

# **PART 6 - AUDIT COMMITTEE**

## **1. Introduction**

- 1.1 The Council will appoint the Audit Committee to discharge the functions conferred by the Accounts and Audit Regulations 2015 in relation to the matters set out below and specifically to consider the Council's Financial and Governance arrangements, relating to the system of internal control and the effectiveness of internal audit, the annual governance statement; including the arrangements for the management of business risks, in compliance with Regulations 3 and 6 of the Accounts and Audit Regulations 2015 and any subsequent legislation.
- 1.2 The number of meetings and Terms of Reference of the Audit Committee may be reviewed from time to time by the Governance Committee which may report to the Council.

## **2. Membership of the Committee**

- 2.1 All Members of the Council, except members of the Cabinet or their deputies and the Chairman of the Council, may be members of the Audit Committee. However, no Member may be involved in reviewing a decision in which he/she has been directly involved.
- 2.2 The Committee will be made up of 9 elected Members, one of which shall serve as Chairman, that follow the political proportionality of the Council. The Chairman will not be a member of any Cabinet Advisory Committee. The membership of the Committee can be found at Appendix H - Membership of Council Committees, Cabinet and Advisory Committees.
- 2.3 The Audit Committee shall be entitled to recommend to Council the appointment of up to two additional co-opted non-voting members. Any co-opted members must have the necessary technical knowledge and skills to be of value to the business of the Committee.

## **3. Terms of Reference of the Audit Committee**

### Audit Activity

- (a) To review, in collaboration with the Audit, Risk and Anti-Fraud Manager, the Internal Audit Charter on an annual basis and to consider and approve any further development of the Council's Internal Audit Charter, Strategy or terms of reference such as shall be appropriate.
- (b) To consider and approve the annual internal audit plan, including a summary of internal audit activity regarding the level of assurance that it can give over the Council's internal control, corporate

governance and risk management arrangements. Further, to commission work as required from both Internal and External Audit.

- (c) To consider the Audit, Risk and Anti-Fraud Manager's annual report and assurance opinion.
- (d) To consider quarterly progress reports from the Audit, Risk and Anti-Fraud Manager regarding the progress of the Annual Internal Plan. The Committee may request to review any individual audit report should they or the Audit, Risk and Anti-Fraud Manager deem it appropriate to do so.
- (e) To consider a report on the progress of all recommendations made by internal audit and other external regulatory or review agencies.
- (f) To receive and consider the annual report on the review of the effectiveness of the internal audit function.
- (g) To consider confidential reports on investigations carried out by Internal Audit of suspected fraud; corruption or bribery allegations within the Council or its partners.
- (h) To make proper arrangements regarding the appointment of the Council's External Auditor; to consider the appointed External Auditor's annual letter, relevant reports, and the report to those charged with governance.
- (i) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (j) To consider any external audit report resulting from the Statement of Accounts and any recommendations and comments received from the District Auditor.

#### Regulatory Framework

- (k) To maintain an overview of the effective development and operation of corporate governance and risk management in the Council, and to monitor compliance with statutory duties and the Council's Constitution in respect of Financial and Contract Procedure Rules.
- (l) To monitor Council policies on 'Raising Concerns at Work'; the anti-fraud and anti-corruption strategy; the Bribery Act; and the Council's complaints process; including the Council's whistleblowing arrangements.

- (m) To consider and approve the Council's Annual Governance Statement and recommend its adoption to Council
- (n) To monitor the Council's arrangements for corporate governance and if necessary to recommend actions to ensure compliance with best practice; and to also consider compliance with the Council's own and other published standards and controls.
- (o) To receive and consider reports from the monitoring officer on lawfulness and/or maladministration; to review any issue referred by the Chief Executive, a Chief Officer, or a Statutory Officer.
- (p) To monitor the implementation of the Members' Allowance Scheme.

#### Accounts

- (q) To review the annual Statement of Accounts. Specifically to consider whether appropriate accounting policies, including International Financial Reporting Standards, 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.
- (r) To approve the Statutory Statement of Accounts when the deadline for approval does not allow approval by full Council.
- (s) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts, and comments received from the District Auditor.

### **4. Audit Committee Procedure Rules**

- 4.1 The Committee will conduct their proceedings in accordance with the applicable Committee protocols as specified within Section 33 of Part 2 of the Council's Constitution, and with the further Procedure Rules set out below.

#### Appointment of Sub-Committees/Working Groups

- 4.2 The Committee may appoint Sub-Committees or working groups. These may be appointed for a fixed period or until the next Annual Council meeting.

#### Procedure at Meetings of the Audit Committee

- 4.3 The Audit Committee shall consider the following business:
  - (a) minutes of the last meeting;

- (b) declarations of interest;
- (c) responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations; and
- (d) the business otherwise set out on the agenda for the meeting.

#### Meetings of the Audit Committee

- 4.4 There shall be four ordinary meetings of the Committee in each year. In addition, other meetings may be called from time to time as and when appropriate. A meeting of the Committee may be called by the Chairman of the Committee, by a quarter of the members of the Committee or by the Chief Executive (in consultation with the Chairman or Vice-Chairman, if available) if he considers it necessary or appropriate.
- 4.5 The Audit Committee shall periodically set aside time during a meeting where any matters pertaining to the remit of the Committee may be discussed with the Audit, Risk and Anti-Fraud Manager without the presence of other officers of the Council. The Chairman of the Committee will also meet informally with the Audit, Risk and Anti-Fraud Manager and other relevant officers as appropriate prior to all ordinary meetings.

#### Work Plan

- 4.6 The Audit Committee will be responsible for setting its own Work Plan and in doing so shall take into account the wishes of all members on the Committee and in consultation with key officers of the Council.

#### Agenda Items

- 4.7 Any member of the Audit Committee shall be entitled to give notice to the Chief Executive that he/she wishes an item relevant to the functions of the Committee to be included on the agenda for the next available meeting of the Committee. On receipt of such a request the Chief Executive will ensure that it is included on the next available agenda and the Chairman will be informed.
- 4.8 The Audit Committee shall also respond, as soon as work plans permit, to requests from the Council and if it considers it appropriate, the Cabinet or other Committees, to review particular areas of Council activity relevant to the functions of the Committee.

#### Reports and Recommendations from the Audit Committee

- 4.9 Once it has formed recommendations, the Audit Committee will submit these in writing to the Chief Executive for consideration by the Cabinet, Council or the relevant Committee. Whenever possible a response to the submitted report and/or recommendations of the Committee will be formed within two months of it being submitted to the Chief Executive.

## Members and Officers Attending Committee

- 4.10 In discharging its terms of reference, the Audit Committee may require any member of the Cabinet, the Chairman of a Committee, the Chief Executive, and/or any Chief Officer to attend before it to answer questions in relation to matters within their remit. For the avoidance of doubt, such a person may be required to answer questions on the Council's relationships with partner organisations, contractors and/or other public bodies, providing that person is responsible for managing that relationship as part of their duties. It is the duty of those persons to attend if so required.
- 4.11 Where any Member or Officer is required to attend the Audit Committee under this provision, the Chairman of the Committee will inform the Chief Executive. The Chief Executive shall inform the Member or Officer in writing giving at least five clear working days notice of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend and whether any papers are required to be produced for the Committee. Where the Committee will require the production of a report, then the Member or Officer concerned will be given sufficient notice to allow for preparation of that documentation.
- 4.12 Where the Member or Officer is unable to attend on the required date, then the Committee shall in consultation with the Member or Officer arrange an alternative date for attendance to take place as soon as practically possible.

## Attendance by Others

- 4.13 In discharging its terms of reference, the Audit Committee may review the performance/governance of partner organisations, contractors and/or other public bodies. It may also invite people other than those people referred to in paragraph 4.10 to provide it with a report, address it and/or answer questions that may be appropriate to the Committee's remit.