

# Audit Committee

25<sup>th</sup> January 2018



**Report of:** Chief Internal Auditor

**Title:** Draft Terms of Reference for the Audit Committee

**Ward:** Citywide

**Officer Presenting Report:** Chief Internal Auditor

## Recommendation

The Audit Committee consider the draft revised Terms of Reference for the Audit Committee.

## Summary

An Audit Committee Training Workshop, in July 2017, highlighted that the effectiveness of the Audit Committee could be enhanced by a fundamental review of its Terms of Reference.

This draft revision of the Terms of Reference is based upon best practice and the CIPFA Guidance on Audit Committees.

## The significant issues in the report are:

- To propose, for consideration, a more effective Terms of Reference for the Audit Committee.
- The Audit Committee to discuss a more explicit and wider remit than contained within its current Terms of Reference, which include matters relating to member Standards.



## **Policy**

1. The Audit Committee is a key component of the Council's governance framework. Its function is to provide an independent and high level resource to support good governance and effective public financial management.
2. The purpose of an Audit Committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

## **Consultation**

3. **Internal**  
Deputy Mayor, Deputy Monitoring Officer, Section 151 Officer, Strategic Leadership Team (SLT).
4. **External**  
Not applicable.

## **Context**

5. The Council is in a process of reviewing its Committees within the review of the Constitution.
6. The draft proposed Terms of Reference are based upon best practice and the CIPFA Guidance on Audit Committees.
7. The proposal seeks to place the Audit Committee on a firmer footing and ensure its Terms of Reference are fit for purpose.
8. The proposed Terms of Reference groups responsibilities into distinct headings for greater clarity, namely Audit Activity, Regulatory Framework, Accounts, Risk Management and Accountability Arrangements.

## **Proposal**

9. The Audit Committee consider the draft revised review and refresh Terms of Reference for the Audit Committee in the wider context of the review of Committees within the Constitution review.

## Other Options Considered

10. None necessary

## Risk Assessment

11. The need to independently review the risk, governance and control framework environment is pivotal to the effective operations of the Council's functions.

Failure to maintain and, where required, improve this environment will not only impact on the proper practices of the Council, but will also be in breach of the Accounts and Audit Regulations 2015 and may attract an adverse opinion from the External Auditor.

## Public Sector Equality Duties

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
    - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
    - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
  - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
    - tackle prejudice; and
    - promote understanding.
- 8b) No equality impact anticipated from this report.

## **Legal and Resource Implications**

### **Legal**

See Consultation section above.

### **Financial**

#### **(a) Revenue**

Not applicable.

#### **(b) Capital**

Not applicable.

### **Land/Property**

Not applicable

### **Human Resources**

Not applicable.

### **Appendices:**

Appendix A – Draft Terms of Reference for the Audit Committee

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

### **Background Papers:**

“Audit Committees – Practical Guidance for Local Authorities and Police” – CIPFA 2013