

## Appendix 1

### Suggested revised terms of reference for the Audit Committee

7 councillors reflecting political balance and two independent non-voting members

The quorum for this Committee is 4 members and 1 independent member

Function	How Discharged	Lead Officer	Frequency	Audit Committee Action / Output
<b>A General Remit</b>				
1 To provide independent assurance of the adequacy of the risk management framework and the associated control environment.	Receive the Risk Management Strategy and Framework for periodic review.	Deputy CX	Annually	Review the Risk Management Strategy and Framework and consider the assurances it provides that appropriate and effective arrangements for the management of risk are in place.
	Receive an annual Risk Management report.	Deputy CX	Annually	Review the annual report and consider the assurances it provides regarding risk management activity during the year and that it aligns with the Annual Governance Statement.
	Receive update reports and presentations on the Council's strategic and other key risks.	Deputy CX / Relevant Senior Officers	At each meeting	Receive presentations from the relevant Senior Officers on their strategic risks and consider the assurances they provide that the strategic risks are being managed effectively.

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2 To provide 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.	Receive regular reports demonstrating the Council's financial and performance arrangements.	Chief Finance Officer / Deputy CX / Relevant Senior Officers	Quarterly	Review the financial and performance monitoring reports (considered by CP&R) and consider the assurances they provide that the arrangements are fit for purpose and effective.
3 To oversee the financial reporting process.	To receive the draft and final statement of accounts in accordance with statutory requirements.	Chief Finance Officer	As per the statutory timescales	Review the draft and final accounts and consider the degree of assurance provided that they meet professional accounting standards and statutory timeframes, commenting as necessary and referring them for formal approval to full Council.
4 To promote the application of and compliance with effective governance arrangements across the Council.	To receive reports regarding the Council's governance arrangements (assurance reports) and particularly the preparation of the statutory Annual Governance Statement.	Chief Finance Officer / Monitoring Officer	As per the statutory timescales	Review the periodic governance assurance reports and reports regarding the preparation of the Annual Governance Statement and consider the assurances they provide that the Council's governance arrangements are in place and effective.
<b>B Internal Control incorporating Risk Management, Financial Probity and Stewardship</b>				
To consider the overall adequacy and effectiveness of the system of internal control and the arrangements for risk management, control and governance processes	Through a programme of reports and presentations covering the Authority's risk, control, and governance arrangements.	Deputy CX	At each meeting / Annually	Review the Committee's workplan and consider whether it covers the necessary areas to fulfil the Committee's terms of reference and therefore provide the necessary information and assurances.

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and securing economy, efficiency, and effectiveness (value for money).				
To ensure that the highest standards of financial probity and stewardship are maintained throughout the Authority, within policies set by the Council from time to time.	Receive for consideration and recommendation for approval the Council's Financial Regulations and supporting policies.  Receive and consider relevant Corporate Assurance reports	Chief Finance Officer  Deputy CX	As per review cycle or as required.  Quarterly, within Corporate Assurance update reports.	Review the Council's Financial Regulations (and related policies) and consider whether they are fit for purpose and therefore provide assurances to the Committee and to recommend to CP&R Committee / Council (as appropriate) for formal approval.  Consider the assurances provided within the quarterly Corporate Assurance reports such that the Committee is assured of appropriate management action being taken to address any control weaknesses identified.
To consider policies not reserved to other service committees for consideration and approval by the Council.	Receive relevant draft policies for consideration and recommendation for approval.	Relevant Senior Officer	As required	Review the draft policies and consider whether they are fit for purpose and will therefore provide the necessary control, risk, and governance framework.
To promote effective internal control by the systematic appraisal of the Council's internal control mechanisms and by the development of an anti-fraud culture.	Receive regular Corporate Assurance reports (incorporating anti-fraud reports) and other governance assurance reports.	Head of Internal Audit and Relevant Senior Officers	At each meeting	Review the various reports and consider the degree of assurance they provide regarding the effectiveness of internal control arrangements.
To promote effective risk management throughout the Council in accordance with	Receive the Risk Management Strategy and	Deputy CX	Every 2 years	Review the Risk Management Strategy and Framework and consider the assurances it provides that appropriate and effective

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the Council's Risk Management Policy Objectives Statement.	Framework for periodic review.			arrangements for the management of risk are in place.
To periodically review the Council's strategic risk register and to invite, when appropriate, a Member of the extended Management Team (MATplus) to meetings to discuss strategic risks within their specific service area.	Receive update reports and presentations on the Council's strategic and key other risks.	MAT+	At each meeting	Receive presentations from the relevant senior officers on their strategic risks and consider the assurances they provide that the strategic risks are being managed effectively.
To consider, challenge and comment on the Annual Governance Statement.	Receive the draft and proposed final Annual Governance Statement.	Chief Finance Officer / Chief Executive / Monitoring Officer	Annually as per statutory timescales	Review the draft and proposed final Annual Governance Statement and consider (and comment as required) that it has been prepared in accordance with recommended practice and adequately reflects the governance issues and areas for improvement determined through the annual governance review process.  Recommend the Final Annual Governance Statement to Full Council for formal approval and publication.
To receive reports on additional corporate functions contributing to overall assurance against the corporate priorities and specifically in relation to:	Receive governance assurance reports	Relevant Senior Officer	Each governance area at least annually.	Review the governance assurance report and consider the extent to which assurances are provided that the arrangements in place are effective and efficient.

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<ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Health &amp; Safety</li> <li>• Business Continuity and Emergency Resilience</li> <li>• Information Governance</li> <li>• Strategic Procurement and contract management</li> <li>• Asset Management</li> <li>• Ethical Framework</li> <li>• Equality and Inclusion</li> <li>• Environmental Governance.</li> </ul>				
<p>To encourage wider dialogue with members of the extended Management Team (MATplus) by inviting them to meetings on a periodic basis to give assurance about issues identified within reports relating to various Council activities and in particular those which are subject to reported Corporate Assurance implications.</p>	<p>Invite relevant senior management to provide assurances regarding and control, risk or governance issues identified in Corporate Assurance (Internal Audit) or other audit or inspection reports.</p>	<p>Relevant Senior Officer</p>	<p>As and when required</p>	<p>To consider the explanations provided and the assurances they provide that suitable improvements have been made regarding any weaknesses or issues raised in Corporate Assurance reports.</p>
<b>C Internal Audit</b>				
<p>To oversee, in consultation with the Head of Internal Audit (“the HoIA”), the preparation</p>	<p>Receive the corporate IA plan preparation</p>	<p>HoIA</p>	<p>Annually (January)</p>	<p>Review the methodology for the preparation of the annual IA plan and consider the assurance it provides that an appropriate and risk-informed</p>

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and approval of an annual Internal Audit (IA) plan for the Council and to receive periodic reports from the HoIA on performance against the plan.	methodology.  Receive the proposed corporate assurance (internal audit) plan.	HofIA	Annually (March)	plan of work is prepared.  Review the proposed IA plan and consider the assurance it provides that an appropriate plan of work has been determined that will support the HoIAs annual opinion.
To monitor compliance with IA reports following their consideration by management.	Receive quarterly IA progress reports that include details of management's compliance.	HofIA	Quarterly	Review the quarterly IA progress reports and consider the assurances they provide regarding management's compliance.
To review the performance of the IA Team by way of quarterly performance management reports.	Receive quarterly IA progress reports that include details of the function's performance.	HofIA	Quarterly	Review the quarterly IA progress reports and consider the assurances they provide regarding the function's performance.
To consider the HofIA annual audit report and opinion, and a summary of activity (actual and planned) and the level of assurance it can give over the Council's corporate governance arrangements.	Receive the HofIA annual reports covering internal control, risk and governance assurance, and anti-fraud activity.	HofIA	Annually	Review the various Head of IA annual reports and consider the assurances they provide regarding the effectiveness and efficiency of the Council's internal control, risk and governance arrangements and arrangements for anti-fraud.
To enhance the profile, status and authority of the IA function and demonstrate its independence.	Have a private meeting with the HofIA as part of the Committee's workplan.  Ensure the HofIA has unfettered access to the	HofIA  Chief Finance	Throughout the year  Throughout the	Hold a private meeting with the HofIA at least annually to be assured of their independence and unfettered access to the Committee.  Review the HofIA annual report and the preparation and delivery of the IA plan and

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	Committee.  Support the work of the IA Team in being assured it has sufficient resources and skills to discharge its professional responsibilities.	Officer  HofIA	year  Throughout the year	consider the assurances they give that the function is adequately resourced.
To approve and periodically review the IA Charter.	Receive the IA Charter.	HofIA	Annually	Review the IA Charter and consider the assurances it provides that it has been prepared in accordance with professional standards and can be delivered.
<b>D External Audit and other Inspectorates or Regulatory Bodies</b>				
To oversee, in consultation with external auditors, the preparation of the annual audit plan for the Council and to receive periodic reports from the external auditor on performance against the plan.	Receive the External Audit proposed plan of work and periodic progress / update reports on the delivery of the plan.	External Audit Engagement Lead	Annually and at each meeting.	Review the plan proposals and consider the assurances it will provide.  Review the progress reports and consider the progress made against the plan.
To consider and report to Corporate Policy & Resources Committee and the Council the annual audit and inspection letter.	Receive the External Auditor's ISA260 Report and Annual report.	External Audit Engagement Lead	Annually	Review the External Auditor's annual reports and consider the assurances they provide regarding the Council's statutory accounts and consider External Audit's assessment of the Council's value for money arrangements.

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To consider the appointment of the Council's external auditor.	Receive a report on the Council's arrangements to appoint the External Auditor.	Chief Finance Officer	As per the required timescales	Review the Director of Finance's recommendation regarding the method of appointing the Council's external auditor and consider whether the proposal will ensure an appropriate appointment.
To monitor compliance with external audit, external inspectorate and Ombudsman reports following their consideration and resolution by the Corporate Policy & Resources Committee and/or Council.	Receive relevant reports.	Deputy CX / Chief Finance Officer	As and when required	Review the reports and consider if any additional action or recommendations are required and monitor any subsequent progress.
<b>E Other</b>				
To consider general issues and statistics in relation to the Council's Confidential Reporting (Whistleblowing Policy) "Whistleblowing" Policy.	Receive an annual report.	Monitoring Officer	Annually	Review the report and consider the assurance it provides that the Council's Whistleblowing / Confidential Reporting arrangements are fit for purpose and that appropriate action has been taken in relation to any concerns raised.
To review the Authority's use of the Regulation of Investigatory Powers Act	To receive an annual report on RIPA (Regulation of Investigatory Powers Act) activity.	Monitoring Officer	Annually	Review the report and consider the assurance it provides that the Council has utilised the Regulation of Investigatory Powers Act appropriately and that appropriate action has been taken in relation to any concerns raised.
To review the Authority's arrangements for establishing	Receive draft framework documents.	Deputy CX	Annually	Review the draft framework documents and consider the assurances they provide that they

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an appropriate anti-fraud framework.				will ensure effective anti-fraud arrangements are in place.
To monitor compliance with and the effectiveness of anti-fraud and corruption policies and procedures.	Receive periodic reports and an annual report on anti-fraud activities.	Deputy CX	Annually and mid-year	Review the reports and consider the assurances they provide that the Council's anti-fraud arrangements are effective.
To consider and review compliance with the Authority's Treasury Management policy.	Receive relevant reports regarding the Council's treasury management responsibilities	Chief Accountant	Annually / periodically throughout the year	Review the reports and consider the assurances they provide that the Council is meeting its treasury management responsibilities.
<b>F Accounts</b>				
To 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	Receive the draft and final statutory financial statements and the External Auditor's opinion.	Chief Accountant / External Audit Engagement Lead	As per the statutory timescales	Review the draft and final financial statements and consider whether they have been prepared in accordance with professional accounting standards and be assured of management's response to any issues / recommendations raised by External Audit. Recommend the presentation of the financial statements to Full Council.
To contribute to the annual review, consideration, and challenge of the financial statements.	Receive the draft and final statutory financial statements and the External Auditor's opinion.  Receive any necessary briefings / training regarding	Chief Accountant / External Audit Engagement Lead  Chief Accountant	As per the statutory timescales  As required	Review the draft and final financial statements and consider whether they have been prepared in accordance with professional accounting standards.  Participate in the training provided.

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	the preparation of the financial statements.			