

County Council Meeting – 14 October 2014

REPORT OF THE AUDIT & GOVERNANCE COMMITTEE

- * Mr Nick Harrison (Chairman)
- A Mr W D Barker OBE (Vice Chairman)
- * Mr Tim Evans
- * Mr Will Forster
- * Denis Fuller
- * Tim Hall

* = Present
 A = Apologies
 S = Substitute

A. AUDIT & GOVERNANCE COMMITTEE EFFECTIVENESS REVIEW: FINAL REPORT

1. On 29 May 2014, the committee agreed that a task group should undertake a self-assessment of the committee's effectiveness in line with CIPFA's revised and updated 2013 edition of *Audit Committees: Practical Guidance for Local Authorities and Police*. On 25 September 2014, the committee considered the findings of the review. It heard that the committee had been found to have a knowledgeable and balanced membership, a high degree of performance against CIPFA's good practice principles and is generally effective in supporting improvements within the Council. A number of recommendations were proposed to assist the committee to keep improving and adapt to the changing local government environment.
2. The task group undertook a comparison of the committee's current terms of reference against CIPFA's suggested terms of reference. Overall the task group was satisfied with the committee's current terms of reference, which it felt was a concise reflection of CIPFA's Position Statement on Audit Committees in Local Authorities. However, it recommends a small number of additions which explicitly reflect work that the committee already undertakes and emphasises the role of the committee as a key component of governance within the Council.
3. The task group also learned that CIPFA suggests that to ensure the organisational independence of internal audit, the audit committee could consider the appointment and removal of the head of internal audit. The task group and several witnesses agreed that the Audit & Governance Committee is an important check on the independence of the Chief Internal Auditor. The Chairman of the committee already contributes to the annual appraisal of the Chief Internal Auditor and it was suggested that the Chairman should be consulted in the event of appointing to or removing from the position.
4. The Audit & Governance Committee **RECOMMENDS** to Council that its terms of reference be amended as follows:
 - i. A brief Statement of Purpose to be included: "The Council recognises the importance of undertaking scrutiny of the management of the internal control systems and the Audit & Governance Committee provides an independent and high-level focus on audit, governance and financial accounts matters".

- ii. To amend section (b) under Regulatory Framework to read: To monitor the effectiveness of the councils' anti-fraud and anti-corruption strategy, *including by reviewing the assessment of fraud risks*".
- iii. To add "To approve the Internal Audit Charter" under Audit Activity, following section (b).
- iv. To amend section (b) under Audit Activity to read: "To approve the annual Internal Audit Plan & Inspection Plan *and monitor its implementation*".
- v. To add "To provide oversight to the Annual Report of the Council" under Regulatory Framework, following section (e).
- vi. To add "That the Chairman (or in his/her absence, the Vice-Chairman) be consulted upon the appointment or removal of the Chief Internal Auditor" under Audit Activity, following section (d).

Nick Harrison
Chairman of the Audit and Governance Committee
September 2014