

F – Audit Committee

Composition

- F.1 The Audit Committee shall consist of 9 Members, proportionate to the political representation of the Council, and no councillor shall be appointed who is a member of the Cabinet, or a Deputy Cabinet Member.
- F.2 The Chairperson will be appointed by Council and the committee shall appoint its own Vice-Chairperson.

Introduction

- F.3 The Audit Committee has been established since 2006, with Terms of Reference drawn up in line with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).
- F.4 These Terms of Reference describe the purpose, authority and principal responsibilities of the Audit Committee.
- F.5 The Terms of Reference shall be reviewed every four years and presented to Council for approval. The Terms of Reference were last reviewed in 2020.

The next review is due – May 2024

Statement of Purpose

- F.6 The audit committee is a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- F.7 The purpose of the audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

Responsibilities

F.8 There are 5 main areas that the Audit Committee has responsibility for. These areas are the following:-

- Governance, risk and control;
- Internal Audit;
- External Audit;
- Financial reporting; and
- Accountability Arrangements

F.9 Governance, Risk and Control

- a) Review the council's governance arrangements against a framework, including ethical framework and local code of governance, ensuring the Council's priorities are addressed.
- b) Review the council's assurance statements, including the Annual Governance Statement (AGS) and the Internal Audit Annual Opinion, to check that they properly reflect the risk environment and supporting assurances.
- c) Monitor the progress and development of agreed actions required to address risks and risk management highlighted in reports to the committee.
- d) Take into account Internal Audit's opinion on the overall adequacy and effectiveness of the council's governance framework, risk management and control.
- e) Consider the council's arrangements for securing value for money and their effectiveness.
- f) Assess the potential harm to the council from fraud and corruption, monitoring counter-fraud strategy, actions and resources.
- g) Review governance arrangements for significant partnerships or collaborations.
- h) Receive notification via a report of any changes to, and updates of, the Accounts and Audit Regulations 2015 and any other relevant legislation.

F.10 Internal Audit

- a) Approve the audit charter.

- b) Approve the internal audit plan, determining any potential scope and resource limitations, the use of other sources of assurance and any work required when placing reliance upon these sources.
- c) Approve any significant interim changes to the audit plan or resources.
- d) Consider the annual report from the head of internal audit, which will assist in reviewing the AGS, and reports on the team's performance during the year.
- e) Receive reports where management has accepted a level of risk unacceptable to the authority, or if there are progress concerns over the implementation of previously agreed actions.
- f) To contribute to the external quality assessment of internal audit that takes place every five years.
- g) The head of internal audit shall have access to the chair of the audit committee, and be able to meet privately with the committee itself if required.
- h) Consider having an independent member, with relevant experience, knowledge and skill set on the Audit Committee.

F.11 External Audit

- a) Support the independence of external audit through consideration of its annual assessment of its independence and review of any issues raised by PSAA (Public Sector Audit Appointments) or the authority's auditor panel as appropriate.
- b) Consider the external auditor's annual letter and all reports, specific or otherwise, including to those charged with governance.
- c) Ensure the scope and depth of external audit work provides value for money.
- d) Receive the reports of external audit and inspection agencies.
- e) 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.

F.12 Financial Reporting

- a) When reviewing the Statement of Accounts, consider whether appropriate accounting policies have been followed and if there are any concerns with the financial statements that need to be brought before Council.

- b) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- c) Reviewing and monitoring treasury management arrangements in accordance with Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017)

F.13 Accountability Arrangements

- a) Report to those charged with governance any committee findings, conclusions and recommendations concerning the adequacy and effectiveness of governance, risk management, internal control, financial management and internal and external audit functions.
- b) Report to Cabinet on a regular basis on the committee's performance relating to its Terms of Reference and effectiveness.
- c) Publish an annual report on the work of the committee.

Meetings

- F.14 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.
- F.15 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 Chair.