



Committee and date

Audit Committee

25 November 2010

10.00 am

Item No

13

Public

ANNUAL REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE

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Summary

Effective audit committees bring many benefits to an organisation. In order to continue to provide an effective Audit Committee, this report identifies minor proposed changes to the Audit Committee's Terms of Reference for consideration and approval as appropriate by members.

Recommendations

Members are asked to:

- A. Consider the current Audit Committee Terms of Reference.
- B. Recommend a revised Terms of Reference to Council for adoption.

Report

1. The Terms of Reference for the Audit Committee were originally agreed by Council on 16 September 2005 and presented to Audit Committee on 23 November 2005. Part of the responsibility of this Committee is to review annually the Terms of Reference to ensure they are current and up to date and make recommendations for changes to Full Council for consideration.
2. Effective audit committees bring many benefits to the Council. They can:
 - Increase public confidence in the objectivity and fairness of financial and other reporting;
 - Reduce the risk of illegal or improper acts;
 - Reinforce the importance and independence of internal and external audit and any other review processes that report to the Committee;

- Provide a sharper focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of financial reporting;
- Assist the co-ordination of sources of assurance and, in so doing, make management more accountable;
- Provide additional assurance through a process of independent and objective review;
- Raise awareness of the need for internal control and the implementation of audit recommendations.

It is therefore important that the Terms of Reference are reviewed to ensure that best practice guidance is incorporated.

3. The revised Terms of Reference in section 3.3, recognise that the Audit Committee may meet with internal or external audit in private as appropriate to the particular issue. This reflects best practice as set out in CIPFA's self assessment checklist on the effectiveness of Audit Committees.
4. The revised Terms of Reference also recognise the Committee's new role in reviewing the Treasury Strategy Reports prior to their presentation at Cabinet and Council. It is a requirement of the CIPFA Treasury Management Code of Practice that these are scrutinised. This committee has been identified as the most appropriate.
5. Other changes are suggested that reflect and clarify present practices and recent changes to the structure. All changes are highlighted in bold and underlined type for ease of identification. A copy of the revised Terms of Reference is attached as **Appendix A**

Financial Implications

6. There are none.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Audit Committee Practical Guidance for Local Authorities CIPFA 2006
TIS Online CIPFA November 2008 Audit Committee

Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

Environmental Appraisal

N/A

Risk Management Appraisal

Inadequate or out of date Audit Committee Terms of Reference may leave it unclear as to the role of the Audit Committee in ensuring that the Council has robust internal control arrangements in place.

Community / Consultations Appraisal

N/A

Cabinet Member

Keith Barrow, Leader of the Council (Brian Williams, Chairman of Audit Committee)

Local Member

N/A

Appendices

Appendix A – Audit Committee Terms of Reference