

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

27 March 2019

**Report of the Director of Finance & ICT, Director of Legal Services and
Assistant Director of Finance (Audit)**

TERMS OF REFERENCE

1 Purpose of the Report

A review of the Council's constitution is in progress and all committees have been asked to consider their terms of reference. The final changes to the constitution are due to be approved at Full Council on 15 May 2019.

2 Information and Analysis

The current terms of reference for the committee are outlined in Appendix One. They have remained unchanged for at least ten years and do not fully reflect the business undertaken by the committee.

A revised terms of reference has been drafted which better reflects the varied and wide-ranging brief of the committee and is contained at Appendix Two. The revision has also considered the Chartered Institute of Public Finance publication Audit Committees: Practical Guidance for Local Authorities and Police. Members are asked to consider the revised terms of reference and recommend to Full Council for approval.

3 Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, transport and social value considerations.

4 Background Papers

Held by the Director of Finance & ICT and the Assistant Director of Finance (Audit).

5 Officers' Recommendation

That the Audit Committee approve the new terms of reference as set out in the report.

PETER HANDFORD
Director of Finance & ICT

JANIE BERRY
Director of Legal Services

CARL HARDMAN
Assistant Director of Finance (Audit)

The Audit Committee – Terms of Reference

The Council will establish an Audit Committee.

Composition

The Audit Committee will comprise at least two members of the Council, but shall not include in its membership any member of the Executive.

Role and Function

The Committee will be responsible for the functions set out below:

- Approving the Annual Audit Plan of the Council
- Monitoring progress against the Annual Audit Plan
- Considering matters referred to the Committee by the Council's external auditor
- Approving the Annual Statement of Accounts
- Consideration of the Annual Governance Statement.

The Audit Committee – Terms of Reference

The Council will establish an Audit Committee.

Composition

The Audit Committee will comprise at least six Councillors, but shall not include in its membership any member of the Executive.

Role and Function

The Committee is a key component of the Council's corporate governance arrangements. It provides independent assurance on the Council's arrangements for governance, risk management and internal control and oversees the financial reporting and annual governance processes.

The Committee oversees the Council's arrangements for internal and external audit and assists in ensuring that efficient and effective assurance arrangements are in place.

The Committee will be responsible for the functions set out below:

- Approving the Annual Audit Plan of the Council
- Monitoring progress against the Annual Audit Plan
- Considering the Assistant Director of Finance (Audit)'s annual report and opinion
- Contributing to the Quality Assurance and Improvement Programme, including the external assessment of internal audit
- Approving the Annual Statement of Accounts
- Considering the Annual Governance Statement and monitoring any necessary actions
- Reviewing the Strategic Risk Register and considering risk management arrangements
- Monitoring the Council's expenditure against Budget
- Considering the Council's Treasury Management activities
- Considering the Annual Review of the Council's Regulatory Framework
- Receiving the Report of the Monitoring Officer
- Considering the external auditor's reports and letters addressed to those charged with governance
- Oversight of activity and compliance in respect of the Regulation of Investigatory Powers Act