

Meeting of:	<b>Audit Committee</b>
Date of Meeting:	<b>Monday, 01 July 2019</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Audit Committee's Terms of Reference
Purpose of Report:	To submit the terms of reference to Committee
Report Owner:	Head of the Regional Internal Audit Service
Responsible Officer:	Head of the Regional Internal Audit Service
Elected Member and Officer Consultation:	No Elected Members have been consulted Legal Services & Head of Finance
Policy Framework:	The Constitution governs the operation of the Council
Executive Summary:	<ul style="list-style-type: none"> <li>• The Audit Committee Terms of Reference are included with Section 13.16 (k) of the Council's Constitution and are attached at Appendix A.</li> <li>• It is intended to compare these against the Regional Audit Shared Service partners' terms of reference to ensure that they are up to date and fit for purpose.</li> </ul>

## **Recommendations**

1. Members note the current Terms of Reference for the Audit Committee and the proposed review

## **Reasons for Recommendations**

1. To ensure that the Audit Committee Terms of Reference is fit for purpose.

### **1. Background**

- 1.1 The Audit Committee's Terms of Reference is included in Section 13.16 of the Council's Constitution and is attached at Appendix A for information. Effective Audit Committees bring many benefits to an organisation and to ensure that the Council continues to provide an effective Audit Committee the Terms of Reference must continue to be fit for purpose.
- 1.2 The role of the Audit Committee is defined within the Public Sector Internal Audit Standards (PSIAS) and therefore the Terms of Reference should reflect all requirements of the PSIAS.

### **2. Key Issues for Consideration**

- 2.1 The Regional Internal Audit Shared Service, established in April 2019, reports to 4 separate Audit Committees. Each Audit Committee therefore has its own Terms of Reference. As a result, there is an opportunity to compare all 4 to ensure best practice.
- 2.2 The Head of the Regional Internal Audit Service intends to undertake this proposed review and a further report will be brought to Audit Committee if any changes are recommended.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

If the Public Sector Internal Audit Standards are not met, the provision of an adequate and effective Internal Audit function is put at risk and the work of the Audit Committee could become disjointed. This could undermine the positive contribution that both Internal Audit and the Audit Committee makes to both short and long term service improvement and the Council's Well-Being Objectives.

## **4. Resources and Legal Considerations**

### **Financial**

**4.1** There are no resource implications as a direct consequence of this report.

### **Employment**

**4.2** None as a direct consequence of this report

### **Legal (Including Equalities)**

**4.3** The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time. There are no equalities implications as a direct consequence of this report.

## **5. Background Papers**

OT None

## **VALE OF GLAMORGAN COUNCIL CONSTITUTION**

### **SECTION 13**

#### **13. RESPONSIBILITY FOR FUNCTIONS - SUMMARY**

The purpose of this Section of the Constitution is to set out who is responsible for making the various decisions in the Council.

#### **13.16 RESPONSIBILITY FOR COUNCIL FUNCTIONS: COMMITTEES' TERMS OF REFERENCE**

##### **(k) Audit Committee (7 Members plus 1 Lay Member)**

###### **Composition**

The membership of the Audit Committee is to be determined by Council subject to:

- (a) At least two thirds of the members must be Vale of Glamorgan Councillors of whom no more than 1 member may be a member of the Cabinet who must not be the Leader.
- (b) Up to one third of the members may be from outside the Council and at least one member must be a lay member.

###### **Chairing the Committee**

The Audit Committee shall be chaired by a person elected by its members. The Chairman may be a Vale of Glamorgan Councillor or a lay member, but must not be a member of any Group which has Members on the Executive.

###### **Voting**

All Audit Committee members, including lay members, have the right to vote on any issue considered by the Committee.

###### **Frequency of meetings**

The Committee must meet at least once a year.

###### **Terms of Reference:**

- (1) To consider the external auditor's annual report and other relevant reports; and to make recommendations on their implementation to Cabinet and/or Council as appropriate.
- (2) To consider specific reports as agreed with the external auditor and to make recommendations on their implementation to Cabinet and/or Council as appropriate.

- (3) To maintain an overview of Contracts Procedure Rules, Financial Regulations; and Officers' Codes of Conduct and behaviour and to make recommendations to Cabinet and/or Council as appropriate.
- (4) To monitor Council policies on "Raising Concerns at Work" and the anti-fraud and bribery strategy and the Council's complaints procedure and to make recommendations to Cabinet and/or Council as appropriate.
- (5) To oversee the production of the Council's Annual Governance Statement and to recommend its adoption.
- (6) To review the annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- (7) Overall responsibility for the maintenance and operation of the Whistleblowing Policy

***With delegated powers:***

- (1) To approve the Internal Audit Charter.
- (2) To approve the risk-based Internal Audit Plan and to approve significant interim changes to the risk-based Internal Audit Plan.
- (3) To oversee the Council's Internal Audit arrangements (including the performance of the providers of Internal Audit).
- (4) To contribute to the Quality Assurance and Improvement Programme and, in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.
- (5) To consider and approve the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's risk management, internal control and corporate governance arrangements.
- (6) To consider and approve summaries of special internal audit reports as requested.
- (7) To consider and approve reports dealing with the management and performance of the providers of internal audit services.
- (8) To consider reports from internal audit on agreed recommendations not implemented within a reasonable timescale and approve necessary remedial action.
- (9) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (10) To commission work from internal and external audit.

(11) To review and determine on any issue referred to it by the Head of Paid Service, Section 151 Officer, Monitoring Officer or by a Director, or any Council body.

(12) To approve measures to ensure the effective development and operation of risk management and corporate governance in the Council.

(13) To consider the Council's arrangements for corporate governance and to approve necessary actions to ensure compliance with best practice.

(14) To approve the external auditor's report to those charged with governance on issues arising from the audit of accounts.