

Audit Committee Terms of Reference

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 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 to oversee the financial reporting process.

Audit Activity

- To consider the Head of Audit Partnership's annual report and opinion, and a summary of audit activity (actual and proposed) and the level of assurance it can give over the council's governance arrangements, and any report from Internal Audit on agreed recommendations not implemented within a reasonable timescale;
- To consider reports dealing with the management and performance of Internal Audit Services, including consideration and endorsement of the 3 year Strategic Internal Audit Plan;
- To consider the external auditor's annual letter, the report to those charged with governance, and any specific reports as agreed with the external auditor;
- To liaise with the Audit Commission over the appointment of the Council's external auditor, comment on the scope and depth of external audit work and ensure that it gives value for money;

Regulatory Framework

- To review any issue referred to it by the Chief Executive or a Director or any Council body;
- To monitor the effective development and operation of risk management and corporate governance in the Council;
- To monitor council policies on 'Whistleblowing' and the 'Anti-fraud and Corruption Strategy';
- To consider and comment on the authority's Annual Governance Statement and agree its adoption as part of the approval of the annual accounts;
- To consider the council's arrangements for governance and whether adequate safeguards are in place to secure compliance with its own and other published standards and controls and best practice;

Accounts

- To review and approve the annual statement of accounts. Specifically, to consider whether there are concerns arising from the financial statement or from the audit that need to be brought to the attention of the Cabinet or the Council;
- To consider the external auditor's report to those charged with governance on issues from the audit of the accounts.
- To be responsible for ensuring effective scrutiny of the treasury management strategy and policies (Note: Council is responsible for adopting the Treasury Management strategy and policy);

Reporting

- To present an annual report to the Council providing assurance that the responsibilities of the Committee have been met.

The current terms of reference of the Audit Committee are set out below for ease of reference:

1. Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
2. Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors;
3. Be satisfied that the authority's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it;
4. Approve (but not direct) internal Audit's strategy and Annual Audit Plan and monitor performance against them;
5. Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary;
6. Receive the annual report of the Head of Internal Audit;
7. Consider the reports of external audit and inspection agencies;
8. 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;
9. Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit;
10. Approve the Annual Statement of Accounts;
11. Present an annual report to the Executive on exceptions and highlights throughout the year.
12. To be responsible for ensuring effective scrutiny of treasury management strategy and policies.