

Report to Council

Amendment to the Terms of Reference of the Audit Committee

Portfolio Holder: Cllr Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

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Reason for Decision

It is considered appropriate to amend the current Audit Committee Terms of Reference to replace reference to the Standards Committee with Scrutiny Boards.

Executive Summary

A discussion took place at the Audit Committee meeting on 20 July 2023 when Members considered a report on how the Committee had discharged its duties in accordance with its Terms of Reference as set out in the Constitution. During the scrutiny process, it was suggested that within the Terms of Reference, the wording at 4.4.2(d)(iv) be amended so the Audit Committee liaises with the Scrutiny Boards on any matter(s) relating to the effective operation of the Council. This proposal was endorsed following a report on the matter to the Audit Committee on 5 September 2023.

This report presents the proposed change to the Audit Committee Terms of Reference to Council for approval

Recommendation

That the Council approves the proposed change in the Audit Committee Terms of Reference as set out in this report to Council.

1 Background

1.1 A discussion took place at the Audit Committee meeting on 20 July 2023 when Members considered a report on how the Committee had discharged its duties in accordance with its Terms of Reference as set out in the Constitution. During the scrutiny process, it was suggested that within the Terms of Reference, the wording at 4.4.2(d)(iv) be amended so the Audit Committee liaises with the Scrutiny Boards. This proposal was endorsed following a report on the matter to the Audit Committee on 5 September 2023.

2 Proposed Change to the Audit Committee Terms of Reference

2.1 There is one recommended change to the Audit Committees Terms of Reference as detailed in Appendix 1. This was presented for approval, and accepted, at the last meeting of the Audit Committee when Members considered a report on the matter. This report was prepared following on from a discussion at the previous meeting (20 July 2023) when Members considered a report on how the Committee had discharged its duties in accordance with its Terms of Reference as set out in the Constitution. During the scrutiny process, it was suggested that within the Terms of Reference, the wording at 4.4.2(d)(iv) be amended so the Audit Committee liaises with the Scrutiny Boards on any matter(s) relating to the effective operation of the Council.

2.2 This report presents the proposed change to the Audit Committee Terms of Reference to Council for approval.

3 Options/Alternatives

3.1 There are three options as follows:

- a) Accept the proposed change to the Audit Committee Terms of Reference.
- b) Reject the proposed change to the Audit Committee Terms of Reference.
- c) Propose an alternative approach to the Audit Committee Terms of Reference.

4 Preferred Option

4.1 Option (a) at 3.1 is the preferred option, that the proposed change to the Audit Committee Terms of Reference is accepted.

5 Consultation

5.1 There has been consultation with and agreement from the Audit Committee on the proposed change to the Terms of Reference of the Audit Committee.

6 Financial Implications

6.1 There are no specific financial implications arising from this report.

7 Legal Services Comments

7.1 There are no direct legal implications arising from the report.

8 Co-operative Agenda

8.1 The amended Terms of Reference supports the Council in its delivery of the cooperative agenda.

9 Human Resources Comments

9.1 There are no specific human resources implications arising from the report.

10 Risk Assessments

10.1 There are no specific risk issues arising from this report.

11 IT Implications

11.1 There are no specific IT implications arising from the report.

12 Property Implications

12.1 There are no specific property implications arising from the report.

13 Procurement Implications

13.1 There are no specific procurement implications arising from the report.

14 Environmental and Health & Safety Implications

14.1 There are no environmental and health & safety implications arising from the report.

15 Community Cohesion Disorder Implications in Accordance with Section 17 of the Crime and Disorder Act 1998

15.1 There are no specific community cohesion disorder implications arising from the report.

16 Oldham Impact Assessment Completed (Including Impact on Children and Young People)

16.1 N/A

17 Key Decision Reference

17.1 N/A

18 Background Papers

18.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background Papers are contained in Appendix 1
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19 Appendices

19.1 Appendix 1: Amendment to Section 4.2.2 of the Audit Committee Terms of Reference

Amendment to Audit Committee - Terms of Reference

4.4.1 The Audit Committee will undertake the following Council (or 'non-executive') function as defined in Schedule 1 to the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended) –

a) Duty to approve the authority's statement of accounts, income and expenditure and balance sheet, or record of payments and receipts (as the case may be).

4.4.2 The Audit Committee shall, having regard to the CIPFA 'audit committee' guidance. In this regard it will:–

a) be responsible for oversight of the Council's Internal Audit arrangements and will;

(i) approve the Internal Audit Charter, the Annual Audit Plan and performance criteria for the Internal Audit Service;

(ii) review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary;

(iii) review and agree any improvements to the effectiveness of the antifraud and corruption arrangements throughout the authority;

(iv) consider the annual report from the Chief Internal Auditor;

(v) review the activities, processes and procedures of the Council having regard to the demonstration of an economic, efficient and effective use of resources and the delivery of Value for Money to Council Tax payers; and

(vi) review the effectiveness of the system of Internal Audit on an annual basis as per statutory requirements and the outcome of the review of compliance with Public Sector Internal Audit Standards.

(vii) Oversee the implementation of any recommended improvements where appropriate

b) be responsible for oversight of the Council's relationship with the External Auditor, including consideration of

- (i) the External Audit Plan of Work;
- (ii) the external auditor's Audit Completion Report;
- (iii) relevant reports issued by the External Auditor (with the exception of Public Interest reports and Statutory Recommendation reports made under Section 24 Schedule 7 of the Local Audit and Accountability Act 2014); and
- (iv) issues arising from the audit of the Annual Statement of Accounts.
- (v) Independent reviews undertaken by the Financial Reporting Council

c) review Financial Procedure Rules and Contract Procedure Rules and make recommendations to the Council as to any changes considered necessary to those documents and procedures.

d) undertake the following activities in respect of corporate governance –

- (i) approve the local code of corporate governance;
- (ii) assess the effectiveness of the authority's corporate governance arrangements;
- (iii) review the Annual Governance Statement and the progress made by the Council to address issues identified as risks when the financial statements are prepared;
- (iv) liaise, as necessary, with the [Scrutiny Boards](#) on any matter(s) relating to the [effective operation of the Council](#);
- (v) review Partnership and Project Governance within the Council;
- (vi) monitor compliance with data protection legislation;
- (vii) review the annual Treasury Management Strategy and policies and procedures and make recommendations to the responsible body; and
- (viii) review Treasury Management reports and make recommendations to the responsible body including update/changes to procedures.

4.4.3 The Audit Committee shall undertake the following activities in respect of Risk Management –

- a) assess the effectiveness of the Authority's Risk Management arrangements;
- b) review progress on the implementation of Risk Management arrangements throughout the authority; and
- c) consider the Corporate Risk Register on a regular basis to review the level of risk being faced by the Authority, review the progress made by the Council to address the risks identified to minimize the financial, operational and reputational impact to the Council
- d) consider the adequacy of resources available to manage the financial impact of a failure in risk management.

4.4.4 The Audit Committee shall undertake the following activities in respect of Information Governance.

- a. Assess the effectiveness of Information Governance policies and procedures
- b. Receive updates on key issues from the Council's Senior Information Risk Owner