

**REPORT TO: AUDIT**

Date: 5<sup>th</sup> March 2019

**TOPIC: REVIEW OF TERMS OF REFERENCE**

**REPORT BY: HEAD OF CORPORATE AND COMMUNITY SERVICES**

## 1 INTRODUCTION

1.1 The Audit Committee is required to annually review the terms of reference under which it operates.

## 2 RECOMMENDATIONS

2.1 That Audit Committee make no changes to the terms of reference.

## 3 REASONS FOR RECOMMENDATIONS

3.1 The terms of reference do not require alteration.

## 4 REPORT

4.1 The current terms of reference are shown attached.

4.2 It is not considered that any changes are required at this point in time.

## 5 RESOURCE IMPLICATIONS

5.1 There are no resource issues.

## 6 EQUALITY and HUMAN RIGHTS

6.1 An EINA has not been completed as no equality issues are affected.

## 7 CONSTITUTIONAL CONTEXT

| Article and paragraph | Appendix and paragraph | Referred or delegated power? | A key decision? |
|-----------------------|------------------------|------------------------------|-----------------|
| Annexe 1 Part 3       |                        | Referred                     | No              |

## 8 BACKGROUND PAPERS

Background papers will be available for inspection and will be kept by the author of the report.

## 9 STATEMENT OF INTERNAL ADVICE

9.1 The author (below) confirms that advice has been taken from all appropriate Councillors and officers.

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Executive Member:

Author: Ken Miles

Date: 13<sup>th</sup> February 2019

Reference: Document1

## APPENDIX 1 CURRENT TERMS OF REFERENCE

### 4. AUDIT COMMITTEE

| Number of Members | Special Requirements  | Quorum  | Notes |
|-------------------|---|---|-------|
| 7                 | <p>Membership of the Committee cannot include Executive Members.</p> <p>The Chairman of this Committee cannot be the Chairman or Vice-Chairman of the Overview and Scrutiny Committee.</p> <p>Members of the Committee must be trained prior to sitting on the Committee (NOTE: Failure to attend the required training will result in exclusion from sitting on the Committee)</p> | 3 –<br>Provided at least two political groups are represented |       |

#### Audit Activity

- (a) To consider the Internal Audit annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- (b) To consider summaries of specific internal audit reports as requested.
- (c) To consider reports dealing with the management and performance of the providers of internal audit services.

- (d) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- (e) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- (f) To consider specific reports as agreed with the external auditor.
- (g) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (h) To liaise with the appropriate body over the appointment of the Council's external auditor.
- (i) To commission work from internal and external audit.

### Risk Management

- (j) To make recommendations as appropriate to the Ethics Committee in respect of contract procedure rules, and financial regulations.
- (k) To monitor the effective development and operation of risk management and corporate governance in the Council, including the confidential reporting policy.
- (l) To oversee the production of the Council's Annual Governance Statement and to recommend its adoption by Council.
- (m) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- (n) To consider the Council's compliance with its own and other published standards and controls.

### Accounts

- (o) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies 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.
- (p) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.