

**Report of the Treasurer
to the Chair and Members
Of the Audit & Internal Control Panel
14th June 2011**

Executive and Presenting Officer: Michael Porter, Treasurer

Status: For Approval

**Audit & Internal Control Panel
2011/2012 Self Assessment**

1 Purpose

- 1.1 The Audit and Internal Control Panel last undertook a self assessment in 2008. The Action Plan arising from that self assessment has been addressed and given the change in membership of the panel during the intervening period the Chair of the Panel asked, at the meeting of the Panel in December 2010, that an updated process to undertake a further self assessment be produced. This purpose of this paper is to further develop this self assessment.

2 Recommendations

That Members:

- 2.1 Approve the checklist, attached at Appendix A, is used to undertake the required self assessment.
- 2.2 Agree a timetable and process for the completion of the self assessment.
- 2.3 Approve that an action plan be developed and monitored, as a result of the completion of the checklist, to address any areas for development.

3 **Reasons**

- 3.1 As part of the continuous process of development and improvement of the Police Authority the Chair of the Audit and Internal Control Panel requested the development of a self assessment process for the Panel.
- 3.2 The proposed process for this self assessment uses the criteria within the Audit Committee Handbook published by HM Treasury in March 2007. Which was further developed by the National Audit Office in a paper entitled "The Audit Committee Self Assessment Checklist" which was published in November 2009.
- 3.3 Both documents build upon 5 principles of good practice and seek to answer the following questions:

The Role of the Audit and Internal Control Panel

Does the Audit and Internal Control Panel support effectively the Police Authority Executive and the Chief Financial Officer (Treasurer) by reviewing the completeness of assurances to satisfy their needs, and by reviewing the reliability and integrity of these assurances?

Membership, Independence, Objectivity and Understanding

Is the Audit and Internal Control Panel suitably independent and objective, and does each member have a good understanding of the objectives, priorities and risks of the organisation, and of their role on the Panel?

Skills

Does the Audit and Internal Control Panel contain or have at its disposal an appropriate mix of skills to perform its functions well?

Scope of Work

Is the scope of the Audit and Internal Control Panel suitably defined and does it encompass all the assurance needs of the Police Authority Executive and the Chief Financial Officer (Treasurer)?

Communication

Does the Audit and Internal Control Panel engage effectively with Financial and Performance Reporting issues, and with the work of internal and external audit? And does the Audit and Internal Control Panel communicate effectively with the Chief Financial Officer (Treasurer), the Police Authority Executive and other stakeholders?

- 3.4 To aid the ability to answer these overarching questions there are 'Good Practice Questions' which help the development of the process. These are encompassed within the proposed self assessment checklist which is attached at Appendix A.

4 Implications

4.1 Finance

There are no Financial implications in this report.

4.2 Human Rights

There are no Human Rights implications in this report.

4.3 Diversity & Equal Opportunities

No issues have been identified within this report which relate to diversity and equal opportunities.

4.4 Sustainability

There are no sustainability implications arising from this report.

4.5 Risk

There are no risk implications arising from this report.

5 Conclusions

- 5.1 A fully developed Audit and Internal Control Panel, with the appropriate Role, Membership, Skills, Scope and route for Communication should help the Authority undertake one of its primary functions, that is to *'put in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.'* A self assessment of the Audit and Internal Control Panel will help identify any areas for development to ensure it is best equipped to deliver against the needs of the Authority