

## **Audit Committee – Terms of Reference**

### **Corporate Governance**

1. Ensure that the Council's corporate governance arrangements are adequate and operating effectively in practice.
2. Considering the Council's Code of Corporate Governance and approving the annual review and statement. (Note 1)
3. Oversight of the Council's Constitutional arrangements and advising the Council of any changes that may be desirable. (Note 2)

### **Financial Management**

4. Ensuring that the financial management of the Council is adequate and effective.
5. Reviewing the Council's statement of accounts prior to approval by Full Council.

### **Internal Control**

6. Ensuring that the Council has a sound system of internal control that facilitates the effective exercise of the Council's functions including arrangements for the management of risk.
7. Ensure a review of the effectiveness of the Council's system of internal control is conducted at least annually in accordance with proper practices.
8. Receive the annual report on the internal control environment from Internal Audit.
9. Conduct an independent review of the draft Statement on Internal Control and supporting evidence and recommend approval.

### **Internal Audit**

10. Approving the terms of reference and strategy for Internal Audit.
11. Approving the strategic internal audit plan and consideration of the audit needs assessment and resources available.
12. Monitoring the performance of Internal Audit, to include receiving half yearly and end of year reports on progress in delivering the annual internal audit plan.
13. Receive summaries of reports issued by Internal Audit and monitor the implementation of recommendations.
14. For the chair of the audit committee to meet independently with the Chief Internal Auditor at least once a year and for internal audit to have the right of free access to the chair at any time.

### **External Audit**

15. Consider the appointment of the external auditor as far as Audit Commission rules permit and monitor quality and performance of audit.
16. Commenting on the external audit plans.
17. Considering any matter arising from the audit of the accounts, or other audit and inspection work
18. Receiving and considering the Audit Commission's annual audit and inspection letter and other external audit reports.
19. Monitoring the implementation of recommendations from external audit.

20. Review the arrangements made for cooperation between Internal Audit, external audit and other review bodies to ensure effective use of the total audit resource.

21. For the chair of the audit committee to meet independently with the external auditor at least once a year and for external audit to have the right of free access to the chair at any time.

Note 1

The Standards Committee will review the 'Standards of Conduct' section of the Local Code of Corporate Governance.

Note 2

The Standards Committee will retain responsibility for the overview of the Constitution "as it affects ethical matters".

Membership will comprise the Leader (or deputy), and Cabinet Member for Resources (both as non voting observers) and a representative who is interested and well placed to contribute from each of the four Overview and Scrutiny Panels (nominations to be sought from the respective Panels) plus two qualified independent persons who will need to be recruited through public advert. The independent persons will hold the Chairman and Vice-Chairman positions respectively.