

AUDIT COMMITTEE

Terms of Reference, Constitution, Rules and Procedures

Role and Purpose

- 1.1 To assess the adequacy of the risk management framework and the associated control environment based on the information provided by the External and Internal Auditors.
- 1.2 To provide independent review of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment.
- 1.3 To provide assurance that any issues arising from the process of drawing up, auditing and certifying the Council's annual accounts are properly dealt with and that appropriate accounting policies have been applied.

2. CORE FUNCTIONS

2.1 Audit Activity

- To consider and approve the Internal Audit strategic audit plan.
- To consider the head of Internal Audit's annual report and opinion and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider reports dealing with the management and performance of Internal Audit.
- To consider reports from internal audit summarising activity and implementation of agreed audit recommendations and seek assurance that action has been or will be taken where necessary.
- To consider summaries of other reports from internal audit as considered necessary
- To consider the external auditor's annual audit and inspection letter, relevant reports, and the report to those charged with governance (ISA 260 Report) and to meet with the External Auditor to review findings.
- To consider and comment on the appointment, scope and depth of external audit work and to ensure it gives value for money, including meeting with the External Auditor at the planning stage.

2.2 Regulatory Framework

- To maintain an overview of the Council's constitution in respect of contract procedure rules and financial regulations
- Monitor the effective development and operation of risk management and corporate governance in the Council and make recommendations to Council on necessary actions to ensure compliance with best practice.
- To monitor Council policies and arrangements for anti-fraud and corruption and to seek assurance that appropriate Whistleblowing policies are in place.¹

¹ The role of Audit Committee is to seek assurance that up to date policies are in place; not to review or revisit the Policies. Policy formulation rests with the appropriate committee usually Executive Committee or Standards Committee)

- To oversee production of the Council's Statement of Corporate Governance, and to review and recommend/approve its adoption as necessary.
- To consider the Council's compliance with its own and other published standards and controls and consider any relevant issue referred to the Committee by the Chief Executive, Heads of Service or Council body.

2.3 Accounts

- To review the annual statement of accounts. Specifically to consider whether accounting policies are appropriate and 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 the Council.
- To consider the External Auditor's report to those charged with governance, i.e. Executive Committee, on issues arising from the audit of the accounts

Constitution

1. The Committee will comprise 7 members.
2. Political balance will apply.
3. The quorum of the Committee will be 3 members
4. No Member of the Executive Committee will be eligible for membership of the Audit Committee.

Reporting Arrangements

5. The Committee will:
 - Be independent of the executive and scrutiny functions
 - Report to the Council
 - Have clear reporting lines and access to other committees and functions

Rules and Procedures

6. The Committee will meet at least quarterly.
7. The Committee will agree an annual work programme but will not become involved in any details that should be dealt with more properly by the s151 Officer, accountable officers, or other relevant committee.
8. The minutes and reports of the Committee will be submitted to the Council, and will be public documents available for inspection, examination and public consideration, except those documents that are classed as exempt.
9. The Committee will produce an annual report for submission to Council detailing the work undertaken by the Committee.
10. The Committee will be advised by the Chief Executive, the Chief Financial Officer, the Monitoring Officer, and other officers and advisors as necessary.

11. The Committee may, on occasions, meet privately and separately with the external auditor and the chief internal auditor, outside of the normal committee meeting rules and procedures, but any outcomes requiring formal adoption must be considered at a subsequent open meeting.
12. Subject to 13, meetings will be held in public, with the full right of attendance for all members, public and press, except during consideration of exempt business. Public participation will apply.
13. Other members and/or officers of the Council may be requested to attend meetings of the Committee when the matter(s) to be discussed make it necessary.
14. An agenda, together with reports, will be made available to all members of the Council at least five clear working days before each formal meeting.
15. There will be an appropriate induction programme for new Members of Audit Committee.
16. The Committee will be serviced by the Democratic Services Section

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