

Audit Committee Terms of Reference

The Council will at its Annual Meeting establish an Audit Committee.

1. Membership

The Membership shall consist of seven Members appointed in accordance with the political balance rules in Section 15 of the Local Government and Housing Act 1989.

No Members of the Committee will be Members of the Cabinet.

The Committee may co-opt no more than two independent persons. The independent persons shall have specialist knowledge or insight in one or more governance, risk and control arrangement areas. The independent persons shall have no voting rights.

2. Role and Function

Governance

- a) To review the Council's corporate governance arrangements against the relevant proper practice framework, including the ethical framework and the local code of governance, and consider if they are fit for purpose.
- b) To review and approve the Annual Governance Statement considering whether it properly reflects the risk and governance environment and supporting assurances.
- c) To consider and review the framework of assurance and ensure that it adequately addresses the risks and priorities of the council, including the arrangements to secure value for money.
- d) To review the governance and assurance arrangements for significant partnerships or collaborations.
- e) To consider reports on risk-related issues or the effectiveness of internal controls and monitor the progress in implementation of agreed improvements or actions.

Risk Management

- f) To monitor the effective development and operation of risk management across the Council.
- g) Provide comment to Cabinet on the risk management policy and risk appetite statement.

Financial management and reporting

- h) To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- i) To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.

- j) To review and approve the annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the external audit that need to be brought to the attention of the Council.

External Audit

- k) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- l) To consider all reports issued to the Council by the external auditor and monitor the Council's response to individual issues of concern identified.
- m) Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).

Internal Audit

- n) To approve the Internal Audit Charter.
- o) To approve the internal audit work plan and any significant changes to the plan and receive updates on the progress of work undertaken against the work plan.
- p) To receive an annual report and opinion from the appointed Head of Internal Audit on the effectiveness of the Council's governance framework.
- q) To obtain reassurance as to whether there are any limitations placed on the scope of work, approved budgeted resources or impairments to the independence or objectivity of the appointed Head of Internal Audit.
- r) To fulfil the Board responsibilities of the Public Sector Internal Audit Standards, including receiving appropriate reports and updates on matters highlighted in the Standards and ensuring effective internal audit is undertaken in accordance with the Standards.
- s) To receive reports outlining the action taken where the appointed Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

Countering Fraud

- t) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- u) To monitor the counter fraud strategy, actions and resources.

3. Access to the Committee

External and internal auditors will have free and unfettered access to the Audit Committee Chair including the opportunity for a private meeting with the Committee.

4. Accountability

The Committee will review its terms of reference annually.

It will prepare and present an annual report to full Council on how it has complied with the current CIPFA position statement on Audit Committees, discharged its responsibilities, and include an assessment of its performance. The annual report to Council should be timed to support the annual review of governance and preparation of the Annual Governance Statement.

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