

MUNICIPAL YEAR 2015/2016 - REPORT NO. 208A

AUDIT COMMITTEE

3 March 2016

COUNCIL

23 March 2016

Agenda - Part: 1

Item: 10

Subject: Audit Committee Name Change and Review of Terms of Reference.

REPORT OF: Asmat Hussain

Assistant Director of Legal and Governance.

Contact officer and telephone number:

E mail: Asmat.Hussain@enfield.gov.uk

Tel: 020 8379 6438

Cabinet Member consulted:

1. EXECUTIVE SUMMARY

1.1. To propose a change to the name of the Audit Committee to reflect the terms of reference, remit and purpose of the Committee.

2.2. This report summarises the proposed changes to the Audit Committee Terms of Reference. These were last amended in July 2014 and to review to ensure that they reflect the current duties and responsibilities and are up to date for the Committee. The proposed changes have been approved for recommendation on to Council by Audit Committee on 3rd March 2016 and have also been cleared via Members & Democratic Services Group.

2. RECOMMENDATIONS

2.1. That the name of the Audit Committee be amended to the ***Audit & Risk Management Committee***, to better reflect the role played by the committee in the governance of the Council.

2.2. That members agree the changes to the Audit Committee Terms of Reference, as detailed within the attached Appendix.

3. BACKGROUND

Audit Committee – Name Change

- 3.1. At the 19 January, 2016 Audit Committee meeting, the Chair and Members of the Audit Committee agreed that the name of the committee did not adequately reflect the committee's wide ranging remit and the variety of work carried out.
- 3.2. Whilst much of the committee's work relates to oversight of the Council's financial affairs, the committee also plays a monitoring role. The committee monitors governance of the organisation and the Council internal controls.
- 3.3. The Chair had attended a recent networking meeting with other Audit Committee Chair's. It was whilst attending this meeting the Chair established the names of equivalent committees in other local authorities which had shown that risk management work that is carried out is reflected in the committee titles. It is proposed therefore that in order to more accurately reflect the wide ranging remit of the Audit Committee and the role it plays in the Council, it is renamed the ***Audit & Risk Management Committee***.

Audit Committee – Terms of Reference

- 3.4. The Audit Committee provides a key role in the Council's governance structure. It's purpose is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes and provides independent challenge across a number of areas to ensure that the Council's assurance framework is fit for purpose and operating as designed.
- 3.5. The Audit Committee receives reviews and challenges reports from the Council's Internal Audit and Risk Management service and the previous external auditors, Grant Thornton LLP and new external auditors, BDO. Examples of the work undertaken by the Audit Committee include:
 - Reviewing the internal Audit Plan and the adequacy of the control environment of the Council – a primary role of Internal Audit;
 - Building a good relationship with the external auditors of the Council, working together to maximise the contribution to the assurance process.
 - Review and approval of the Council's annual accounts;
 - Reviewing the Annual Governance Statement and working across the Council to assess overall governance arrangements;
 - Receiving and reviewing the Council's risk registers and the management of targeted risks; and

- Covering specific areas of interest chosen by the Committee, for example, the Contract Procedure Rules, Property Procedure Rules and the work of Corporate Procurement, review of internal audit against the CIPFA Code of Practise, International Financial Reporting Standards (IFRS).

3.6. The current Terms of Reference for the Audit Committee were last amended in July 2014.

3.7. The tracked revised Terms of Reference approved by the Audit Committee can be seen in Appendix A. There have not been any significant changes; the majority have been to provide clarification on specific activities and to reflect the change in title of some of the Council's functions. The document has been left with the tracked changes, for ease of reference.

3.8. Members are asked to agree the changes to the Terms of Reference.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 There are no other options which can be considered as these matters need to be reported to the Audit Committee.

5. REASONS FOR RECOMMENDATIONS

5.1 The current Terms of Reference for the Audit Committee were last amended in July 2014. The revision of the Terms of Reference is to ensure that they are aligned to the current role and responsibilities of the Committee.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

6.1.1 There are no specific financial implications relating to this report.

6.2 Legal Implications

6.2.1 There are no specific legal implications relating to this report.

6.3 Property Implications

6.3.1 There are no specific property implications relating to this report.

7. KEY RISKS

- 7.1 Any large, complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the many risks it may face. Enfield Council has such a system, and the Audit Committee plays a key role in ensuring the adequacy and effectiveness of the risk management framework in place.

8. IMPACT ON COUNCIL PRIORITIES

- 8.1 The proper maintenance of the council's internal control system brings an assurance to the community as to the integrity, value and robustness of Council's arrangements to protect the public purse.
- 8.2 The Council's assurance framework, including the Audit Committee, contributes to the corporate objective of delivering excellent services by monitoring, reducing and managing risk across the Council.

9. PERFORMANCE MANAGEMENT IMPLICATIONS

- 9.1 There are no specific performance management implications relating to this report.

10. HEALTH AND SAFETY IMPLICATIONS

- 10.1 There are no specific health and safety implications relating to this report.

Background Papers

None.