

County Council – 13 December 2018

Review of Audit & Standards Committee Terms of Reference

Recommendations

1. To consider the proposed revisions to the terms of reference for the Audit & Standards Committee following publication of CIPFA's latest guidance - Practical Guidance for Local Authorities and Police 2018 Edition.
2. To approve the inclusion of the revised terms of reference within the Council's Constitution.

Report of the Director of Finance & Resources

Background Information

3. CIPFA's Publication - Practical Guidance for Local Authorities and Police 2018 Edition sets out its guidance on the function and operation of Audit Committees in local authorities and police bodies and represents CIPFA's view of best practice for audit committees in local authorities throughout the UK and for police audit committees in England and Wales. Suggested terms of reference for Audit Committees is also included within the guidance.
4. A paper was presented at the meeting of the Audit and Standards Committee held in October 2018 setting out the key changes contained within CIPFA's latest guidance which included some additions to the suggested terms of reference for Audit Committees covering the following areas:
 - a. reviewing the governance and assurance arrangements for significant partnerships or collaborations;
 - b. considering any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit and to approve and periodically review safeguards to limit such impairments;
 - c. providing free and unfettered access to the Audit Committee chair for the Head of Internal Audit, including the opportunity for a private meeting with the Committee;
 - d. supporting the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate; and
 - e. publishing an annual report on the work of the Committee.
5. In addition to the above, following the Audit and Standards Committee's last self-assessment against the key requirements of the CIPFA checklist (included within the guidance) undertaken in March 2018, there was an action to explicitly refer to the Committee's role in relation to Counter Fraud within the terms of reference. This action will be implemented as part of this review exercise.

6. The current terms of reference also originally included those functions which came under the remit of the former Standards Committee. The opportunity is being taken as part of this review exercise to consider those functions and to revise the terms of reference for the 'Standards' functions being undertaken by the Committee.
7. The current and revised terms of reference for the Audit and Standards Committee is attached as **Appendices A and B** to this report.
8. The key changes being made to the terms of reference are highlighted within the revised document for ease of reference (**Appendix B**). These changes were approved by the Audit and Standards Committee at their meeting on 3 December 2018.

Equalities Implications

9. There are no direct implications arising from this report.

Legal Implications

10. Whilst there are no direct implications arising from this report, the Accounts and Audit Regulations 2015 impose requirements on local authorities in relation to governance, internal control, financial reporting and internal audit.

Resource and Value for Money Implications

11. There are no specific Resource or Value for Money implications presented by this report.

Risk Implications

12. There are no specific Risk Implications presented by this report.

Climate Change Implications

13. There are no direct climate change implications presented by this report.

List of Background Documents/Reference Material:

CIPFA – Practical Guidance for Local Authorities and Police 2018 Edition.
Constitution Extract - Audit & Standards Committee Terms of Reference.