

## Article 8 - Audit Committee Terms of Reference

Additional text **bold**

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### (a) Introduction

The Audit Committee's role will be to:

- ~~• Provide independent assurance of the adequacy of the Council's audit, governance and risk management framework and the associated control environment;~~
- ~~• Provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and;~~
- ~~• Oversee the financial reporting process.~~
- Review and monitor the Council's audit, governance, risk management framework and the associated control environment, as an independent assurance mechanism;
- Review and monitor the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and/or weakens the control environment;
- Oversee the financial reporting process of the Statement of Accounts.

Decisions in respect of strategy, policy and service delivery are reserved to the Cabinet or delegated to Officers.

### (b) Membership

Membership will be four elected Councillors and an independent Chairman with relevant financial expertise and that the Vice-Chairman comes from the majority group. No Cabinet Member or Member of the Executive Scrutiny Committee shall serve concurrently on the Audit Committee.

### (c) Terms of Reference

The Audit Committee will:

#### Internal Audit

1. **Review and monitor, Approve,** but not direct, Internal Audit's ~~strategies and plans, work programmes, summaries of Internal Audit reports, their main recommendations and whether such recommendations have been implemented within a reasonable timescale, ensuring that work is planned with due regard to risk, materiality and coverage. This will not prevent the Cabinet directing internal audit to review a particular matter.~~
2. **Make recommendations to the Leader of the Council and Cabinet Member for Finance, Property and Business Services on any changes to the Council's Internal Audit Strategy and plans.**

2. Review the ~~Head of Internal Audit's~~ Annual Report and Opinion and Summary of Internal Audit Activity (actual and proposed) and the level of assurance this can give over the Council's corporate governance arrangements.
3. ~~Review summaries of Internal Audit reports and the main recommendations arising.~~
4. ~~Review a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.~~
5. Consider reports dealing with the management and performance of ~~the providers of~~ internal audit services.
6. **Following a request to the Corporate Director of Finance, and subject to the approval of the Leader of the Council and Cabinet Member for Finance, Property and Business Services, to commission work from Internal Audit.**

### External Audit

7. Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
8. Monitor management action in response to issues raised by External Audit.
8. Receive and consider specific reports as agreed with the External Auditor.
9. Comment on the scope and depth of External Audit work and ensure that it gives value for money, **making any recommendations to the Corporate Director of Finance**
10. **Be consulted by the Corporate Director of Finance over the appointment of the Council's External Auditor - ~~Liaise with the Audit Commission over the appointment of the Council's External Auditor.~~**
11. **Following a request to the Corporate Director of Finance, and subject to the approval of the Leader of the Council / Cabinet Member for Finance, Property and Business Services, to commission work from External Audit. ~~Commission work from Internal and External Audit, following a formal request by the Committee to and a joint decision from the Leader of the Council and Cabinet Member for Finance & Business Services.~~**
12. **Monitor effective arrangements for ensuring liaison between Internal and External audit, in consultation with the Corporate Director of Finance. ~~Ensure that there are effective arrangements for ensuring liaison between Internal and External audit.~~**

### Governance Regulatory Framework

~~The Audit Committee will:~~

1. Maintain an overview of the Council's Constitution in respect of contract procedure rules **and** financial regulations ~~and codes of conduct and behaviour~~. And, where necessary, bring proposals **to the Leader of the Council or the Cabinet and/or Council** for their development.
2. Review any issue referred to it by the Chief Executive, a Deputy Chief Executive, Corporate Director, or any Council body.
3. **Monitor and review, but not direct, Approve and regularly review** the authority's risk management arrangements, including regularly reviewing the corporate risk register and seeking assurances that action is being taken on risk related issues.
4. Review and monitor Council policies on 'Raising Concerns at Work' and anti-fraud and anti-corruption strategy and the Council's complaints process, **making any recommendations on changes to the Leader of the Council and the Deputy Chief Executive and Corporate Director of Residents Services.**
5. Oversee the production of the authority's Statement of Internal Control and recommend its adoption.
6. Review the Council's arrangements for corporate governance and ~~agree necessary actions to ensure compliance with best practice,~~ **make recommendations to the Corporate Director of Finance on necessary actions to ensure compliance with best practice.**
7. **Where requested by the Leader of the Council, Cabinet Member for Finance, Property and Business Services or Corporate Director of Finance, provide recommendations on Consider** the Council's compliance with its own and other published standards and controls.

### Accounts

~~The Audit Committee will:~~

1. 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 financial statements or from the auditor that need to be brought to the attention of the Council.
2. Consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

### Review and reporting

- **Undertake an annual independent review of the Committee's effectiveness and submit an annual report to Council on the activity of the Audit Committee.**

# Schedule B - Committee Terms of Reference

## 7. ATTENDANCE AT COMMITTEES

~~(5) That Cabinet Members and Officers be required to attend the Audit Committee to answer questions—DELETE~~

## Audit Committee Terms of Reference (as amended)

### *(a) Introduction*

The Audit Committee's role will be to:

- Review and monitor the Council's audit, governance, risk management framework and the associated control environment, as an independent assurance mechanism;
- Review and monitor the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and/or weakens the control environment;
- Oversee the financial reporting process of the Statement of Accounts.

Decisions in respect of strategy, policy and service delivery or improvement are reserved to the Cabinet or delegated to Officers.

### *(b) Membership*

Membership will be four elected Councillors and an independent Chairman with relevant financial expertise and that the Vice-Chairman comes from the majority group. No Cabinet Member or Member of the Executive Scrutiny Committee shall serve concurrently on the Audit Committee.

### *(c) Terms of Reference*

The Audit Committee will:

#### Internal Audit

1. Review and monitor, but not direct, Internal Audit's work programmes, summaries of Internal Audit reports, their main recommendations and whether such recommendations have been implemented within a reasonable timescale, ensuring that work is planned with due regard to risk, materiality and coverage.
2. Make recommendations to the Leader of the Council and Cabinet Member for Finance, Property and Business Services on any changes to the Council's Internal Audit Strategy and plans.
3. Review the Annual Report and Opinion and Summary of Internal Audit Activity (actual and proposed) and the level of assurance this can give over the Council's corporate governance arrangements.

4. Consider reports dealing with the management and performance of internal audit services.
5. Following a request to the Corporate Director of Finance, and subject to the approval of the Leader of the Council and Cabinet Member for Finance, Property and Business Services, to commission work from Internal Audit.

#### External Audit

6. Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
7. Monitor management action in response to issues raised by External Audit.
8. Receive and consider specific reports as agreed with the External Auditor.
9. Comment on the scope and depth of External Audit work and ensure that it gives value for money, making any recommendations to the Corporate Director of Finance.
10. Be consulted by the Corporate Director of Finance over the appointment of the Council's External Auditor.
11. Following a request to the Corporate Director of Finance, and subject to the approval of the Leader of the Council / Cabinet Member for Finance, Property and Business Services, to commission work from External Audit.
12. Monitor effective arrangements for ensuring liaison between Internal and External audit, in consultation with the Corporate Director of Finance.

#### Governance Framework

13. Maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations. And, where necessary, bring proposals to the Leader of the Council or the Cabinet for their development.
14. Review any issue referred to it by the Chief Executive, a Deputy Chief Executive, Corporate Director, or any Council body.
15. Monitor and review, but not direct, the authority's risk management arrangements, including regularly reviewing the corporate risk register and seeking assurances that action is being taken on risk related issues.
16. Review and monitor Council policies on 'Raising Concerns at Work' and anti-fraud and anti-corruption strategy and the Council's complaints process, making any recommendations on changes to the Leader of the Council and the Deputy Chief Executive and Corporate Director of Residents Services.
17. Oversee the production of the authority's Statement of Internal Control and recommend its adoption.

18. Review the Council's arrangements for corporate governance and make recommendations to the Corporate Director of Finance on necessary actions to ensure compliance with best practice.
19. Where requested by the Leader of the Council, Cabinet Member for Finance, Property and Business Services or Corporate Director of Finance, provide recommendations on the Council's compliance with its own and other published standards and controls.

#### Accounts

20. 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 financial statements or from the auditor that need to be brought to the attention of the Council.
21. Consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

#### Review and reporting

22. Undertake an annual independent review of the Committee's effectiveness and submit an annual report to Council on the activity of the Audit Committee.