

Regulatory and Other Committee

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	18 November 2019
Subject:	Review of Audit Committee Terms of Reference and Internal Audit Charter

Summary:

The periodic consideration of the Audit Committee's terms of reference and the Internal Audit Charter is seen as best practice.

Recommendation(s):

- (1) That the Audit Committee considers the new terms of reference attached in Appendix A.
- (2) That the new terms of reference be recommended to the Council for approval.
- (3) That the Audit Committee approves the Council's Internal Audit Charter.

Background

Audit Committee Terms of Reference

CIPFA's Practical Guidance for Audit Committees 2018 provides local authorities with suggested terms of reference. Our Audit Committee terms of reference have been reviewed and updated to reflect this good practice guidance – see Appendix A.

For ease of reference we have tracked the changes.

An extract of CIPFA's guidance and suggested terms of reference attached in Appendix B.

Internal Audit Charter

We have also taken the opportunity to update our Internal Audit Charter (Appendix C) – which formally defines Internal Audit’s purpose, authority and responsibility. It establishes Internal Audit’s position within the Council and defines the scope of Internal Audit activities.

The Audit Committee is requested to consider the suitability and applicability of the Internal Audit Charter.

Conclusion

The Council's Audit Committee plays a key role in helping the Council maintain good governance – ensuring that it is run well.

Having effective terms of reference helps the Committee report to full Council on its performance and effectiveness.

The internal audit charter is the best way to agree and describe how Internal Audit will provide value to the Council, the nature of the services it will provide and the specific focus or emphasis required of Internal Audit to help the Council achieve its objectives.

Having an internal audit charter also establishes the Internal Audit activity's position within the organisation, including the Head of Internal Audit's reporting lines, authorising access to records, personnel, and physical properties relevant to the performance of engagements; and also defining the scope of internal audit activities.

It is therefore a reference point for measuring the effectiveness of internal audit.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Suggested new Terms of Reference
Appendix B	CIPFA's suggested Terms of Reference for local authorities
Appendix C	Updated Internal Audit Charter

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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