

Proposed Terms of Reference – Audit and Governance Committee

Composition

Membership

The Audit and Governance Committee will be composed of 7 Members as follows:

5 elected Members on a political balance basis;
2 Co-opted Members.

There will be no more than one Member of the Cabinet on the Committee.

Chairing the Committee

The Chairman will be one of the Co-opted Members.

In the absence of both Co-opted members, the attending members may agree a Chair for the specific meeting from those attending, except the member of Cabinet.

Statement of Purpose

The Audit and Governance Committee is a key component in the Council's Corporate Governance Arrangements. Its main objectives are to:

- provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- independent scrutiny of the authority's financial and other performance to the extent that it reflects the authority's exposure to risk and weakens the control environment;
- oversee the financial reporting process.

Functions

To carry out the following delegated functions from Council:

- a) to approve the Authority's Statement of Accounts, income and expenditure, and balance sheet or record of receipts and payments (as the case may be).

In relation to the following functions to undertake the assurance and advisory role to:

- b) consider the effectiveness of the authority's corporate governance arrangements, risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and seek assurance that action is being taken on risk-related issues identified by auditors and inspectors;

- c) be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
- d) to receive and consider (but not direct) internal audit's strategy, plan and monitor performance;
- e) receive and consider the external audit plan;
- f) review a summary of internal audits, the main issues arising, and seek assurance that action has been taken where necessary;
- g) receive and consider the annual report of internal audit;
- h) consider the reports of external audit and inspection agencies, including the Annual Audit Letter;
- i) 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;
- j) review the external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit;
- k) review the adequacy of and compliance with, the Councils Treasury Management Policy;

and make recommendations or comments to Cabinet or Council as appropriate.

Features of the Committee

- a) The Committee will exercise delegated powers from Council in relation to item a) above and in relation to the remaining functions act as an advisory committee.
- b) The Committee will treat the auditors, the executive and management equally.
- c) The Committee can call any officer or agency of the Council as required.
- d) The Committee will meet regularly, at least four times per year.
- e) The Director of Finance, Council's head of internal audit and the external auditor will be regular attendees. Other attendees may include the Head of Law and Governance and the Chief Executive. These officers all have access to the Committee, or the Chair, as required.

Appendix 2

- f) The Committee members will have the opportunity to meet privately and informally with the head of internal audit and the external auditor, at a meeting following a normal Committee meeting, and otherwise as necessary, throughout the year.
- g) The Committee will assess its effectiveness, including its Terms of Reference, every three years.
- h) An Annual Report will be presented to Council regarding the work of the Committee throughout the year.

