

**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

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