

## **F - Audit Committee**

### Composition

- The Audit Committee shall consist of 9 Members and no councillor shall be appointed who is a member of the Cabinet, or a Deputy Cabinet Member.
- The Council shall appoint its Chairperson, and the Committee shall appoint its own Vice-Chairperson.

### **Introduction**

The Audit Committee was set up in 2006, with Terms of Reference drawn up in line with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). These were approved by Council in November 2006.

These Terms of Reference describe the purpose, authority and principal responsibilities of the Audit and Risk Committee.

The Terms of Reference need to be reviewed by the Committee every three years or more often as required. Any changes will be recommended to Cabinet to be approved and then to Council for approval.

### **Statement of Purpose**

The purpose of an Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

### **Responsibilities**

The main areas of responsibility for the Audit Committee will be to:

- a. Monitor the Council's responsibilities under the Accounts and Audit Regulations 2011 and approve the Statement of Accounts.
- b. Review the Council's assurance statements, including the Annual Governance Statement (AGS), to check that it properly reflects the risk environment and any actions required to improve it.
- c. Monitor the Council's compliance with Financial Regulations and Contract Standing Orders and consider any proposals for changes to these.
- d. Agree with the external auditor the basis of the annual audit, including the overall level and composition of the fee and the content of performance work.
- e. Receive reports by the external auditor, including all performance reports and the Annual Management Letter.
- f. Monitor delivery of the internal audit activity, fraud investigation work and Risk Management in the Council.
- g. Monitor the response to audit reviews and investigations and the implementation of agreed recommendations.
- h. Receive reports by any other inspectorates including all performance reports.

- i. Report and/or bring matters to the attention of Council through the Cabinet on issues that require further review or action.
- j. Instigate an investigation or review on matters that arise from internal and external audits, where further information is required.
- k. Receive assurance that there is sound system of internal control and risk management process in place for each of the Councils Local Authority Trading Companies.

### **Core Functions**

In order to fulfil the above responsibilities, the Audit Committee will need to carry out the functions described below:

- a. Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- b. Monitor action taken on risk-related issues identified by management, auditors and inspectors (notably through monitoring progress identified on risks included in the corporate risk register).
- c. Review internal audit's strategy and plan and monitor performance.
- d. Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- e. Receive the annual report of the Audit Manager.
- f. Receive the reports of external audit and inspection agencies.
- g. Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- h. Monitor management action in response to any issues raised by internal audit.

### **Meetings**

There will be a minimum of four meetings per annum, but this can be increased if the workload requires it. The forthcoming programme of work will be reviewed at each meeting.

Internal Audit should be able to meet privately with the Committee.

There should be opportunity for the Audit Committee to meet privately and separately with the external auditor, independent of the presence of those officers with whom the auditor must retain a working relationship. If the Committee decides that a meeting is required, suitable arrangements will be made by the Chairperson.