



## **Audit & Governance Committee Wednesday, 16 March 2022**

### **ADDENDA**

#### **12. Review of Audit Working Group Terms of Reference (Pages 1 - 6)**

##### **Report by Director of Finance**

The Audit Working Group (AWG) acts as an informal working group of the Audit & Governance Committee, reviewing in detail matters of governance, risk and control. It supports the Audit & Governance (A&G) Committee in discharging its responsibilities. Annually the terms of reference for the AWG are reviewed by the Audit & Governance Committee. As part of the annual review the committee is asked to consider some proposed revisions to the operational arrangements of the AWG.

The Audit & Governance Committee is **RECOMMENDED** to Agree the proposed revisions to the operation of the Audit Working Group and subsequent revisions required to the Audit Working Group Terms of Reference.

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## **AUDIT & GOVERNANCE COMMITTEE**

**16 MARCH 2022**

### **AUDIT WORKING GROUP – TERMS OF REFERENCE**

**Report by Lorna Baxter, Director of Finance**

#### **RECOMMENDATION**

1. **The Audit & Governance Committee is RECOMMENDED to**

Agree the proposed revisions to the operation of the Audit Working Group and subsequent revisions required to the Audit Working Group Terms of Reference.

#### **Executive Summary**

2. The Audit Working Group (AWG) acts as an informal working group of the Audit & Governance Committee, reviewing in detail matters of governance, risk and control. It supports the Audit & Governance (A&G) Committee in discharging its responsibilities. Annually the terms of reference for the AWG are reviewed by the Audit & Governance Committee. As part of the annual review the committee is asked to consider some proposed revisions to the operational arrangements of the AWG.

#### **Audit Working Group Terms of Reference**

3. The current terms of reference (last reviewed April 2021) are included within Annex 1.
4. Under the first section of “membership” the terms of reference states that “the independent member of the Audit and Governance Committee will chair the Group”. The AWG has benefited since its inception from the current co-opted independent member chairing the group who has significant experience and knowledge. With the agreement to recruit up to two new independent members, the committee will need to decide who will take over chairing the group from when the new independent member/s are appointed. This does not have to be one of the independent members and to help improve consistency this could be allocated to the Chair of the Audit & Governance committee. The terms of reference will need to be updated.
5. Under the section “Role” it states the AWG will “routinely undertake a programme of work”. The AWG currently has a standard programme of work however this has led to duplication with what is reported to the main committee. It is proposed that the standard items on the AWG forward work programme are

reviewed and those items not already being presented to the A&G committee are presented going forward. This would enable the A&G committee to direct the work programme of AWG, utilising the group's time more effectively, requesting that the group review and consider in detail specific issues arising. The terms of reference would be updated to remove the word "routinely".

6. Also, under the section of "Role" it states that the "AWG at least annually hold a private session with the External Auditors not attended by any officers, and a further private session on Internal Audit matters with the Chief Internal Auditor only". It is proposed that this is removed from the AWG terms of reference as both private sessions are held with the full A&G committee each year, in accordance with recommended best practice.
7. Under the section "Meeting" it states that "the Group shall meet regularly in cycle with the Audit and Governance Committee". It is proposed that dates for the AWG will still be scheduled in for the year in advance, however these can then be cancelled if there is no required business. It is also proposed that the timings of the meeting are altered, so instead of meeting prior to an A&G meeting, they are scheduled for 2-3 weeks after, to accommodate A&G requests for further work in any areas. The terms of reference would be updated to included "meet when required".
8. The AWG terms of reference once reviewed and updated will be included as an annex within the Annual Report of the Audit and Governance Committee, which is also due for presentation and agreement at the March 2022 A&G meeting.

## **Financial Implications**

9. There are no direct financial implications arising from this report.

Comments checked by: Lorna Baxter, Director of Finance  
[lorna.baxter@oxfordshire.gov.uk](mailto:lorna.baxter@oxfordshire.gov.uk)

## **Legal Implications**

10. There are no direct legal implications arising from this report.

Comments checked by: Sukdave S. Ghuman  
Head of Legal Services & Deputy Monitoring Officer  
[sukdave.ghuman@oxfordshire.gov.uk](mailto:sukdave.ghuman@oxfordshire.gov.uk)

## **Staff Implications**

11. There are no direct staff implications arising from this report.

## **Equality & Inclusion Implications**

12. There are no direct equality and inclusion implications arising from this report.

## **Sustainability Implications**

13. There are no direct sustainability implications arising from this report.

## **Risk Management**

14. There are no direct risk management implications arising from this report.

Lorna Baxter  
Director of Finance

Annex: Annex 1: Audit Working Group Terms of Reference  
(version April 2021)

Background papers: None.

Contact Officer: Sarah Cox, Chief Internal Auditor  
[Sarah.cox@oxfordshire.gov.uk](mailto:Sarah.cox@oxfordshire.gov.uk)

March 2022

## **ANNEX 1**

**April 2021 version – to be updated following meeting of A&G March 2022:**

### **AUDIT WORKING GROUP TERMS OF REFERENCE**

#### Membership

The Audit Working Group shall consist of:-

The independent member of the Audit and Governance Committee who will chair the Group, together with four members of the Audit and Governance Committee, one of whom shall be the Chairman of the Committee. There will also be up to four named members of the Audit and Governance Committee who will deputise as required. Where the Chairman of the Audit and Governance Committee cannot attend the Audit Working Group, the Deputy Chair of the Audit and Governance Committee will be the named deputy.

The Director of Finance and/or Assistant Director of Finance Officer, Director of Law and Governance (& Monitoring Officer), and the Chief Internal Auditor, or their representatives shall attend the Group meetings.

Members of the Group and their deputies should have suitable background and knowledge to be able to address satisfactorily the complex issues under consideration and should receive adequate training in the principles of audit, risk and control.

All members of the Audit and Governance Committee can attend Audit Working Group Meetings as observers.

#### Role

The Audit Working Group shall:

act as an informal working group of the Audit and Governance Committee in relation to audit, risk and control to enable the Committee to fulfil its responsibilities effectively in accordance with its terms of reference;

routinely undertake a programme of work as defined by the Audit and Governance Committee;

consider issues arising in detail as requested by the Audit and Governance Committee;

receive private briefings on any matters of concern;

at least annually hold a private session with the External Auditors not attended by any officers, and a further private session on Internal Audit matters with the Chief Internal Auditor only.

## Reporting

The Director of Finance will report to the Audit and Governance Committee on matters identified by the Group following consultation with the Chairman and members of the Group.

## Meeting

The Group shall meet regularly in cycle with the Audit and Governance Committee. The Group may invite any officer or member of the Council to attend its meetings to discuss a particular issue and may invite any representative of an external body or organisation as appropriate.

## Confidentiality

The Group will meet in private to allow full and frank consideration of audit, risk and control issues.

All matters discussed and papers submitted for the meetings including minutes of the previous meeting must be treated as confidential. Papers will be circulated in advance to all members of the Audit and Governance Committee for information whether attending the Group or not.

Where any other member wishes to inspect any document considered by the Group and believes that s/he has a "need to know" as a County Councillor, the procedure in the Council's Constitution relating to Members Rights and Responsibilities (Part 9.3) shall apply.

Updated .....March 2020

Review Date.....April 2021

Officer Responsible:  
Sarah Cox, Chief Internal Auditor  
sarah.cox@oxfordshire.gov.uk

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