

CONSTITUTION AND DEMOCRATIC SERVICES COMMITTEE

Date of Meeting	Thursday, 29 th November 2018
Report Subject	Audit Committee Terms of Reference and Charter
Cabinet Member	Not Applicable
Report Author	Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

In September 2018 members of the Audit Committee attended a facilitation workshop to assess the effectiveness of the Committee. During the workshop the members took the opportunity to review their Terms of Reference (TOR) and compare to the new guidance 'Audit Committees – Practical Guidance for Local Authorities and Police' issued by CIPFA in May 2018.

Since the last review in 2013, the areas of responsibility of the Committee have widened considerably. Overall, the changes outlined below reflect current practices of the Audit Committee; however, there is one new area of responsibility which is detailed in para D5 of the Terms of Reference.

To comply with best practice, a draft Audit Committee Charter has been developed to document the role the Audit Committee within the Council's Governance Framework. The Draft Audit Committee Charter is shown in Appendix C.

The Audit Committee Terms of Reference and Charter and the proposed changes were agreed at the Audit Committee meeting on 21 November 2018.

RECOMMENDATIONS

1	The Committee is requested to consider and approve the changes agreed by the Audit Committee for the Audit Committee's Terms of Reference.
2	The Committee is requested to consider and approve the changes agreed by the Audit Committee for the Audit Committee's Charter.

REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	<p>To aid clarity and transparency two copies of the Terms of Reference are included. Appendix A shows where the changes have occurred, using tracked changes, whilst Appendix B shows the revised Terms of Reference without tracked the changes, which is an easier read.</p>
1.02	<p>Listed below are the main changes made to the Terms of Reference, split firstly between those required to bring the Terms of Reference up to date to meet current working practice of the Committee and secondly where there is a new requirement of the Audit Committee. Each point is referenced back to the Terms of Reference.</p> <p>TOR updated to cover existing areas of responsibility:</p> <ul style="list-style-type: none">• Approve significant interim changes to the IA risk-based plan (C7);• Receive regular reports on the results of the IA Quality Assurance Improvement Programmes (QAIP) (C9);• As part of the Internal Audit Manager’s annual report (C10):<ul style="list-style-type: none">– receive a statement on the Internal Audit’s level of conformance with the Public Sector Internal Audit Standards (PSIAS);– receive the opinion on the overall effectiveness of the Council’s framework of governance, risk management and internal control, which feeds into the Council’s Annual Governance Statement (AGS);• Consider summaries of specific internal audit reports as requested (C11);• Receive reports where the Internal Audit Manager feels the level of risk accepted by management is unacceptable to the Council (C12);• Contribute to the QAIP, including the external assessment of the Internal Audit Service (C13);• Consider external audit annual assessment of its independence (C17);• Consider specific reports as agreed with the external auditor (C21); and• Details the protocol arrangements in place between the Council and External Regulators (C25-26). <p>TOR updated to reflect new area of responsibility:</p> <p>To report to full Council and publish an annual report on the Audit Committee’s performance in relation to the Terms of Reference and the effectiveness of the Committee in meeting its purpose (D5).</p>
1.03	<p>Having a Charter for the Audit Committee is considered best practice. The Charter provides an overview of the role of Audit Committee has and how the Committee fits into the Council’s governance framework. The Charter is split into two main areas, Organisational Principles and Oversight of Assurance Providers. The draft Audit Committee Charter is shown in Appendix C.</p>
1.04	<p>The Committee is asked to consider the proposed changes to the Audit Committee Terms of Reference and Charter, as agreed by the Audit</p>

	Committee. Once the Constitution and Democratic Services Committee has agreed the revised version of this part of the Constitution, the Audit Committee Terms of Reference and Charter will be presented County Council for approval.
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2.00	RESOURCE IMPLICATIONS
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2.01	None from the report itself.
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	Consultation of the revised Terms of Reference and Audit Committee Charter has been undertaken with Audit Committee members, the Chief Executive, the Council's Monitoring Officer and Chief Officer, Governance, Democratic Services Manager and the Corporate Business and Communications Executive Officer.
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4.00	RISK MANAGEMENT
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4.01	None from the report itself.
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5.00	APPENDICES
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5.01	Appendix A – Draft Audit Committee Terms of Reference (with tracked changes) Appendix B – Draft Audit Committee Terms of Reference (without tracked changes) Appendix C – Draft Audit Committee Charter
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	None. Contact Officer: Lisa Brownbill, Internal Audit Manager Telephone: 01352 702231 E-mail: Lisa.brownbill@flintshire.gov.uk
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7.00	GLOSSARY OF TERMS
7.01	Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basis principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.