

## Review of the Audit Committee's Terms of Reference

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Anisha Teji, Central Services Directorate
<b>Papers with report</b>	None
<b>Ward</b>	All

### HEADLINES

On 29 September 2021, the Audit Committee received a management update on the effectiveness of the Audit Committee. Members discussed the management action plan and informally recommended four Constitutional changes to the Audit Committee's Terms of Reference. The purpose of this report is to formally recommend the Constitutional changes as a matter of record.

### RECOMMENDATIONS:

**That the Audit Committee agree to formally recommend four Constitutional changes as set out in this report.**

### SUPPORTING INFORMATION

At its meeting on 29 July 2021, the Committee received a report on the Review of the Effectiveness of the Audit Committee 2020/21. The review was awarded a reasonable assurance, with seven low risk recommendations for best practice and one notable practice observation identified.

On 29 September 2021 the Audit Committee received a management update on the effectiveness of the Audit Committee. A management action plan was created to address the recommendations made in relation to the Committee's membership, Terms of Reference, the corporate risk register, attendance at meetings, training, and pre-meetings. The Head of Democratic Services attended the meeting to provide further details on the management action and answer any Member queries.

Following this meeting, Members discussed the management action plan and informally made four recommendations to the Committee's Terms of Reference. The recommended Constitutional changes will be taken forward for the Leader of the Council's consideration and ultimately by the Full Council.

The Constitutional changes recommended for consideration are:

- 1) Reviewing the Member quorum and (increasing) the number of independent Members on

the Audit Committee. Both actions could help mitigate the risk of Audit Committee being unable to meet on a given date.

- 2) Subject to discussions with HR and other officers, provide for the Audit Committee to oversee the appointment, removal and performance appraisal of the Head of Internal Audit. This would require an amendment to the Officer Employment Procedure Rules and related matters constitution.
- 3) Require formal compulsion for management to attend Audit Committee meetings in line with good practice. It is proposed this would be similar to the constitutional provision for the formal requirement for officers to attend Select Committees.

An additional change to operations, that Members have promoted, is to hold informal private pre-meetings of the whole committee prior to the formal public Audit Committee meeting to briefly discuss the agenda to improve committee effectiveness. Although Democratic Services must duly advise that this it is not ordinary practice and could be perceived as pre-determination, it remains ultimately a matter for the Audit Committee to decide.

## **BACKGROUND PAPERS**

None.