

Audit and Accounts Committee
26 March 2014
Minute Extract

74/13 Audit and Accounts Committee – Terms of Reference

The Committee considered a report which outlined the suggested amendments to the Committee's terms of reference following the annual review.

Resolved to approve the proposed amendments to the Audit and Accounts Committee's terms of reference and refer them to Council for approval.

Audit and Accounts Committee Terms of Reference - Revised

Statement of purpose

The Audit and Accounts Committee is a key component of the Council's corporate governance. It provides a high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Accounts Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the council's governance, risk management and control frameworks

The Audit and Accounts Committee is authorised to discharge the following functions:

Internal Audit

- 1. To consider and approve the annual internal audit plan, *including internal audit's resource requirements.***
- 2. *To approve the internal audit charter***
- 3. *To approve significant interim changes to the annual audit plan and resource requirements.***
- 4. ~~To consider the head of internal audit's annual report and opinion, and a summary of actual internal audit activity and the level of assurance it can give over the council's corporate governance arrangements.~~ To consider (periodic) reports from the Head of Internal Audit on;**
 - internal audit's performance during the year, including updates on key findings, issues of concern and action in hand,
 - regular reports on the results of the Quality Assurance and Improvement Programme,
 - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government

- Application Note, considering whether the non-conformance is significant enough to be included in the Annual Governance Statement
5. To consider the Head of Internal Audit's annual report, including
 - the statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application note
 - the results of the Quality Assurance and Improvement Programme
 - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion.
 6. To consider summaries of specific internal audit reports as requested.
 7. To consider reports dealing with the management and performance of the providers of internal audit services.
 8. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale **and where management has accepted a level of risk that may be unacceptable to the Authority.**
 9. In conjunction with the Council's s151 Officer, to commission work from internal audit. **(Previously combined with 17 below)**
 - 10. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.**
 - 11. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.**
 - 12. To support the development of effective communication with the head of internal audit.**

External Audit

13. To consider ~~specific reports as agreed with~~ the external auditor's **annual letter, relevant reports, and the report to those charged with governance and such specific reports as are agreed with external audit.**
14. To consider the annual External Audit plan **comment on the scope and depth of external audit work** and to ensure it gives value for money.
15. To ~~liaise with the Audit Commission over the appointment of the council's external auditor.~~
16. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies
17. In conjunction with the Council's s151 Officer, to commission work from external audit.

Governance, Risk, Control

18. To ~~consider~~ **review** the council's arrangements for corporate governance **against the good governance framework and consider quarterly governance reports and assurances.** ~~and approving necessary actions to ensure compliance with best practice~~
19. To ~~consider~~ **review** and approve the authority's Annual Governance Statement.
20. To maintain an overview of the council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.

21. To review any issue referred to it by the chief executive or a strategic director, or any council body.
22. To consider, approve and monitor the effective development and operation of risk management ~~and corporate governance~~ in the council.
23. To consider, approve and monitor council policies on whistleblowing (Confidential Reporting Code), counter fraud measures and the council's complaints process.
- 24. To monitor progress in addressing risk-related issues reported to the Committee.**
25. To consider the council's compliance with its own and other published standards and controls.
26. To monitor Treasury Management performance.

Financial reporting

27. 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 the council.
28. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts and other reports, letters etc on the statement of accounts.