



Derby City Council

**AUDIT AND ACCOUNTS COMMITTEE**  
**7 November 2018**

Report of the Strategic Director of Corporate  
Resources

**ITEM 7**

**Audit & Accounts Committee – Terms of Reference**

**SUMMARY**

- 1.1 This report provides members with a draft set of terms of reference for the Audit and Accounts Committee based on the best practice guidance in the latest Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Audit Committees.
- 1.2 The current terms of reference have been in place since 2014.

**RECOMMENDATION**

- 2.1 Members comment on the proposed amendments to the Audit and Accounts Committee's terms of reference and if agreed, refer them to Council for approval.

**REASONS FOR RECOMMENDATION**

- 3.1 It is good practice to review the Committee's terms of reference on an annual basis.

**SUPPORTING INFORMATION**

- 4.1 The current terms of reference for the Audit and Accounts Committee were last reviewed in March 2014 (see appendix 2). It was agreed by Committee at its meeting on 19 September 2017 that a Working Group would be established to review the current terms of reference. However, it was decided to defer any meetings of the Working Group until CIPFA had published its revised guidance on Audit Committees.
- 4.2 In May 2018 CIPFA published "Audit Committees – Practical Guidance for Local Authorities and Police". to replace the 2013 Edition. The document sets out CIPFA's guidance on the function and operation of audit committees, giving their view of best practice. It includes their 2018 Position Statement and emphasises the importance of audit committees and their role as a key component of governance. The Guidance also provides suggested terms of reference for a local authority Audit Committee.

- 4.3 The working group, which comprised of Councillors Willoughby, West and Care together with an Independent Committee Member (Philip Sunderland) and the Head of Internal Audit, met on 19 September 2018. The objective of the Group was to review the current terms of reference and suggest any amendments based on CIPFA guidance and other local authority examples. The Group considered the following:
- The current terms of reference for the Committee
  - CIPFA's model terms of reference
  - Sector & Devolved government guidance (From CIPFA's Guidance document)
  - Possible Wider functions of an audit committee (From CIPFA's Guidance document)
  - Example terms of reference from other Audit Committees.
- 4.4 The draft terms of reference using tracked changes is attached at Appendix 3. A version with the changes accepted is attached at Appendix 4.
- 4.5. One issue that was discussed by the working group was the use of substitutes for Audit and Accounts Committee meetings. However, the use of substitutes for members is not permitted within the Constitution.

## OTHER OPTIONS CONSIDERED

5.1 N/A

**This report has been approved by the following officers:**

<b>Legal officer</b>	n/a
<b>Financial officer</b>	n/a
<b>Human Resources officer</b>	n/a
<b>Estates / Property officer</b>	n/a
<b>Service Director(s)</b>	n/a
<b>Other(s)</b>	n/a

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<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 - Current terms of reference (2014) Appendix 3 – Draft revised terms of reference 2018 (with tracked changes) Appendix 4 – Draft revised terms of reference 2018

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

1.1 None arising from this report

**Legal**

2.1 None arising from this report

**Personnel**

3.1 None arising from this report

**IT**

4.1 None arising from this report

**Equalities Impact**

5.1 None arising from this report

**Health and Safety**

6.1 None arising from this report

**Environmental Sustainability**

7.1 None arising from this report

**Property and Asset Management**

8.1 None arising from this report

**Risk Management**

9.1 None arising from this report.

**Corporate objectives and priorities for change**

- 10.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.