

## **AUDIT COMMITTEE**

The purpose of an 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 role is different to that of the Scrutiny function, whose purpose is to review policy and to challenge whether the Executive has made the right decisions to deliver policy goals.

Audit Committees represent best practice for local authorities. This is reflected across other parts of the public and private sectors. Accordingly CIPFA's Code of Practice for Internal Audit in Local Government" recommends an Audit Committee (or equivalent) should exist.

The Audit Committee will also review the Statement of Internal Control (prior to approval by the organisation).

South Derbyshire is a fourth option committee structured authority and has established an audit sub committee of the Finance and Management Committee to meet this role.

### **Director of Corporate Services**

To maintain an Audit Sub Committee

To maintain an effective working relationship between the committee and internal audit.

To ensure there is effective liaison between the committee and external audit.

To ensure that the Internal Audit Manager has the authority to directly access the Audit Sub Committee.

### **Chief Officers**

To ensure that the Audit Sub Committee is provided with any information and explanations that are deemed necessary, when agreed audit recommendations have not been implemented.

### **Guidance**

Best practice is found in CIPFA's Audit Committees Practical Guidance.

Standard 4 in CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom details internal audits relationship with the audit committee.

The Audit Sub Committee's terms of reference confirm the Audit Manager's access to the Chair.