

<b>Report to:</b>	Audit and Governance Committee	<b>Date of Meeting:</b>	Wednesday 20 March 2024
<b>Subject:</b>	Review of Terms of Reference		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Regulation, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

**Summary:**

Good practice says that the committee should regularly review its terms of reference to ensure they are fit for purpose. The report specifically asks members to consider the position independent members.

**Recommendation:**

(1) That members note the contents of the report and form a view on whether any changes are required to the committees' terms of reference.

**Reasons for the Recommendation(s):**

To comply with good practice and to adhere to committee resolution of 14 December 2022.

**Alternative Options Considered and Rejected: (including any Risk Implications)**

None

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

None

**(B) Capital Costs**

None

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> None								
<b>Legal Implications:</b> None								
<b>Equality Implications:</b>  There are no equality implications.								
<b>Impact on Children and Young People:</b> No .								
<b>Climate Emergency Implications:</b>  The recommendations within this report will								
<table border="1"><tr><td>Have a positive impact</td><td>No</td></tr><tr><td>Have a neutral impact</td><td>Yes</td></tr><tr><td>Have a negative impact</td><td>No</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>Yes</td></tr></table>	Have a positive impact	No	Have a neutral impact	Yes	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	No							
Have a neutral impact	Yes							
Have a negative impact	No							
The Author has undertaken the Climate Emergency training for report authors	Yes							

**Contribution to the Council's Core Purpose:**

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services:  The purpose of an audit committee is to provide those charged with governance assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance process
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:

Cleaner Greener
-----------------

## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.7572/24.....) has been consulted and has no comments on the report  
Chief Legal and Democratic Officer (LD.5672/24....) is the author of the report

### (B) External Consultations

None

## Implementation Date for the Decision

Immediately following the Committee meeting.

<b>Contact Officer:</b>	David McCullough
Telephone Number:	Tel: 0151 934 2008
Email Address:	david.mccullough@sefton.gov.uk

## Appendices:

Appendix 1 – Current Terms of Reference

## Background Papers:

CIPFA – Guiding the audit committee, 2022 edition: Audit Committee Practical Guidance 2022.pdf (sefton.gov.uk)

## 1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) issues Practical Guidance for Local Authorities and Police on the role of the Audit Committees which includes suggested terms of reference.
- 1.2 The 2018 version of the guidance was considered by committee on 17 March 2021 and the committee recommended a change to its terms of reference in light of the guidance to Full Council on 18th May 2021 which were approved.

1.3 CIPFA produced a new version of the guidance in 2022 which was considered by committee on 14 December 2022. The committee specifically considered issues relating to:

- The committee size and membership
- Tenure of membership
- Co-opted Independent membership, and
- Standards

1.4 In relation to Co-Opted Independent Members, CIPFA recommends that an audit committee should have at least two co-opted members. The reasons for CIPFA's recommendation are as follows:

- To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting.
- To provide continuity outside the political cycle. This is of particular importance where membership of the committee changes annually or because of elections.
- To help achieve a non-political focus on governance, risk and control matters.
- Having two co-opted members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee.
- Having two co-opted members shows a commitment to supporting and investing in the committee.

1.5 While including co-opted members can bring real value to the committee, care is needed to ensure that the arrangement works well, both for the co-opted member and for the other committee members. It is essential that the co-opted member receives an adequate induction and ongoing support to provide organisational context and to build working relationships.

2.4 The committee resolved that:

1. the report be noted, and it be agreed that no changes be made to the Audit and Governance Committee's Terms of Reference in relation to Committee Size and Membership; Tenure of Membership; and Standards; and
2. the Terms of Reference be amended to allow for the appointment of one Independent Member and reviewed after 12 months.

- 1.5 The change in terms of reference were subsequently approved by Full Council and an independent member has been appointed.
  
- 2.0 Committee is asked to review the position in relation to the independent membership of the committee and make any recommendations accordingly.