

AUDIT COMMITTEE

Audit Committee Terms of Reference 17th June 2015

Report of Internal Audit Manager

PURPOSE OF REPORT

To seek Members' acceptance to revised terms of reference for the Audit Committee, to be recommended to full Council for approval.

This report is public

RECOMMENDATIONS

- (1) **That the proposed revisions of the Audit Committee's Terms of Reference are accepted and recommended to full Council for adoption.**

1.0 Background

- 1.1 No substantive changes have been necessary to the Audit Committee's terms of reference (TOR) for a number of years. Over the past 12 months, two new pieces of legislation, the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 have brought in changes to audit arrangements which need to be reflected in the TOR.

2.0 Proposed Revision

- 2.1 A copy of the current TOR along with the proposed revision are attached as Appendix A. All of the proposals are relatively minor in nature and at this stage do not change the substantive role and responsibilities of the Committee. In brief the changes are:

- A slight change in the Committee's focus in evaluating the performance of Internal Audit. The previous requirement for an annual evaluation of the effectiveness of Internal Audit is replaced by consideration of Internal Audit's compliance with professional standards. This refers to the Public Sector Internal Auditing Standards (PSIAS) introduced in 2013. A report on compliance with the standards will be included in the wider reporting to Audit Committee concerning the annual review of governance. (paragraph 8.9)
- With the abolition of the Audit Commission, interim arrangements are in place to deal with the appointment of Councils' external auditors via the Public Sector Audit Appointments Ltd. The Local Audit and Accountability Act provides for the future appointment of external auditors by the body itself, although the exact date at which this will commence is as yet unclear. The proposed revision provides for the Committee to continue to review internal audit arrangements on behalf of full Council in this interim period. (paragraph 8.10)

- Updating reference to current legislation from the Accounts and Audit (England) Regulations 2011 to the Accounts and Audit Regulations 2015 (paragraph 8.17 and 8.18)
- Deletion of the reference to the Committee having a role in acting “*as the mechanism for Members as the mechanism for Members of the Council to liaise with the Independent Remuneration Panel on the Members’ Allowances Scheme of the Council to liaise with the Independent Remuneration Panel on the Members’ Allowances Scheme*” Other arrangements are in place to manage this function. (paragraph 8.24)

3.0 Details of Consultation

3.1 None specifically regarding this report.

4.0 Options and Options Analysis (including risk assessment)

4.1 The options available are to accept the proposed revisions to the terms of reference for recommendation to full Council, or recommend alternatives wording if necessary.

CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)	
Not applicable	
FINANCIAL IMPLICATIONS	
None directly arising from this report	
SECTION 151 OFFICER’S COMMENTS	
The Section 151 Officer has been consulted and has no further comments	
LEGAL IMPLICATIONS	
None directly arising from this report	
MONITORING OFFICER’S COMMENTS	
The Monitoring Officer has been consulted and has no further comments	
BACKGROUND PAPERS	Contact Officer: Derek Whiteway Telephone: 01524 582028 E-mail: dwhiteway@lancaster.gov.uk Ref: aud/comm/audit/150617TOR