

AUDIT COMMITTEE TASK AND FINISH GROUP
EXAMINING THE CONSTITUTIONAL ROLE OF THE AUDIT COMMITTEE
REPORT TO THE AUDIT COMMITTEE 11 APRIL 2018

1. Background

The Task Group was formed because of concerns about the role and effectiveness of the Audit Committee in the council's governance arrangements. Specifically:

- The Constitution did not give separate and distinct roles to the Audit Committee, Financial Planning Task Group, Overview and Scrutiny Management and the Select Committees.
- The Constitution specified various responsibilities of the Audit Committee which, in practice, were not being performed (some having been taken over by the Financial Planning Task Group).
- There was a suggestion that introducing Independent Co-opted members would boost the committee's effectiveness.
- Concerns had been expressed as to the size of the committee.

The aims of the Task Group were identified as:

- a) To ensure that the council's Constitution sets out the role of the Audit Committee vis-a-vis other committees and scrutiny bodies ensuring clarity of their separate and distinct roles in corporate governance.
- b) To review and agree the role of the Audit Committee in light of changing external, and new internal business planning environments to ensure that the Committee contributes efficiently and effectively towards promoting and maintaining sound corporate governance and decision-making within the council.

2. Findings/ Actions

The Task Group's Terms of Reference were agreed by the Audit Committee at its meeting on 14th February (Appendix 1).

A considerable amount of desk research was carried out which involved:

- Making a comparison between what a 'model' Audit Committee might look like in terms of functionality (drawn from the publications of a number of professional bodies), what the council's Audit Committee looked like according to the Constitution, and what the Audit Committee looked like in practice (Appendix 2);
- A comparison was made between the Audit Committee of various local authorities and other public bodies and that of Wiltshire Council in terms of size and composition (Appendix 3);
- Preliminary work was carried out to refine the functional references in the Constitution to more practical definitions as to what those references might entail in practical terms.

A Task Group meeting was held on the 28 February (Appendix 4), which identified that: effective communication was required between OS and Audit and that any changes to the constitution would

have knock on effects on OS and subsequently a meeting was arranged between the Chairmen of the committees.

A report was taken to the Constitutional Focus Group on the 6 March, where the idea of updating the relevant sections of the constitution was accepted and it was noted that a final copy of the constitutional changes would be required for the 29 March meeting for them to be agreed before going to the Standards Committee on the 18 April.

A meeting between OS Chair, Audit Chair, representatives of the Audit Task Group, S151 Officer Michael Hudson (Director of Finance and Procurement), Frank Cain (Head of Legal Services), Henry Powell (Senior Scrutiny Officer), took place on the 20 March (Appendix 5) which identified:

- Overlaps in the work being carried out
- Gaps within the audit committee work plan
- Changes to the constitution were agreed between OS and Audit
- An idea on how best to communicate going forward – mutual referral

A meeting with Michael Hudson, to identify gaps within Audit's work plan, would be arranged and reported back to the Audit Committee.

At the Constitutional Focus Group meeting on the 29 March the changes to the Constitution were agreed and attached in Appendix 6.

3. Outcomes

The aims of the Task Group (outlined in section 1 of the report) are making good progress and on track to be achieved:

- a) Changes to the Constitution have been developed jointly between OS and Audit which have provided clarity over their separate and distinct roles;
- b) Changes to the Constitution have been agreed by the Constitutional Focus Group;
- c) The role of the Audit Committee has been reviewed and further actions are being developed to ensure the Committee is fulfilling its role to contribute efficiently and effectively towards promoting and maintaining sound corporate governance and decision-making within the council.

4. Next Steps

The next steps include:

- Changes to the Constitution will be presented to the Standards Committee on the 18 April 2018;
- Following agreement of the changes, they will then be presented at Full Council on 22 May 2018;
- Pending agreement at Full Council, the changes will be implemented;
- The forward work plan will be enhanced to include further actions required

5. Recommendations

1. To note the report and the next steps required;
2. To support the proposed changes to the Constitution agreed by the Constitutional Focus Group for submission to the Standards Committee on 18 April 2018;
3. To agree the communication plan with OS, set out in the constitutional changes in paragraph 6.5 Part 2 Article 6, which recognises and accepts the separate and distinct roles of OS and Audit;
4. That further consideration be given to the inclusion of Independent Co-opted members in 12 months;
5. No further action be taken for the time being on the size of the Audit Committee.

Jessica Croman

04 April 2018