

Position Statement on Audit Committee

Statement of Purpose

The purpose of the audit committee is to:

- Provide independent assurance of the adequacy of the risk management framework and the associated control environment.
- Provide independent review of the authority's financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.
- Oversee the financial reporting process.

Core Functions

- Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.
- Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
- 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.
- Approve (but not direct) internal audit's strategy, plan and monitor performance.
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Receive the annual internal audit report.
- Consider the reports of external audit and inspection agencies.
- 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.
- 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.

Features

- A strong chair – displaying a depth of skills and interest
- Unbiased attitudes – treating auditors, the executive and management equally
- The ability to challenge the executive (leader/chief executive) when required.
- A membership that is balanced, objective, independent of mind, and knowledgeable.

Structure and Administration

- Be independent of the executive and scrutiny functions.
- Be clear how the role differs from scrutiny. Scrutiny reviews policy and challenges whether the executive has made the right decision. Audit Committee provides independent assurance on adequacy of controls to reduce key risks.
- Have clear reporting lines and rights of access to other committees/functions, for example scrutiny and service committees, corporate risk management group and other strategic groups
- Meet regularly – about four times a year, and have a clear policy on those items to be considered in private and those to be considered in public.
- Members may be given specific responsibility for delivery of work plan items.
- Annually report to full Council on audit committee activity.
- Meet privately and separately with the external auditor and internal audit.
- Include, as regular attendees, the chief finance officer or deputy, internal audit and appointed external auditor and relationship manager. Other attendees may include the monitoring officer (for standards issues) and chief executive. These officers should also be able to have access to the committee, or the chair, as required. The committee should have the right to call any other officers of agencies of the council as required, which may include co-opting a non-voting individual from standards committee.
- Be properly trained to fulfil their role. Training needs to be identified from member survey.
- Receive effective administration support from Democratic Services and Head of Finance.