit reviews

3. As of June 2022 six audits were outstanding from the 2021-22 internal audit plan. Four have been completed and closed.
 - 1) **Council tax & business rates**
Satisfactory assurance opinion. One medium and one low finding.
 - 2) **Compliance with the CIPFA financial management code**
Satisfactory assurance opinion. Three medium and one low action.
 - 3) **Main accounting system and budgetary control**
Substantial assurance opinion. One high risk action.
 - 4) **Shapley Heath**
The audit report was discussed at the 26 July 2022 Audit Committee meeting. Members referred the report to the Cabinet and asked them to provide a response to the report's recommendations. Cabinet were also asked to review the application of project governance, financial controls, and reporting for the Shapley Heath project and to provide a response on lessons learnt. The Committee also asked the Staffing Committee to review the exercise of officer management oversight over the Shapley Heath project, including a review of officers' application of financial controls, risk management, monitoring, and reporting. The Staffing Committee's was asked to share its findings.

Copies of the final audit reports for the four areas above have been provided to the Audit Committee. With the exception of the Shapley Heath review there are no issues within any of the other reports that need to be brought to the Committee's attention.

- Draft reports have been issued on the two remaining audits from the 2021/22 audit plan. These are housing benefits and planning performance.

2022-23 Internal Audit reviews

- The 2022-23 internal audit plan contains 13 reviews. The position of each audit, as of 10 October, is shown below.

Scope issued	Treasury management IT controls Payroll
Fieldwork underway	Procurement Accounts receivable Fraud risk assessment
Draft report issued	Fleet Pond
To commence Qtr.3.	Council tax & business rates 5C's contract management Savings plan delivery
To commence Qtr.4.	Housing benefits Accounts payable Main accounting

- Two additional pieces of work have also been requested.

The Executive Director – Place requested a review be undertaken into the processes followed by the Place regulatory team for the redaction (under data protection legislation) of both personal and sensitive information that may be included in documents received in respect of planning applications and pre-application advice requests. This review has been completed. A number of areas for improvement have been identified.

The Head of Corporate Services has requested a review of the use of credit cards. The scope of this work has been agreed and is due to commence in Qtr.3.

Follow-up of agreed actions

- There are currently two high risk actions outstanding on the audit action tracker.

IT Controls 21/22

Outstanding action - there are no clearly defined responsibilities for service areas to adhere to in respect of expected IT access controls, security, management and cyber security for three key IT systems.

Current position - the position remains unchanged from when it was last reported in July 2022. Documentation covering such areas as firewalls, user access controls, patch management and system backup and recovery has been provided by one supplier. The suppliers of the other two systems have provided some information, but not all and discussions are continuing.

In order to obtain a fuller understanding of the current position, this year's IT Controls audit will focus on gaining evidence that the ten agreed actions from the 2021-22 IT Controls report have been introduced as agreed. It is proposed that a further update be provided to the Committee at the conclusion of that review.

Disabled Facilities Grants

Outstanding action – the disabled facilities grant (DFG) process is not complying with the Council's contract standing orders.

Current position – the audit was completed in October 2021. In March 2022 central government issued new guidance (Disabled Facilities Grant Delivery: Guidance for Local Authorities in England) to advise local authorities how they can effectively and efficiently deliver DFG funded adaptations.

The guidance states at paragraph b94, that 'given that the contract for carrying out the works will be between the applicant and the contractor, public procurement rules do not apply'. Consequently the originally action is no longer valid and has been removed from the action tracker. The audit action was also included in the 2021/22 annual governance statement (AGS) as an issue of concern. The AGS will be amended to reflect the current position prior to being presented to the Committee for formal approval.

Fraud related matters

8. In July the Cabinet approved a revised whistleblowing policy. Employees were made aware of the changes at the September staff briefing. It has been agreed by the Joint Chief Executives that further guidance will be issued to staff explaining the procedures that will be followed once a concern has been raised. To raise the profile of whistleblowing amongst staff a short publicity campaign is also being devised.

Future internal audit provision

9. At the July meeting, Committee requested that the specification and associated documents that had been prepared in respect of the out-sourcing of the internal audit service be made available to them for review. These were provided.
10. Nine document packs have been requested. Proposals are due to be received by 20 October. The Committee will be update on the current position and 'next steps' at the meeting.
11. It is anticipated that a new provider will be selected by 30 November, so giving them sufficient time to prepare the internal audit plan for 2023-24.

CIPFA Audit Committee position statement

12. In July 2022, CIPFA issued a new Audit Committee Position Statement. It sets out the purpose, model, core functions and membership of the audit committee. It is supported by the Department for Levelling Up, Housing and Communities and the Home Office. A copy of the Statement is attached at Appendix A.
13. Updated guidance to support the Statement was due to be published in September, but has not yet become available. It is anticipated the Committees terms of reference will need to be amended to reflect both the Statement and guidance. Revised terms of reference will be presented at the March 2023 meeting.

CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

14. The Committees oversight of internal audit contributes to the Corporate Plan priority of delivering an efficient and effective Council.

Service Plan

Is the proposal identified in the Service Plan? No

Is the proposal being funded from current budgets? Yes

Have staffing resources already been identified and set aside for this proposal? Yes

Legal and Constitutional Issues

15. The Accounts and Audit Regulations 2015 require the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

Financial and Resource Implications

16. There are no financial implications arising from this report.

Risk Management

17. Non-delivery of the internal audit plan may affect the ability of internal audit to provide an overall assurance opinion to the Committee. In addition, not introducing 'high risk' agreed actions may lead to a low-level annual opinion being given. If either of these issues arose, it would be a significant concern and require highlighting in the annual governance statement.
18. To mitigate these risks, internal audit reviews will be conducted across the year so that they are all substantially completed by the year end. A quarterly review of progress made by managers to introduce agreed 'high risk' actions will also be completed. Actions that are not introduced in time will be escalated to the Senior Leadership Team for review and action.

EQUALITIES

19. There are no equality issues arising from this report.

CLIMATE CHANGE IMPLICATIONS

20. No direct carbon/environmental impacts arising from the recommendations.

ACTION

21. The internal audit progress report is noted.

Contact Details: David Harwood – Interim Internal Audit Manager.

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Background Papers: None



CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

AUDIT COMMITTEE

DATE OF MEETING: 25 OCTOBER 2022

TITLE OF REPORT: APPOINTMENT OF INDEPENDENT PERSON TO THE AUDIT COMMITTEE

Report of: Interim Internal Audit Manager

Cabinet Portfolio: Finance

Key Decision: No

Confidentiality: Non-Exempt

PURPOSE OF REPORT

1. To seek the Committee's views as to whether they wish to appoint an independent person or persons to the Audit Committee.

RECOMMENDATION

2. The Committee recommends to the Council:
 - a. that it approves the appointment of two, non-voting, independent persons to the Audit Committee for a period of three years, commencing 1st March 2023.
 - b. that the constitution be amended to allow for the appointment of no more than two independent co-opted persons to the Audit Committee.
 - c. that it delegates to the Joint Chief Executives the responsibility for establishing a cross party selection panel, assisted by the statutory officers, who shall be responsible for advertising the positions and making all appointments.
3. That the Committee determine whether an allowance should be paid to the independent persons, and if so, make such a recommendation for Council.
4. That the Committee approve the role profile at appendix A.

BACKGROUND

5. In June 2022, the Chartered Institute of Public Finance and Accountancy (CIPFA) updated its position statement on audit committees in local authorities and police bodies in England and Wales. The statement, which replaces the 2018 version, sets out the 'purpose, core functions and membership of the audit committee'. The statement has been endorsed by the Department for Levelling Up, Housing and Communications (DLUHC) and the Home Office.
6. The position statement recommends that local authorities appoint at least two co-opted independent members to their audit committee. This recommendation addresses concerns raised in Sir Tony Redmond's 2020 Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting which recommended that "consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee".
7. In response to the Redmond review, the Government issued a consultation document. The consultation outcome document included the following statement;

“...based on the consultation feedback, we will be making Audit Committees, with at least one independent member, a mandatory requirement, once Parliamentary time allows. We will continue to consult with partners on how this should be implemented. In the intervening period, the government would encourage local bodies to establish their arrangements in line with CIPFA’s guidance, including appointing independent members.”

MAIN ISSUES

8. The audit committee should be independent of executive decision making and be able to provide objective oversight. It should have sufficient importance that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.
9. To bolster its standing further, it is proposed to co-opt two suitably qualified and experienced independent persons who have specialist knowledge and insight, which, when partnered with elected members’ knowledge of working practices and procedures, will add to the deliberations of, and the overall effectiveness of the committee.
10. The recruitment of independent co-opted persons is supported by the S151 Officer.
11. The benefits of appointing an independent person include:
 - Bringing a new approach to committee discussion through the injection of a fresh perspective and challenge;
 - Bringing additional knowledge and expertise to the committee;
 - The Council accepting that strong and robust independent challenge to its internal control framework and wider governance processes, including financial reporting, risk management and the work of internal audit, will increase its effectiveness.
 - Reinforcing the political neutrality of the committee; and
 - Maintaining continuity and corporate memory for the committee where its membership is affected by the electoral cycle.

Independent appointments also send a powerful message to the electorate about both the openness of the Council and the independence of the committee.

12. There are a number of potential pitfalls in the appointment of an independent person that need to be considered. These include:
 - The potential over-reliance on the independent person by other audit committee members which can lead to a lack of engagement across the full committee;
 - The independent person lacking organisational knowledge or ‘context’ when considering reports;
 - The effort that will be required from both the independent person and officers/staff to establish effective working relationship and establish appropriate protocols for briefings and access to information;
 - Finding that despite undertaking a rigorous appointment process, the person appointed are not suited to the role, requiring the selection process to be repeated; and
 - There being insufficient suitable applicants for the role.
13. The independent person would be a co-opted member of the audit committee and have no voting rights.

Appointment process

14. The constitution does not allow for independent persons to be appointed to the committee. It would need to be amended to allow for their inclusion.
15. In order to avoid any delay in the appointment process it is recommended that the Committee requests Council at its meeting on 24 November 2022 to delegate arrangements for the appointment of independent co-opted persons to the Audit Committee, with the selection process delegated to the Monitoring Officer, in consultation with the Chairman of the Audit Committee. This would include convening a selection panel to interview applicants.
16. Recruitment would be on a competitive basis, including an open advertisement and interviews. A draft person specification is attached as Appendix A.
17. It is suggested that the Joint Chief Executives are given delegated powers to undertake the administrative tasks associated with the appointment process.
18. The committee's next meeting is due to be held on 28 March 2023. It is suggested that the appointment process should aim to be concluded ahead of that meeting. The results of the process will be reported to Council.

Allowance

19. The independent persons would be reimbursed reasonable travelling and subsistence expenses. A decision needs to be made as to whether or not an annual allowance should also be paid. To meet the proposed timetable, any allowance would need to be agreed at the 24 November Council meeting.
20. An allowance is paid to the statutory Localism Act Independent Person appointees. This is seen as a goodwill gesture to those who are community minded and willing to support the Council in its work. In order to attract people of the right calibre and with the necessary skills, it is suggested that the independent persons receive the same value of allowance.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

21. At present there is no statutory requirement for the authority to appoint an independent person to the audit committee. The status quo could be maintained. In light of the possibility of legislation on this matter, and the support that the proposal has received from the DLUHC it is considered an appropriate time to seek the appointment of an independent person(s) to the audit committee.

CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

22. The Audit Committee is a key component of the Council's corporate governance framework and so helps to deliver the Corporate Plan priority of delivering an efficient and effective Council.

Service Plan

Is the proposal identified in the Service Plan? No

Is the proposal being funded from current budgets? No

Have staffing resources already been identified and set aside for this proposal? No

Legal and Constitutional Issues

23. Section 102(3) of the Local Government Act 1972 stipulates that a committee which discharges a function of the Council can include co-opted members,

except where it is a committee set up to regulate and control the finance of the local authority.

24. Section 13(1) of the Local Government and Housing Act 1989 provides that a co-opted member of a committee established under section 102 of the Local Government Act 1972 as a committee that is discharging the functions of the Council, must be a non-voting member.
25. The Audit Committee discharges some functions of the Council (the review and approval of annual statements of accounts and approval of a draft annual governance statement). Therefore, whilst co-opted members can be appointed to the Committee, they are unable to be given voting rights. Their involvement would be in a consultative manner, with their views being taken into account by voting members of the Committee.
26. The Constitution will need to be amended to allow for the co-option of an independent person(s) to the Audit Committee. It is proposed that the audit committees terms of reference be amended to allow for the appointment of up to two co-opted independent, non-voting members.
27. The Local Authorities (Members' Allowances) (England) Regulations 2003 permit the Council to pay an allowance to a co-opted member of a committee.

Financial and Resource Implications

28. There is currently no specific budget for the payment of any allowances to an Independent Person. Any additional budget would be required to be approved by Council. If two independents are appointed, this would require additional revenue budget of £700 for 2023/24 and onwards.

Risk Management

29. There are no direct risk management implications that will arise from the Committee's decision. The Audit Committee is not obliged to seek the appointment of an independent person at this time.
30. It is anticipated that the appointment of independent persons can be completed by February 2023, so allowing an appointment to be made before the March 2023 committee meeting.

EQUALITIES

31. If the Committee do decide to ask Council to endorse the appointment of an independent person, then any advertisement and subsequent assessments would be carried out in accordance with the Council's recruitment processes. This seeks to ensure that the process is conducted in a manner that does not lead to discrimination.

CLIMATE CHANGE IMPLICATIONS

32. No direct carbon/environmental impacts arising from the recommendations.

ACTION

33. CIPFA recommends that two independent persons are appointed. The Redmond review recommended that one appointment be made. Allowing for the appointment of two people gives the selection panel the ability to appoint people who have different skills, knowledge and expertise. For example, a person with knowledge of risk and internal audit may not have a good knowledge of financial processes. The opportunity to appoint two people reduces this risk.

34. The Committee need to determine whether they endorse the proposals in the report, and if so, approve the recommendations. The Council is due to meet on 24 November 2022. Recommendations will be presented to that meeting.

Contact Details: David Harwood – Interim Internal Audit Manager.

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Background Papers:

CIPFA Audit Committee Position Statement 2022

<https://www.cipfa.org/-/media/Files/Services/Support-for-audit-committees/CIPFA-Audit-Committee-Position-Statement-2022.pdf>

Government response to local audit framework: technical consultation -

<https://www.gov.uk/government/consultations/local-audit-framework-technical-consultation/outcome/government-response-to-local-audit-framework-technical-consultation>

The Redmond Review

[Local authority financial reporting and external audit: independent review - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/local-authority-financial-reporting-and-external-audit-independent-review)

Draft Role Profile

Audit Committee Independent Person

The Audit Committee is a key component of Hart District Council's corporate governance framework. The Committee reports to the full Council and its purpose is to provide those with charged with governance independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. The Committee also approves the annual statutory statement of accounts and associated documents on behalf of full Council. It plays a key role in overseeing internal and external audit.

We are looking to recruit a person who has both a desire to serve the local community, has knowledge of local government finance and who can demonstrate an ability to establish good working relationships with councillors and managers.

The independent person will support the Council's Audit Committee in its role of providing assurance to the elected members of Hart District Council, its citizens and stakeholders.

The Committee assists the Council by:

Supporting good governance, strong financial management and effective internal and external audit.

Providing independent assurance on the adequacy of the internal control and governance arrangements within the Council,

Recommending the adoption of the Council's annual governance statement;

Reviewing and approving the financial statements,

Job purpose

As part of the Audit Committee your role will be:

- to be an independent source of support for the Audit Committee providing independent challenge and scrutiny of the reports presented to it.
- to assist the Audit Committee with scrutinising the annual Statement of Accounts prior to their approval.
- to review the Council's corporate governance arrangements.
- to receive reports and presentations from the Council's internal audit manager, considering the main issues identified and monitoring management action in response.
- to receive and consider the external auditor's annual letter and relevant reports.
- to consider the effectiveness and adequacy of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- to consider the adequacy of the action being taken by management on risk related issues identified by auditors and inspectors.

Qualifications and experience

The independent person should be able to demonstrate their independence from the Council, and should:

- hold a professional or management qualification, for example in accountancy, internal audit, risk management, or law; or

- have relevant direct and recent experience of managing or working in a similar service area gained working in or with a large or public sector organisation; ideally with experience of serving on a committee or board.

Knowledge

The independent person should have knowledge of two or more of the following areas:

- Local Government including:-
 - major functions
 - challenges
 - governance structures and processes; and
 - respective roles of members, officers and external parties
- the role and purpose of audit committees
- corporate governance including:-
 - the seven principles of the CIPFA/Solace Framework; and
 - the requirements of the Annual Governance Statement
- financial management including:-
 - principles of good financial management; and
 - the financial statements the Council must produce
- internal audit including:-
 - the key principles of Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN); and
- external audit including:-
 - the role and functions of the external auditor;
 - the key reports and assurances that the external auditor provides; and
 - arrangements for appointment to and quality monitoring of the role.
- Risk management including:-
 - the principles of risk management;
 - the principles of good fraud risk management practice; and
 - the main areas of fraud and corruption risk for local authorities.
- Ethical standards including;
 - the Seven Principles of Public Life.

Skills and qualities

We are looking for people who have:

- a high level of integrity and inspire public confidence.
- ability to be objective, independent and impartial.
- knowledge and understanding of local government finances, risk management, corporate governance and the roles of internal and external audit.
- good analytical skills and the ability to scrutinise financial information and processes and to challenge appropriately.
- good communication skills and ability to contribute to discussions and ask questions.
- the ability to work effectively within a team and build good relations with others in a committee setting.
- a respect for confidentiality.
- the ability to deal with issues of a sensitive nature in a diplomatic manner.
- knowledge/experience of local government or some other aspects of the public sector and/or of large, complex organisations at a senior level.
- an awareness of the issues currently facing local government.

Eligibility for Appointment

In order to apply, you must have a local connection and/or live or carry out the main part of your work within the Hampshire County Council area.

You shall be required to abide by the Members Code of Conduct during the term of your appointment.

Disqualification

Section 104 Local Government Act 1972 prohibits the Council appointing any person who is disqualified from being a member of the authority by virtue of section 80 of the same act. In addition, the Council has also added further disqualification criteria.

You will not be appointed as an Independent Person if you:

- are a member or co-opted member or officer of the Council or a parish/town council in the Council's area.
- are a relative, or close friend of such a person.
- have been a member or co-opted member or officer of the Council or a parish/town council in the Council's area in the previous 5 years.
- have been convicted of any offence that has resulted in a sentence of imprisonment of three months or more.
- are an undischarged bankrupt.
- have significant business dealings with the Council.
- are actively engaged in a political party.
- have a proven history of vexatious and/or frivolous complaints against Hart District Council or be in debt or dispute.
- are a holder of a significant office in an organisation being grant aided or supported by the Council.

Commitment

The Audit Committee usually meets four times a year and you will be expected to attend these meetings in person. Meetings are generally held at the Council's main office which is situated on Harlington Way, Fleet, GU51 4AE. Meetings usually take place in March, May, July, and October and generally start at 7pm and last approximately 2 hours.

Taking into account reading and preparation time and attendance at the meeting itself, a commitment of an average of five hours a meeting is envisaged.

The appointed person will also be required to attend training events that are organised for the Audit Committee.

Remuneration

To be updated depending on Committee decision.

The independent person will not be an employee of Hart District Council.

An allowance of £----- per annum is payable. Reasonable travel expenses (where this is within the Hampshire area) would also be reimbursed.

How to apply

Please submit a letter and CV.

The covering letter should outline why you are interested in the role, highlight how you meet the knowledge and skills criteria and your connection to Hart District Council. It must also clearly state that you meet the eligibility criteria.

If you successfully pass the short-listing process, you will be invited to attend an interview.

End