

Meeting:	Audit Committee
Date:	3 September 2007
Subject:	Name of Committee and Terms of Reference
Key Decision: (Executive-side only)	No
Responsible Officer:	Myfanwy Barrett Corporate Director of Finance
Portfolio Holder:	David Ashton Deputy Leader
Exempt:	No
Enclosures:	Appendix 1 – Current Terms of Reference Appendix 2 – Proposed Terms of Reference

SECTION 1 – SUMMARY AND RECOMMENDATIONS

This report proposes that the Audit Committee becomes the Governance, Audit and Risk Management Committee, and recommends changes to the terms of reference and membership.

RECOMMENDATIONS:

That the Committee recommends a change in its name, terms of reference and membership to Council.

SECTION 2 - REPORT

1. The Council's Audit Committee was established in 2005 and has operated successfully since then. The current Terms of Reference are attached at Appendix 1. At present the committee focuses on the statutory accounts and the work of the External and Internal Auditors.
2. Since the Audit Committee was established, there has been increasing emphasis on governance and risk management both externally and within the Council. In addition the remit and structure of the Council's Overview and Scrutiny Committee has been revised. It is therefore timely to review the role and terms of reference of the Audit Committee.
3. It is recommended that the title of the Committee is amended to "Governance, Audit and Risk Management Committee".
4. The proposed new terms of reference are attached at Appendix 2. The changes, items (a) to (f) are shown in bold.
5. These changes are intended to give the Committee a wider remit. However, it should be noted that responsibility for determining policy in relation to governance, risk and health and safety will remain with the executive. The decision to place the Council's insurance business will also remain with the executive.
6. Given the new remit, an increase in the size of the Committee would be appropriate.
7. The Audit Committee currently has 5 members. It is proposed that the new committee has an increased number of members to reflect the additional responsibilities. The proportionality rules will apply to the Committee as follows:

Size of Committee	Conservative	Labour	Liberal Democrat
5	3	2	0
6	4	2	0
7	4	3	0
8	5	3	0
9	5	4	0
10	6	4	0

8. Members are asked to approve the new title and terms of reference, consider the size of the committee, and recommend the changes to Council for approval.

SECTION 3 - STATUTORY OFFICER CLEARANCE

Chief Finance Officer	<input checked="" type="checkbox"/>	Name: Myfanwy Barrett
		Date: 20 August 2007
Monitoring Officer	<input checked="" type="checkbox"/>	Name: Hugh Peart
		Date: 20 August 2007

SECTION 4 - CONTACT DETAILS AND BACKGROUND PAPERS

Contact: Myfanwy Barrett, Corporate Director of Finance, 020 8420 9269

Background Papers: None

Current Terms of Reference for Audit Committee

(Approved 2005)

- a) To approve the financial statements of the authority
- b) To review the internal control arrangements and changes thereto and approve the Statement of Internal Control prior to sign off
- c) To monitor compliance with internal controls
- d) To consider matters arising from External Audit work which are required to be communicated to those charged with governance under the Statement of Auditing Standards (SAS610)
- e) To receive and consider the Annual Audit and Inspection Letter (or equivalent) and make recommendations as appropriate
- f) To scrutinise/comment on the Internal Audit three year strategic plan and annual plan
- g) To monitor progress against the Internal Audit plan and receive summaries of audit work completed and key recommendations
- h) To consider all individual Internal Audit reports on a regular basis
- i) To scrutinise/comment on the External Audit plan
- j) To monitor progress against the External Audit plan and receive summaries of audit work completed and key recommendations
- k) To consider individual External Audit (or external agency) reports as appropriate
- l) To review the management response to audit and regulatory recommendations and progress on implementation of recommendations
- m) To recommend action where audit and regulatory recommendations are not being implemented
- n) To monitor on a regular basis the Council's approach to tackling fraud and corruption and promote an anti-fraud culture
- o) To request reports on relevant matters of interest

Proposed Terms of Reference for Governance, Audit and Risk Management Committee

- a) **To ensure that the Council's governance framework is in line with current guidance and best practice**
- b) **To review the Council's governance framework and annual improvement plan and monitor progress**
- c) **To review the Council's risk management strategy and monitor progress on risk management**
- d) **To monitor the Council's insurance arrangements**
- e) **To review the Council's emergency planning and business continuity arrangements and monitor progress on emergency planning and business continuity**
- f) **To review the Council's Health and Safety arrangements and monitor progress on Health and Safety**
- g) To approve the financial statements of the authority
- h) To review the internal control arrangements and changes thereto and approve the Statement on Internal Control prior to sign off
- i) To monitor compliance with internal controls
- j) To consider matters arising from External Audit work which are required to be communicated to those charged with governance under the Statement of Auditing Standards (**ISA260**)
- k) To receive and consider the Annual Audit and Inspection Letter (or equivalent) and make recommendations as appropriate
- l) To scrutinise/comment on the Internal Audit three year strategic plan and annual plan
- m) To monitor progress against the Internal Audit plan and receive summaries of audit work completed and key recommendations
- n) To consider all individual Internal Audit reports on a regular basis
- o) To scrutinise/comment on the External Audit plan
- p) To monitor progress against the External Audit plan and receive summaries of audit work completed and key recommendations
- q) To consider individual External Audit (or external agency) reports as appropriate

- r) To review the management response to audit and regulatory recommendations and progress on implementation of recommendations
- s) To recommend action where audit and regulatory recommendations are not being implemented
- t) To monitor on a regular basis the Council's approach to tackling fraud and corruption and promote an anti-fraud culture