

Report of:	Meeting	Date
The Leader of the Council (Cllr Henderson) and the Head of Finance (Section 151 Officer)	Council	4 April 2019

Audit Committee's Terms of Reference

1. Purpose of report

- 1.1 To enable the terms of reference of the Audit Committee to be updated in accordance with best practice guidance.

2. Outcomes

- 2.1 An effective Audit Committee.

3. Recommendation

- 3.1 That the revised terms of reference for the Audit Committee, attached as Appendix 1, be approved and included as Article 7 in Part 2 of the Constitution, in place of the previous version.

4. Background

- 4.1 In accordance with best practice, the terms of reference of the Audit Committee are reviewed annually. A report on this year's review was considered by the Audit Committee at its meeting on 12 March 2019.
- 4.2 Since the last annual review was carried out the Chartered Institute of Public Finance and Accountants (CIPFA) has re-issued its practical guidance on local authority audit committees. In doing so, it has included suggested terms of reference for all local councils and police authorities.

5. Key Issues and proposals

- 5.2 The proposed terms of reference set out in Appendix 1 have been written in the way proposed in the latest CIPFA guidance. Although no further responsibilities have been added, a significant number of changes have been made to the format and wording to ensure that they accurately reflect the work of the Committee and the CIPFA guidance...
- 5.2 The revised terms of reference include the responsibilities for ensuring the council's compliance with the General Data Protection approved at the Council meeting held on 14 June 2018.

- 5.3** At the suggestion of the Council's new External Auditor (Deloitte), a specific provision has also been added for the Committee to periodically review safeguards to ensure the independence of the external audit team.

Financial and legal implications	
Finance	None arising directly from the report.
Legal	The proposed terms of reference comply with statutory requirements and best practice guidance.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x	risks/implications	✓ / x
community safety	x	asset management	x
equality and diversity	x	climate change	x
sustainability	x	ICT	x
health and safety	x	data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Revised Audit Committee Terms of Reference

Audit Committee - Terms of Reference

7.01 Purpose

The audit committee is a key component of Wyre Council's corporate governance. It provides an independent high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of an audit committee is to provide those charged with governance, independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of the authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Core Functions

The Council will appoint an Audit Committee independent from both the Executive and the Overview and Scrutiny function and it will have the following core functions:

Governance, Risk and Control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- To review the annual governance statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account the head of audit's annual audit opinion.
- To consider the reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To consider the council's arrangements to secure value for money and review assurances and assessment on the effectiveness of these arrangements.
- To monitor the effective development and operation of risk management in the council and monitor progress in addressing risk-related issues reported to the committee.
- To monitor counter fraud, actions and resources and review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

- To approve the internal audit charter.
- To review proposals made in relation the appointment of external providers of internal audit services and to make recommendations on their effectiveness.
- To approve the risk-based internal audit plan, including resource requirements and the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

- To approve and periodically review safeguards to limit impairments to the independence or objectivity of the internal audit team.
- To approve significant changes to the audit plan and resource requirements.
- To consider reports from the head of internal audit on the performance during the year. This will include an update on the implementation of agreed recommendations.
- To consider the head of internal audit's annual report.
- To consider a report on the effectiveness of internal audit to support the Annual Governance Statement and also any external assessments of effectiveness; i.e. the quality assessment of internal audit that takes place at least once every five years in accordance with the Public Sector Internal Audit Standards.
- To provide 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.

External Audit

- To receive and comment upon the External Auditor's Annual Plan, considering the scope and depth of external audit work and to ensure it gives value for money.
- To monitor the External Auditor's progress with the Annual Plan.
- To consider the external auditors' annual letter and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To advise and recommend on the effectiveness of relationships between internal and external audit and other inspection agencies or relevant bodies.
- To consider periodically (at least annually) whether the auditors appointed to carry out the external audit function remain independent and objective and, that their judgement in carrying out that role has not been impaired as a consequence of their participation in any non-audit reviews, services or advice provided to the council.
- To provide free and unfettered access to the audit committee chair for the external auditors, including the opportunity for a private meeting with the committee.

Financial Reporting

- To review the annual Statement of Accounts on behalf of full Council in accordance with the Accounts and Audit Regulations 2015.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To consider and endorse amendments to the Council's Financial Regulations and Contract Procedure Rules and, on behalf of full Council, give any instructions to the Section 151 Officer as may be appropriate.

Accountability Arrangements

- To prepare an annual report to full Council setting out the committee's work and performance during the year in relation to the terms of reference and to refer to Council any matters it shall see fit.
- To review any issue referred to it by the Chief Executive, Monitoring Officer or any Council body.

Other core functions

- To undertake the annual review of the council's use of the Regulation of Investigatory Powers Act 2000 (RIPA), ensuring compliance with the Code of Practice.
- To receive updates and reports from the Head of Audit (Data Protection Officer) and to approve policies in relation to compliance with the Data Protection Act and Regulations made under the Act.

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