

Draft Report from Audit Committee to General Purposes Committee	
Meeting Date	28 November 2018
Report Title	Audit Committee Terms of Reference
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance & Performance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Nick Vickers Chief Financial Officer
Classification	Open
Recommendations	1. To recommend to General Purposes Committee revisions to the Audit Committee's Terms of Reference.

1 Purpose of Report and Executive Summary

- 1.1 On taking over as Chairman of the Audit Committee Cllr Kay asked for a review of the Terms of Reference of the Committee. This report is a draft for Audit Committee to consider prior to submission to General Purposes Committee and then Council.

2 Background

Terms of Reference

- 2.1 The Terms of Reference for the Committee are set by Council. The current Terms of Reference of the Committee and those of the other Mid Kent Councils are shown in Appendix I. Constitutional arrangements are quite different from the four Councils and the Terms of Reference are written in very different ways..
- 2.2 Members are asked to agree the following with amendments shown in bold:

Consider the effectiveness of the authority's risk management arrangements, the control environment and associated Anti-fraud and anti-corruption arrangements.

*Seek assurances that action is being taken on risk-related issues identified by **Internal and External audit.***

Maintain oversight of the Council's Treasury Strategy and receive six monthly monitoring reports prior to submission to Council.

Agree the Annual Governance Statement.

Approve (but not direct) Internal Audit's strategy and Annual Audit Plan and monitor performance against them.

Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

*Receive the annual report of the **Head of Audit Partnership**.*

Consider the reports of External Audit.

Ensure that there are effective relationships between External and Internal audit, and other relevant bodies, and that the value of the audit process is actively promoted.

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.

Approve the Annual Statement of Accounts.

Present an annual report to the Executive on exceptions and highlights throughout the year.

3 Proposals

- 3.1 Recommendations are made to General Purposes Committee and then Council on amended Terms of Reference.

4 Alternative Options

- 4.1 The report addresses clarification issues in relation to the role of the Committee and the discharge of its duties.

5 Consultation Undertaken or Proposed

- 5.1 Research has been undertaken on how similar Committees operate in other Councils and the Head of Audit Partnership and Chief Financial Officer can supplement this from their experience of other Councils. The Chairman is also engaging with other Chairmen of Audit Committees.

6 Implications

Issue	Implications
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Corporate Plan	Supports the priority of being a Council to be Proud Of.
Financial, Resource and Property	No direct implications.
Legal, Statutory and Procurement	No direct implications.
Crime and Disorder	No direct implications.
Environment and Sustainability	No direct implications.
Health and Wellbeing	No direct implications.
Risk Management and Health and Safety	No direct implications.
Equality and Diversity	No direct implications.
Privacy and Data Protection	No direct implications.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Mid Kent Councils Terms of Reference

8 Background Papers

None

APPENDIX I

Mid Kent Councils Audit Committee Terms of Reference

<u>Swale Borough Council</u>	<u>Ashford Borough Council</u>
<p>Consider the effectiveness of the authority's risk management arrangements, the control environment and associated antifraud and anti-corruption arrangements.</p> <p>Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.</p> <p>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.</p> <p>Approve (but not direct) internal Audit's strategy and Annual Audit Plan and monitor performance against them.</p> <p>Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.</p> <p>Receive the annual report of the Head of Internal Audit.</p> <p>Consider the reports of external audit and inspection agencies.</p> <p>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.</p> <p>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.</p>	<p>The Head of Internal Audit's Annual Report and Opinion, and a summary of the internal audit activity (actual and proposed) and the level of assurance it can give over the Council's Corporate Governance arrangements.</p> <p>The summary of internal audit reports issued in the previous period.</p> <p>Reports on the management and performance of the Audit Partnership Agreement.</p> <p>Reports from the Head of Internal Audit on agreed recommendations not implemented within reasonable timescales.</p> <p>The External Auditors management letter and relevant reports.</p> <p>Any detailed responses to the External Auditor's Annual Letter.</p> <p>Specific reports as agreed with the External Auditor.</p> <p>The scope and depth of external audit work and ensure it gives value for money.</p> <p>Liaison with the Audit Commission on the appointment of the Council's External Auditor.</p> <p>The commissioning of work from internal and external audit.</p>

<p>Approve the Annual Statement of Accounts.</p> <p>Present an annual report to the Executive on exceptions and highlights throughout the year.</p>	
<p><u>Maidstone Borough Council</u></p> <p>To Consider the Head of Internal Audit Partnership's annual report and opinion, and a summary of Internal Audit activity (actual and proposed and the level of assurance it can give over the Council's corporate governance arrangements.</p> <p>To consider reports dealing with the management and performance of Internal Audit Services, including consideration of endorsement of the Strategic Internal Audit Plan and any report on agreed recommendations not implemented within a reasonable timescale; and the Internal Audit Charter.</p> <p>To consider the External Auditor's Annual Audit letter, relevant reports, and any other report of recommendations to those charged with governance; and ensure that the Council has satisfactorily addressed all issues raised. To comment on the scope and depth of external audit work and to ensure it gives value for money.</p> <p>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 audit that need to be brought to the attention of Policy and Resources Committee and Council.</p> <p>Consider and review the effectiveness of the Treasury Management Strategy, Investment Strategy, Medium Term Financial Strategy, Annual Report and Mid Year review and make recommendations to Policy and Resources Committee and Cabinet.</p>	<p><u>Tunbridge Wells Borough Council</u></p> <p>To consider the Internal Audit Manager's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.</p> <p>To agree the external Audit Plan for the year.</p> <p>To approve the cost of the Audit.</p> <p>To consider summaries of specific internal audit reports as requested.</p> <p>To consider reports dealing with the management and performance of the providers of internal audit services.</p> <p>To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.</p> <p>To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.</p> <p>To consider specific reports as agreed with the external audit work and to ensure it gives value for money.</p> <p>To comment on the scope and depth of external audit work and to ensure it gives value for money.</p> <p>To liaise with the Audit Commission over the appointment of the Council's external auditor.</p> <p>To commission work from internal and external audit.</p>

<p>Recommend and monitor the effectiveness of the Council's Counter Fraud and Corruption Strategy</p> <p>.</p> <p>To maintain a financial overview of the operation of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.</p> <p>In conjunction with Policy and Resources Committee to monitor the effective development and operation of risk management and corporate governance in the Council to ensure that strategically the risk management and corporate governance arrangements protect the Council.</p> <p>To monitor Council policies on 'Raising Concerns at Work' (Whistleblowing) and the Anti-fraud and corruption' strategy.</p> <p>To oversee the production of the authority's Annual Governance Statement and to agree its adoption.</p> <p>The Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice and high standards of ethics and probity.</p> <p>This Committee will receive the annual review of the Local Code of Corporate Governance and may make recommendations to Policy and Resources Committee for proposed amendments, as necessary.</p> <p>To consider whether safeguards are in place to secure the Council's compliance with its own and other published standards and controls.</p>	<p>To oversee the whistle-blowing policy and make appropriate recommendations for change to the policy;</p> <p>To liaise with the Overview and Scrutiny Committee Chairman to coordinate cross-cutting issues and avoid duplication.</p>
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