

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE – 21 JUNE 2016

REPORT TO THE COUNCIL MEETING – 19 JULY 2016

Title:

AUDIT COMMITTEE TERMS OF REFERENCE FOR 2016/17

Summary & Purpose

Each year, the Audit Committee is invited to review its Terms of Reference. The aim of this report is to propose some minor changes to the Terms of Reference of the Audit Committee for the year 2016/17 in order that their wording better reflects current internal titles and policies.

Introduction

1.1 The Terms of Reference of the Audit Committee were last adopted by full Council at the meeting of 20 October 2015 and reflected the changes requested by the Committee at its meeting on 23 June 2015 and then agreed on 15 September 2015.

1.2 Following a review of the Terms of Reference as part of the collation of the Annual Activity Report for 2015/16, Officers noted that some of the wording is now out of date. For example, the Council's policies on concerns at work is now called "Whistleblowing at Work" rather than "Raising Concerns at Work" as described in the Terms of Reference.

Proposed Changes

2.1 The proposed changes are detailed below with the current wording marked by a strikeout and the new wording coloured in red.

Audit Committee

The Audit Committee is the means of bringing independent, effective assurance into the Council's corporate governance arrangements. This covers:-

- Risk management framework
- Control environment and arrangements
- Financial performance
- Non-financial performance (processes and controls)
- Financial reporting.

An Audit Committee Charter was adopted in September 2013.

Terms of Reference

The Terms of Reference are as follows:

1. Corporate Governance

- 1.1 To consider the Council's arrangements for corporate governance and recommend necessary actions to ensure compliance with best practice as set out in the current CIPFA/SOLACE Framework "Delivering Good Governance in Local Government" and any revision thereof.
- 1.2 To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- 1.3 To consider the Council's compliance with its own and other published regulations, standards and controls, covering both financial and general issues
- 1.4 To monitor Council policies in ~~"Raising Concerns at Work"~~ **"Whistleblowing"** and the anti-fraud and anti-corruption strategy **and the Council's complaints handling process.**
- 1.5 To monitor the effective development and operation of internal control in the Council with particular reference to all aspects of risk management.
- 1.6 To ~~consider~~ **approve** the Council's Annual Governance Statement ~~and, if thought fit, recommend its adoption by the Council.~~
- 1.7 To consider any reports published by bodies, other than the external auditor, charged with inspecting the Council's performance or arrangements for corporate governance.
- 1.8 To review any issue referred to it by the Head of Paid Service or a director or any Council body.
- 1.9 To request a report from any Head of Service relating to an outstanding internal audit recommendation issue.

2. External scrutiny

- 2.1 To consider whether appropriate accounting policies have been followed in the preparation of the annual statement of accounts.
- 2.2 To consider all communications from the external auditor to the Audit Committee, including:
 - 2.2.1 the audit letter;
 - 2.2.2 the report on issues arising from the audit of the accounts; and
 - 2.2.3 any other reports requested by the Audit Committee from the external auditor.
- 2.3 To consider whether there are concerns that need to be brought to the attention of the Council that arise from:
 - 2.3.1 the audit; or
 - 2.3.2 the accounts.
- 2.4 To consider and, if thought fit, approve the annual statement of accounts.

- 2.5 To comment on the scope and depth of external audit work and to ensure that it gives value for money, especially with regard to reports dealing with risk management and performance matters.
- 2.6 To oversee all aspects of risk management, including Waverley's Corporate Risk Registers.

3. Internal audit

- 3.1 To consider the Annual Review of the system of Internal Audit.
- 3.2 To consider the Internal Audit Client Manager's Annual Report.
- 3.3 To ~~consider~~ **approve** the annual Internal Audit Service Plan.
- 3.4 To consider the current Internal Audit Plan and summaries of internal audit activity by department and consider the level of assurance this can give concerning the effectiveness of the Council's corporate governance arrangements.
- 3.5 To consider internal audit reports detailing recommendations not implemented within the specified timescale.
- 3.6 To consider proposed internal audit activity and the range of ~~departments~~ **service areas** to be covered and the level of assurance this can give concerning the effectiveness of the Council's corporate governance arrangements.
- 3.7 To commission work or reports from the Internal Audit Service.
- 3.8 To consider any specific internal audit reports requested by the Audit Committee.
- 3.9 To monitor the progress of any specific internal audit projects.
- 3.10 To consider reports dealing with the management and performance of the providers of internal audit services.
- 3.11 To comment on the scope and depth of internal audit work and to ensure that it gives value for money, especially with regard to reports dealing with risk management and performance matters.

Composition of Audit Committee

(a) Membership and Meetings

The Audit Committee will

- be composed of seven councillors, with no members from the Executive;
- meet four times per year, as set out in the Calendar of Meetings, and on an ad hoc basis when necessary.

(b) Quorum

The quorum for meetings will be three Councillors.

Recommendation

It is recommended that the Audit Committee:

1. reviews its terms of reference;
2. agrees to adopt the proposed changes highlighted in red to be adopted by Council;
3. recommends any further amendments it wishes to be adopted by Council (if necessary);

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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