

Audit and Governance Committee

Meeting to be held on 24 June 2013

Electoral Division affected: None

Audit and Governance Committee - working practices

Appendix A refers

Contact for further information:

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Executive Summary

The role of the Audit Committee in local government has only recently been recognised in best practice guidance and, like that guidance, is still developing. Lancashire County Council's Audit and Governance Committee and the officers that support it are keen to ensure that it operates as effectively as possible within the local government environment and fulfils the role required of it within the council's corporate governance framework.

A review of the Committee's terms of reference by members of the County Secretary and Solicitor's office and the Chief Internal Auditor has concluded that further clarification of the Committee's working practices may be helpful.

Appendix A sets out a note of proposed working practice that is intended informally to supplement the Committee's terms of reference.

Recommendation

The Committee is asked to note and endorse the proposed note of working practice.

Background

The Committee's terms of reference are amended annually and are aligned with current best practice in the rest of the public sector. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued 'Audit Committees - Practical Guidance for Local Authorities' in November 2005 including exemplar terms of reference and this guidance remains in place.

However the Practical Guidance and other current guidance across the public and private sectors sets out a requirement that the internal and external auditors should meet with the Committee in private at least annually. Unfortunately this requirement is unconstitutional for Lancashire County Council since, except where sufficient cause can be given to include an agenda item under Part II of the meeting and therefore discuss it in private, the Committee is required by the Council's Constitution to conduct its business in public. A routine opportunity for a private meeting between Committee members and auditors does not provide sufficient cause.

However the opportunity has been taken to review the Audit Committee's terms of reference to ensure that they nonetheless still demonstrably meet current best

practice. There are a small number of matters that the Committee may choose to endorse in its working practice, if not in its formal terms of reference under Lancashire County Council's Constitution. These cover:

- Access to the external and internal auditors by members of the Committee in private;
- External and internal auditor's attendance at Audit Committee's meetings;
- The delegation of attendance at meetings by members to substitutes;
- The quorum of the meeting;
- Access by the Committee to independent professional advice at the organisation's expense where this is considered necessary; and
- Self assessment by the Committee of its effectiveness within the Authority's corporate governance framework.

Consultations

Not applicable.

Advice

Not applicable.

Alternative options to be considered

Not applicable.

Implications: e.g. Financial, Legal, Personnel, Human Rights, Crime and Disorder or Other

This item has the following implications: none

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Directorate/Ext
Audit Committees - Practical Guidance for Local Authorities, CIPFA	2005	Ruth Lowry, County Treasurer's Directorate, extension 34898

Reason for inclusion in Part II, if appropriate
Not applicable.