

AUDIT SUB-COMMITTEE- TERMS OF REFERENCE

Statement of Purpose

The purpose of the Audit Sub-Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, and 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.

The Audit Sub-Committee will also oversee the Authority's corporate governance arrangements.

Reporting Framework

The Audit Sub-Committee will make recommendations to the Finance and Management Committee whilst maintaining its independence.

Specific Terms of Reference

1. Audit Activity

External Audit

- (a) To consider any matters arising from the External Auditor's annual letter (after presentation to Council), relevant reports, and the report to those charged with governance (In certain instances these reports may also be reported to the appropriate Policy Committee or Council)
- (b) To consider specific reports as agreed with the External Auditor.
- (c) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (d) To liaise with the Audit Commission on the appointment of the Council's External Auditor.

Internal Audit

- (e) To consider (but not direct) Internal Audit's strategy, operational plan and performance.
- (f) To consider the Audit Manager's annual report and opinion, and a summary of internal audit activity.
- (g) To consider summaries of specific internal audit reports as requested.

- (h) To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.

Overall

- (i) To 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) To confirm the joint-working arrangements between Internal and External audit.
- (k) To commission work from Internal and External audit subject to approval by the Responsible Finance Officer.

2. Regulatory Framework

- (a) To maintain an overview of the Council's Constitution in respect of Financial Regulations and Procedure Rules, Contract Procedure Rules and Codes of Conduct and behaviour.
- (b) To review any issue referred to it by the Chief Executive or Director, or any Council body.
- (c) To monitor the effective development and operation of risk management and corporate governance in the Council.
- (d) To monitor Council policies on 'Raising Concerns at Work' and the anti-fraud and corruption strategy.
- (e) To oversee the production of the Authority's Statement on Internal Control and to recommend its adoption.
- (f) To consider the Council's arrangements for corporate governance and to agree necessary actions to ensure compliance with Best Practice.
- (g) To consider the Council's compliance with its own and other published standards and controls.

3. Accounts

- (a) 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 annual audit that need to be brought to the attention of the Council.
- (b) To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.