

Audit Committee – 28th April 2011

5. Audit Committee Terms of Reference

Strategic Director: Mark Williams, Chief Executive
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Lead Officer: Donna Parham, Assistant Director (Finance and Corporate Services)
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Purpose of the Report

This report reviews the current Terms of Reference of the Audit Committee to ensure that its current and future role is clear.

Recommendations

The Audit Committee is asked to recommend the amended Terms of Reference to Council as attached at pages 2-3.

Report

The Terms of Reference of the Audit Committee have not been reviewed for a number of years and changes have been made, for example its revised role in Treasury Management. The Audit Committee also requested clarity around protocols in any requests for items to be debated and discussed by the Committee. The attached amendments, however, do not take into account any changes arising from the consultation paper on the future of external audits.

Financial Implications

There are no financial implications in amending the Terms of Reference.

Background Papers: None.

Audit Committee – Revised Terms of Reference

The purpose of the Audit Committee is 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 non-financial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

The Audit Committee should review the Code of Corporate Governance seeking assurance where appropriate from the Executive or referring matters to management on the scrutiny function.

The terms of reference of the Audit Committee are:

Internal Audit Activity

1. To approve the Internal Audit Charter and annual Internal Audit Plan;
2. To receive quarterly summaries of Internal Audit reports and seek assurance from management that action has been taken;
3. To receive an annual summary report and opinion, and consider the level of assurance it provides on the council's governance arrangements;
4. To monitor the action plans for Internal Audit reports assessed as "partial" or "no assurance;"
5. To consider any disputes relating to specific internal audit reports where, in the opinion of Head of SWAP, management are not proposing to implement any or all recommended actions and where agreement cannot be reached with management to refer the matter to District Executive Committee for resolution;
6. To receive an annual report to review the effectiveness of internal audit to ensure compliance with statutory requirements and the level of assurance it provides on the council's governance arrangements;

External Audit Activity

7. To consider and note the annual external Audit Plan and Fees;
8. To consider the reports of external audit including the Annual Audit Letter and seek assurance from management that action has been taken;

Regulatory Framework

9. To consider the effectiveness of SSDC's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action is being taken;
10. To review the Annual Governance Statement (AGS) and monitor associated action plans;
11. To review the Local Code of Corporate Governance and ensure it reflects best governance practice. This will include regular reviews of part of the Council's Constitution and an overview of risk management;

12. To receive reports from management on the promotion of good corporate governance;

Financial Management and Accounts

13. To review and approve the annual Statement of Accounts, external auditor's opinion and reports to members and monitor management action in response to issues raised;

14. To provide a scrutiny role in Treasury Management matters including regular monitoring of treasury activity and practices. The committee will also review and recommend the Annual Treasury Management Strategy Statement and Investment Strategy, MRP Strategy, and Prudential Indicators to Council;

15. To review and recommend to Council changes to Financial Procedure Rules and Procurement Procedure Rules;

Overall Governance

16. The Audit Committee can request of the Assistant Director – Finance and Corporate Services (S151 Officer), the Assistant Director – Legal and Corporate Services (the Monitoring Officer), or the Chief Executive (Head of Paid Services) a report on any matter covered within these Terms of Reference;

Meetings of the Audit Committee are held monthly including at least one meeting with the Council's external auditor.