

MEETING:	Audit Committee
DATE:	Wednesday, 19 April 2017
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

SUPPLEMENTARY AGENDA - 2

8. Audit Committee Terms of Reference (*Pages 3 - 10*)

The Executive Director Core Services will submit a report on a proposed revision of the Terms of Reference of this Committee to take account of Future Council developments and the establishment of the Core Services Directorate.

Please note: revised documents attached

10. Audit Committee Work Plan 2015/16 (*Pages 11 - 14*)

The Executive Director Core Services will submit a report on a proposed revision of the Committee's Core Workplan for 2017/18 which takes account of the revised Terms of Reference, Future Council developments and the establishment of the Core Services Directorate.

To: Chair and Members of Audit Committee:-

Councillors Richardson (Chair), Barnard, Clements and Lofts; together with Independent members Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

Diana Terris, Chief Executive
All Executive Directors
Andrew Frosdick, Executive Director Core Services
Rob Winter, Head of Internal Audit
Neil Copley, Service Director Finance
Ian Rooth, Head of Technical Services
Adrian Hunt, Risk Management Manager
Michael Potter, Service Director Business Improvement and Communications
Julie Winham, Senior Audit Manager

Council Governance Unit – 3 copies

Please contact William Ward on 01226 773451 or email governance@barnsley.gov.uk

18th April, 2017

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Item 8

Report of the Director of Core Services to the Audit Committee to be held on 19th April, 2017

AUDIT COMMITTEE TERMS OF REFERENCE

1. Purpose of Report

- 1.1 To consider amending the Terms of Reference of the Committee to take account of Future Council developments and the establishment of the Core Services Directorate.

2. RECOMMENDED TO ANNUAL COUNCIL

- 2.1 That the revised Terms of Reference as detailed within the appendix to the report be approved

3. Background

- 3.1 The Audit Committee is a well-established part of the Council's governance structure and although this is a non-statutory requirement, the existence of a member body with responsibility for oversight of the Authority's framework for overall assurance and internal control has become recognised as best practice. This first emerged as an essential requirement of the former CPA Use of Resources Assessment.
- 3.2 The Committee provides additional challenge and independence and it is generally considered to have been a successful addition to the Council's Governance arrangements.

4. Work Programme

- 4.1 As Members will be aware, the Work Programme for the Committee has remained relatively static for some years and its focus has largely been confined to internal audit and financial matters. Other aspects of corporate governance such as Information Governance, Partnership Governance, Workforce Management Performance Management and Health and Safety and Resilience are not covered by the Committee or included within the Terms of Reference.
- 4.2 Members will recall that at the Workshop Meeting held in November, 2016 and at several meetings since, the advantages of re-energising the Committee and widening the Work Programme were discussed particularly within the context of the establishment of the establishment of the Core Services

Directorate which will bring together most of the areas of the Council's Framework for overall assurance and internal control. The responsibility for reporting on the various areas of activity will fall to the Service Directors or equivalent within the new Directorate.

5. Strategic Risk, Information Governance and Internal Audit Recommendations

- 5.1 Members have, in the past, asked for Senior Management Team (SMT) members to have a greater dialogue with the Committee particularly in relation to ongoing assurance issues identified within reports relating to various Directorate activities and, in particular, those which are subject to Internal Audit recommendations.
- 5.2 One way of fostering greater engagement with the work of the Committee could be, for example, by taking an item from the Strategic Risk Register (at least at some of the meetings). Those SMT members could be invited to provide background and reassurance to the issue under consideration and this could be organised as part of the management of the agenda for meetings. In addition one additional member of SMT could attend each meeting of the Committee.
- 5.3 Members have, at times, raised the issue of the timely compliance with Internal Audit recommendations. There are often good reasons why the timescales agreed between a Business Unit and internal audit cannot be complied with such timescales being revised by mutual agreement. The attendance of SMT members at meetings of the Committee could assist in highlighting the importance of setting realistic timescales relative to overall workload commitments.
- 5.4 Information Governance is part of the overall assurance framework even though it is not part of the Core Services Directorate and neither is it included within the Work Programme, however, it is suggested that this be incorporated as part of the wider revision of the Terms of Reference. This would, amongst other things, enable incidents of information security breaches and cyber-attacks to be reported and for the Committee to take a view on the action taken and implications thereof.

6. Terms of Reference

- 6.1 The above proposals will, of course, require an amendment to the Committee's Terms of Reference which, if approved will take effect from the next municipal year.

- 6.2 A copy of the proposed revised Terms of Reference are attached as an Appendix to the report.

7. Employee Implications

- 7.1 There are no employee implications arising from this report

8. Financial Implications

- 8.1 There are no financial implications arising directly from this report.

9. Background Papers

Workshop meeting held on the 2nd November, 2016

Officer Contact: Executive Director Core Services

Telephone Number: 01226 773006

Date: 3rd April, 2017

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Audit Committee

A. General Remit

1. To provide independent assurance of the adequacy of the risk management framework and the associated control environment.
2. To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.
3. To oversee the financial reporting process.
4. To promote the application of and compliance with effective governance arrangements across the Authority and its partner organisations.

B. Internal Control incorporating Risk Management, Financial Probity and Stewardship

- (a) To consider the overall adequacy and effectiveness of the system of internal control and the arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).
- (b) To ensure that the highest standards of financial probity and stewardship are maintained throughout the Authority, within policies set by the Council from time to time.
- (c) To develop such policies for consideration and approval by the Council.
- (d) To promote effective internal control by the systematic appraisal of the Authority's internal control mechanisms and by the development of an anti-fraud culture.
- (e) To promote effective risk management throughout the Council in accordance with the Council's Risk Management Policy Objectives Statement.
- (f) To periodically review the Authority's strategic risk register **and to invite, when appropriate, a Member of the Senior Management Team to meetings to discuss strategic risks within their specific service area.**
- (g) To consider, challenge and comment on the Annual Governance Statement.
- (h) **To receive periodic reports on additional corporate functions contributing to overall assurance against the corporate priorities and specifically in relation to:**
 - **Human Resources**

- **Business Improvement and Communications**
- **Health & Safety & Resilience**
- **Governance and Member Support**
- **Information Governance**

- (i) **To encourage wider dialogue with members of the Senior Management Team by inviting them to meetings on a periodic basis to give assurance about issues identified within reports relating to various Directorate activities and, in particular, those which are subject to Internal Audit recommendation**

C. Internal Audit

- (h) To oversee, in consultation with internal auditors, the preparation and approval of an annual audit plan for the Authority and to receive periodic reports from the internal auditor on performance against the plan.
- (i) To monitor compliance with internal audit reports following their consideration by management.
- (j) To examine reports previously submitted to the Cabinet in respect of ongoing activities and investigations conducted by internal auditors and to make appropriate comments and recommendations.
- (k) To review the performance of the internal audit function by way of quarterly performance management reports.
- (l) To consider the Head of Internal Audit's annual audit report and opinion, and a summary of internal audit activity (actual and planned) and the level of assurance it can give over the Council's corporate governance arrangements.
- (m) To enhance the profile, status and authority of the internal audit function and demonstrate its independence.
- (n) To approve and periodically review the Internal Audit Strategy and Audit Charter

D. External Audit and other Inspectorates or Regulatory Bodies

- (o) To oversee, in consultation with external auditors, the preparation of the annual audit plan for the Authority and to receive periodic reports from the external auditor on performance against the plan.
- (p) To consider and report to Cabinet and the Council the annual audit and inspection letter.
- (q) To consider the appointment of the Council's external auditor.

- (r) To monitor compliance with external audit, external inspectorate and Ombudsman reports following their consideration and resolution by the Cabinet and/or Council.
- (s) To determine any payments or provide other benefits in cases of maladministration by the Authority within the scope of section 92 of the Local Government Act 2000.

E. Other

- (t) To consider general issues and statistics in relation to the Council's Corporate "Whistleblowing" Policy.
- (u) To review the Authority's arrangements for establishing appropriate anti-fraud policies and procedures.
- (v) To monitor compliance with and the effectiveness of anti-fraud and corruption policies and procedures.
- (w) To monitor compliance with the Authority's Partnership Governance Framework.
- (x) To consider and review compliance with the Authority's Treasury Management policy.

F. Accounts

- (y) To review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by External Audit.
- (z) To contribute to the annual review, consideration and challenge of the financial statements.

Item 10

Report of the Executive Director Core Services to the Audit Committee to be held on 19th April, 2017

AUDIT COMMITTEE WORKPLAN

1. Purpose of Report

- 1.1 To consider the revised Workplan for the 2017/18 Municipal Year which takes account of the revised Terms of Reference which were discussed earlier in the meeting and which address Future Council developments and the establishment of the Core Services Directorate.

2. RECOMMENDATION

- 2.1 That the revised core workplan for 2017/18 meetings of the Audit Committee be approved and reviewed on a regular basis.

3. Work Programme

- 3.1 The Committee have received a report earlier in the meeting on the proposed revised Terms of Reference for the Committee which takes account of Future Council developments as well as the establishment, from 1st April, 2017, of the Core Services Directorate together with Members suggestions for the widening scope of the Committee.
- 3.2 The Appendix to this report takes account of those recommendations and presents for Member approval, the revised workplan for the 2017/18 Municipal Year.
- 3.3 The revised workplan addresses the widening scope of the Committee and attempts to give an equal spread of work across all meetings. The workplan will, of course, be considered at each meeting of the Committee and amended as appropriate to take account of changing needs as well as any changes required arising from the 'bedding in' of the new Terms of Reference..

4. Employee Implications

- 4.1 There are no employee implications arising from this report

5. Financial Implications

- 5.1 There are no financial implications arising directly from this report.

6. Background Papers

Workshop meeting held on the 2nd November, 2016

Officer Contact: Executive Director Core Services

Telephone Number: 01226 773006

Date: 3rd April, 2017

BARNLEY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME

	Mtg. No.	7	1	2	3	4	5	6	7
Committee Work Area	Contact / Author	19.4.17	7.06.17*	19.07.17*	22.09.17*	1.11.17*	6.12.18*	17.1.18*	21.3.18*
Committee Arrangements									
Committee Work Programme	WW	X	X	X	X	WORKSHOP MEETING/TRAINING EVENT	X	X	X
Minutes/Actions Arising	WW	X	X	X	X		X	X	X
Review of Terms of Reference and Self-Assessment	RW/CHAIR		X						
Training Review and Skills Assessment	RW/CHAIR		X						
Review of Terms of Reference & Working Arrangements	ACF	X						X	
Draft Audit Committee Annual Report	RW/CHAIR		X						
Audit Committee Annual Report	RW/CHAIR			X					
Internal Control and Governance Environment									
Local Code of Corporate Governance	AF/AH								X
Annual Governance Review Process and Timescales	AF/AH								
Draft Annual Governance Statement & Action Plan	AF/AH			X					
Final Annual Governance Statement	AF/AH				X				
AGS Action Plan Update	AF/AH						X		
Corporate Whistleblowing Update & Annual Report	RW		X						
Annual Fraud Report	RW		X						
RIPA Update Report	AF/GK						X		
Review of Ombudsman Complaints	AF						X		
Corporate Risk Management									
Risk Management Policy & Strategy	AH	X							
Risk Management Update**	AH								
Annual Report	AH			X				X	
Strategic Risk Register Review	AH	X					X		
Internal Audit									
Internal Audit Charter & Strategy	RW	X							
Internal Audit Plan	RW								X
Internal Audit Quarterly Report	RW	X		X			X		

	Mtg. No.	7	1	2	3	4	5	6	7
Committee Work Area	Contact / Author	19.4.17	7.06.17*	19.07.17*	22.09.17*	1.11.17*	6.12.18*	17.1.18*	21.3.18*
Annual Review of the Effectiveness of Internal Audit	RW			X					
Review of the Effectiveness of Int. Audit - Update	RW						X		
Internal Audit Annual Report	RW		X						
Corporate Fraud Team - Report	RW						X		X
External Audit (KPMG)									
Annual Governance Report (ISA260 Report)	KPMG				X				
Audit Plan	KPMG								X
Annual Fees Letter	KPMG								X
Annual Audit Letter	KPMG								
Grants Letter	KPMG								
Claims & Returns Annual Report	KPMG							X	
External Audit Progress report & Technical Update	KPMG	X	X	X	X		X	X	
Financial Reporting and Accounts									
Budget Proposal Section 25 Report	FF/NC							X	X
Draft Statement of Accounts	FF/NC			X					
Corporate Finance Summary	FF/NC				X				
Corporate Finance and Performance Management & Capital Programme Update	NC				X				X
Treasury Management Annual Report	IR								X
Treasury Mgt. Policy & Strategy Statement	IR								X
Other Corporate Functions contributing to overall assurance									
Human Resources+ (annual)	AB				X				
Business Improvement and Communication+ (6 monthly report)	MP			X				X	
Health & Safety Resilience+ (6 monthly report – March Update – September Annual)	SD				X				X
Governance & Member support (6 monthly report)	IT/WW		X					X	
Information Governance update	DR			X			X		X

* provisional dates subject to approval at the Annual Council meeting to be held on the 19th May, 2017

**Members of the Senior Management Team to be invited periodically to report on any issues identified within the Strategic Risk Register

+ Subject to regular liaison with Service Directors