

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

19 NOVEMBER 2019

7

Report Title	AUDIT AND STANDARDS COMMITTEE'S PROPOSED TERMS OF REFERENCE
Purpose of Report	To present to the Committee the proposed revised Audit and Standard's Committee's Terms of Reference.
Decisions(s)	That the Audit and Standards Committee: a) RESOLVE to agree the revised Audit and Standards Committee's Terms of Reference as set out in Appendix 1; and b) RECOMMEND to Council on 19 December 2019 that the Audit and Standards Committee's Terms of Reference are approved.
Consultation and Feedback	<ul style="list-style-type: none"> ➤ Members of Audit and Standards Committee ➤ Monitoring Officer ➤ S151 Officer ➤ Chief Internal Auditor
Financial Implications and Risk Assessment	<p>There are no financial implications arising directly from this report.</p> <p>Andrew Cummings, Strategic Director of Resources Tel: 01453 754115, Email: andrew.cummings@stroud.gov.uk</p>
Legal Implications	<p>There are no specific legal implications arising from the report.</p> <p>However, members will see that there is a proposal to replace the informal Standards Panel with a formal sub-committee. This is to comply with Section 101 of the Local Government Act 1972 which provides that a local authority can delegate its functions to a committee, sub-committee or officer. The Constitution reserves the power to set up sub-committees to Council which would establish a sub-committee of the Audit and Standards Committee to deal with Standard matters in place of the existing Standards panel.</p> <p>The formal arrangement to achieve this will be considered as part of the review of the Constitution which will be commenced by Strategy and Resources Committee at its meeting on the 12th December 2019.</p> <p>For the sake of clarity, whilst the terms of reference refer to a sub-committee, even if they are adopted by Council, the current Standards Panel will continue until a different arrangement is approved by Council when it considers changes to the Constitution in 2020.</p> <p>Patrick Arran, Interim Head of Legal Services and Monitoring Officer Tel: 01453 754369, Email: patrick.arran@stroud.gov.uk</p>

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Options	There are no alternative options that are relevant to this matter.
Performance Management Follow Up	Committee Agenda Planning and Annual review of the effectiveness of the Audit and Standards Committee.
Background Papers/ Appendices	Appendix 1: Proposed Updated Audit and Standards Committees Terms of Reference. Background papers: <ul style="list-style-type: none"> ➤ Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on the function and operation of audit committees; “Audit Committees in Local Authorities and Police, 2018 edition”. ➤ Public Sector Internal Audit Standards (PSIAS) 2017; and ➤ CIPFA Local Government Application note on the PSIAS.

1.0 Background

- 1.1 Audit committees are a key component of an authority’s governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management. The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place. The Council’s audit committee should adopt a model that establishes the committee as independent and effective. The committee should:
- act as the principal, advisory function supporting those charged with governance;
 - be independent of the decision making committees of the Council and include an independent member where not already required to do so by legislation;
 - have clear rights of access to other committees/functions, for example, service committees, corporate risk management and other strategic groups; and
 - be directly accountable to the authority’s governing body.
- 1.2 The guidance to support those acting as audit committee members in local authorities has recently changed and currently recognises CIPFA’s publication “Audit Committees: Practical Guidance for Local Authorities and Police (2018)” as representing “proper audit committee practices”.
- 1.3 This guidance defines the way in which audit committees should be established and undertake its functions, including the functional reporting requirements to the governance group charged with providing independent assurance on the adequacy of the control environment, comprising risk management, control and governance.
- 1.4 To ensure conformance with the new guidance the Council’s Audit and Standard’s Committee’s Terms of Reference have been updated in line with the revised guidance, for consideration and approval.