

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	4 February 2025
Title:	Audit Committee Terms of Reference
Report From:	Assistant Director – Legal Services and Monitoring Officer

Contact name: David Kelly

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1. The decision:

That Cabinet:

- 1.1. Recommends the draft Audit Committee Terms of Reference set out in Annex 1 to the County Council for approval.
- 1.2. Supports the principle of appointing two co-opted independent members to the Audit Committee from May 2025 subject to an appropriate recruitment and selection process being undertaken by the Deputy Chief Executive and Director of Corporate Operations in consultation with the Chairman of the Audit Committee.

2. Reasons for the decision:

- 2.1. A review was undertaken of the Audit Committee's Terms of Reference based on the principles set out in the CIPFA Position Statement on Audit Committees (CIPFA Position Statement)¹ and the commitment in the County Council's Annual Governance Statement 2022- 2023 to review the Audit Committee's Terms of Reference. The review highlighted areas where CIPFA guidance indicated that the Audit Committee's Terms of Reference could be improved to ensure that they align with the areas recommended by CIPFA including the recruitment of two co-opted independent members to sit on the Audit Committee to add external perspective and expertise to the work of the Committee.
- 2.2. The revised Terms of Reference provide more detail on the role of the Audit Committee, while retaining the roles of the Audit Committee that are established at the County Council. The small number of areas where the revised Terms of Reference depart from the CIPFA guidance are explained.

¹ Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022

2.3. At its meeting on 24 May 2024, the Audit Committee agreed the proposed amendments to its Terms of Reference for recommendation to Cabinet for consideration and recommendation to the County Council for approval. In addition, with a small amendment made regarding consultation, the Committee voted to support the principle of appointing two co-opted independent members to the Audit Committee from May 2025 subject to an appropriate recruitment and selection process being undertaken by the Deputy Chief Executive and Director of Corporate Operations in consultation with the Chairman of the Audit Committee.

2.4. In addition to those changes recommended by the Audit Committee, a few small amendments to the Audit Committee Terms of Reference were proposed in anticipation of the implementation of the Global Internal Audit Standards in the UK Public Sector in April 2025.

3. Other options considered and rejected:

3.1. Constituting the Audit Committee as an advisory committee and changing its size to eight members, in line with CIPFA's recommendations.

4. Conflicts of interest:

4.1. Conflicts of interest declared by the decision-maker: none

4.2. Conflicts of interest declared by other Executive Members consulted: none

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the decision maker:

Approved by:

Date:

Councillor Nick Adams-King
Chairman of Cabinet

4 February 2025