PAPER NO. WRWA 25-13

WESTERN RIVERSIDE WASTE AUTHORITY

MEETING	Authority Meeting on **Thursday 12th June 2025 at 6.30pm**
REPORT AUTHOR/DATE	Clerk *(Contact Hugh Peart - Tel. 07870 362243)* 29th May 2025
SUBJECT	Establishment of an Audit & Governance Committee
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STATUS	Open
BACKGROUND PAPERS	None

BACKGROUND

1. In December 2024 the Government published a consultation on 'Local Audit Reform: a strategy for overhauling the local audit system in England', reflecting a manifesto commitment. The consultation is now closed and the formal response is awaited.

2. The strategy notes that the Redmond review (2020) recommended that audit committees should be mandatory for all local bodies, with at least one independent member and that most local bodies now have an audit committee.

3. The strategy proposes to mandate audit committees, including the requirement for one independent member, and it sought views on whether that independent member should chair the committee.

4. The LGA in its response supported the strategy but sought formal guidance on the meaning of 'independent' for these purposes, and argued that it should be for each authority to determine whether the independent person should chair the audit committee.

5. The Authority currently does not have an audit committee, with audit and governance matters being dealt with by the whole authority.

6. It is recommended that such a committee be established, as set out below.

CONSTITUTION

7. The Authority's Constitution provides at para 40 that 'the Authority may delegate to Committees of Members of the Authority such of its powers as it chooses provided that the Committee may only make such decisions as are consistent with the Authority's policy and provided that any expenditure authorised can be met from financial estimates provided by the Authority. Such committees shall report on each of their meetings to the earliest possible meeting of the Authority.'

ROLE OF AN AUDIT COMMITTEE

8. CIPFA argues that **'**Local government bodies are expected to meet high standards of governance and accountability. An audit committee provides a specialist forum

to support and monitor the authority in the areas of governance, risk management, external audit, internal audit, financial reporting, and other related areas. There are a number of statutory duties, regulations, and standards relating to financial reporting, governance, and audit that the authority must comply with, and an audit committee is best placed to oversee these.'

9. CIPFA further argues that an audit committee 'can support the authority in establishing, maintaining, and improving effective governance, risk management, and internal control arrangements. These arrangements are the enablers that allow the authority to deliver against its objectives and improve its performance. They are essential if the authority is to make best use of all its resources and minimise loss and waste.

   The audit committee helps the authority to fulfil its responsibilities for accountability to the local community, and meet the expectations of partners, regulators, and other stakeholders.

   As the primary point of contact for the authority's auditors, it provides a forum to review audit conclusions and recommendations. The committee can escalate key recommendations for action, ensuring that areas of concern are given proper attention.'

10. By way of background CIPFA has a dual role. It has the statutory responsibility for producing many of the finance related codes of practice that local authorities are required to observe. At the same time, it is a professional institute that represents the majority of accountants working in local government, including most CFOs.

POSSIBLE TERMS OF REFERENCE

11. CIPFA's 'Position Statement and supporting guidance on Audit Committees (2013)' says that the Audit Committee should cover:

    • The annual governance statement
    • The work of internal audit
    • Risk management
    • Assurance framework and assurance planning
    • Value for money and best value
    • Countering fraud and corruption
    • External audit

• Partnership governance

and **may** also cover:

• Specific matters at the request of statutory officers or other committees
• Ethical values
• Treasury management

AN AUDIT & GOVERNANCE COMMITTEE FOR WRWA

12. It is proposed that the Authority establish an Audit & Governance Committee with the following terms of reference:

    a) To consider and approve the Authority's audited accounts to enable their publication to meet statutory deadlines.
    b) To keep under review and to offer advice upon the Authority's corporate governance framework including its arrangements for managing risk (including fraud) and systems of internal control.
    c) To keep under review the work of internal audit.

13. As the Committee 'finds its feet', these terms of reference will be kept under review, and any suggested amendments will be brought back to the Authority for consideration.

14. Furthermore, if the Government mandates that the independent member of the audit committee should be its chair, the terms of reference will be amended accordingly.

MEMBERSHIP

15. It is proposed that the Committee should have a membership of 4 councillors, (one from each constituent borough) including the Chair of the Committee, but not to include the Chair of the Authority, and an independent non-voting member (total 5).

16. The Local Government & Housing Act 1989 provides that other than in specified circumstances (which do not apply here) co-opted members of an authority shall not be entitled to vote.

17. It is further proposed that the quorum for the Committee should be 2 Councillors.

18. Membership of the Committee is a matter for Authority members to determine, but it is recommended that preference be given to those members with a financial, audit or governance background given the specialist nature of the Committee's considerations.

19. It is further suggested that a programme of training and support be offered to Committee members to enable them to fully discharge their role.

MEETING STRUCTURE

20. The Committee's procedural rules will follow those of the Authority itself, except where the Chair rules or the Committee agrees otherwise.

21. It is proposed that meetings of the Committee be timetabled and called by the Treasurer in consultation with the Chair of the Committee, taking into account the timings of external audits, with an expectation that it would meet 2 times per annum and can take the form of a remote/Teams meeting.

TREASURER COMMENTS

22. The management and operation of the new Audit Committee will be undertaken within the existing approved employee and non-employee budgets of the Authority. There will be some additional expenditure associated with the independent member (in the form of fees and anticipated to be no more than £1,000 per annum on the basis of 2 meetings per annum).

RECOMMENDATIONS

23. The Authority is recommended to:

a) Establish an Audit & Governance Committee with a membership and terms of reference as set out in this report

b) Appoint 4 Councillors (one from each constituent borough) to serve on the Committee and its Chair

c) Instruct the Treasurer in consultation with the Chair of the Audit & Governance Committee to recruit a suitably experienced and qualified independent member

d) Instruct the General Manager to arrange appropriate training and support for members of the new Committee

e) Authorise the Treasurer, in consultation with the Chair of the Audit and Governance Committee, to agree a timetable of meetings of the Committee for each municipal year.

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