

Audit Committee

Item No.....

Report title:	Audit Committee Terms of Reference
Date of meeting:	31 January 2019
Responsible Chief Officer:	Executive Director of Finance and Commercial Services
Strategic impact The Audit Committee's Terms of Reference are set out in the Council's Constitution at (Part 4 (4.4)): Composition and Terms of Reference of Regulatory and Other Committees, pages 9-12. The Audit Committee are deemed 'Those charged with Governance', on behalf of the Council. The Committee forms part of the Council's System of Internal Control and Risk Management and performs specific functions required by statutory regulations. Key objectives of this Committee are to provide proactive leadership and direction on audit governance issues and champion sound proportionate audit, internal control and risk management throughout the Council.	

Executive summary

This report introduces the Committee's Terms of Reference. The terms of reference for the Committee are considered as part of a regular formal review, as set out in its terms of reference. The last review was at the 21st September 2017 meeting of this committee.

No changes are proposed, other than the inclusion of the Committee's responsibility for receiving assurance that the Council's Whistleblowing Policy is effective, as recommended at the Policy and Resources Committee on 26 November 2018. Pursuant to paragraph 2.1 of Article 13 of the Constitution the Chief Legal Officer has delegated authority to make the necessary consequential changes to the Constitution.

Recommendation:

The Audit Committee is requested to consider and agree the proposed Terms of Reference and note that the Chief Legal Officer will make the necessary consequential changes, as outlined in (**Appendix A**).

1. Proposal (or options)

- 1.1 The Audit Committee is requested to consider the proposed Terms of Reference (Appendix A).

2. Evidence

- 2.1 The terms of reference for the Committee are considered as part of a regular formal review, as set out in its terms of reference.
- 2.2 The last review was undertaken in September 2017. No changes are proposed other than the inclusion of the Committee's responsibility for receiving assurance that the Council's Whistleblowing Policy is effective as recommended at the Policy and Resources Committee on 26 November 2018 and that the Chairman can request a sample of audit reports to review periodically. The Chief Legal Officer has the necessary delegated authority to make the necessary changes to the Committee's Terms of Reference.
- 2.3 The proposed Terms of Reference for the Committee are presented at **Appendix A**.

3. Financial Implications

- 3.1. The Audit Committee's scope includes the Revenue and Capital expenditure and income for the Council and the Norfolk Pension Fund, their assets and liabilities.

4. Issues, risks and innovation

4.1. Risk implications

This report has fully considered any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

4.2. There are no implications with respect to:

- Legal
- Equality
- Human Rights
- Environmental
- Health and Safety.

5. Background

- 5.1. The terms of reference include that the Committee should 'Review the Committee's own terms of reference to ensure they are current'. The Committee's Terms of Reference form part of the Council's Constitution (Part 4 (4.4)): Composition and Terms of Reference of Regulatory and Other Committees, pages 9-12.
- 5.2. These revised Terms of Reference are compliant with the requirements of the Public Sector Internal Audit Standards (PSIAS) 2013 and the Local Authority

Guidance Note of April 2013 and help to ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A toolkit for Local Authority Audit Committees'.

5.3. The Policy and Resources Committee, on 26 November 2018, resolved that, 'the terms of Reference for the Audit Committee will be updated to include responsibility for receiving assurance on the effectiveness of the policy'.

5.4. There is no relevant input or comments from other committees to include within this report.

5.5. **Background papers**

There were no other background papers relevant to this report.

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

Officer Name: Adrian Thompson - Chief Internal Auditor

Tel No: 01603 222784

Email address: adrian.thompson@norfolk.gov.uk

If you need this Agenda in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.



Appendix A

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE – Proposed

A Governance

- 1 Consider the Annual Governance Statement, and be satisfied that that this statement is comprehensive, properly reflects the risk and internal control environment, including the System of Internal Audit, the effectiveness of the Whistleblowing policy and includes an agreed action plan for improvements where necessary.

B Internal Audit and Internal Control

- 1 With Chief Officers, to provide proactive leadership and direction on audit governance issues and champion audit and internal control throughout the Council.
- 2 Consider annually the effectiveness of the system of internal audit including internal audit's strategy, plan and performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and the Local Authority Guidance Note of 2013 and any other relevant statements of best practice.
- 3 Consider an annual report and quarterly summaries of internal audit reports and activities which include an opinion on the adequacy and effectiveness of the Council's internal controls including risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary. The Chairman can request a sample of audit reports to review periodically.
- 4 Consider reports showing progress of all clients against the audit plan and proposed amendments to the Council's audit plan.
- 5 Ensure there are effective relationships between internal audit and external audit, other inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.

C Risk Management

- 1 Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the Council and ensure that the full Council is kept sufficiently informed to enable it to approve the Council's risk management Policy and Framework and that proper insurance exists where appropriate.
- 2 Consider the effectiveness of the system of risk management arrangements
- 3 Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.
- 4 Receive assurances that action is being taken on risk related issues identified by both internal and external auditors and other inspectors.
- 5 Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.

- 6 Report annually to full Council as per the Financial Regulations.

D Anti-Fraud and Corruption and Whistleblowing

- 1 Provide proactive leadership and direction on Anti-Fraud and Corruption and champion Anti-Fraud and Corruption throughout the council.
- 2 Consider the effectiveness of the Council's anti-fraud and corruption and Whistleblowing arrangements.
- 3 Consider an annual report and other such reports, including an annual plan on activity with respect to Anti-Fraud and Corruption performance and receive assurances that action is being taken where necessary

E Annual Statement of Accounts

- 1 Consider the external auditor's reports and opinions, relevant requirements of International Standards on Auditing and any other reports to members with respect to the Accounts, including the Norfolk Pension Fund and Norfolk Fire-fighter's Pension Fund, and approve the Accounts on behalf of the Council and report required actions to the Council. Monitor management action in response to issues raised by the external auditor.
- 2 Consider the External Auditor's Annual Governance Report and endorse the action plan contained in this Report and approve a Letter of Representation with respect to the Accounts.

F External Audit

- 1 Consider reports of external audit and other inspection agencies
- 2 Ensure there are effective relationships between external audit and internal audit
- 3 Consider the scope and fees of the external auditors for audit, inspection and other work.

G Norfolk Pension Fund

- 1 Following presentation to the Pensions Committee and with due regard to any comments and observations made, consider the relevant Governance reports of the Norfolk Pension Fund.

H Treasury Management

- 1 Consider the effectiveness of the governance, control and risk management arrangements for Treasury management and ensure that they meet best practice.

I Administration

- 1 Review the committee's own terms of reference no less frequently than annually and where appropriate make recommendations to the Council for changes.
- 2 Ensure members of the committee have sufficient training to effectively undertake the duties of this committee.
- 3 Consider the six monthly and Annual Reports of the Chairman of the Committee.