

Report to Council

Agenda
Item:

19

Meeting Date: 28th April 2015
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: AUDIT COMMITTEE'S ANNUAL REPORT
Report of: Chair of the Audit Committee
Report Number: RD03/15

Purpose / Summary:

This report provides a summary of the work undertaken by the Audit Committee during the period 14th April 2014 to 13th January 2015.

Recommendations:

It is recommended that Council note and approve this annual report.

Tracking

Executive:	Not applicable
Overview and Scrutiny:	Not applicable
Council:	28 th April 2015

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

Audit Committee

Agenda
Item:

A.6

Meeting Date: 13th April 2015
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework: Yes
Public / Private: Public

Title: **AUDIT COMMITTEE'S ANNUAL REPORT**
Report of: Chair of Audit Committee.
Report Number: RD03/15

Purpose / Summary:

This report provides a summary of the work undertaken by the Audit Committee during the period 14th April 2014 to 13th January 2015.

Recommendations:

It is recommended that the Audit Committee note and accept this report for recommendation to Council.

Tracking

Executive:	Not applicable
Overview and Scrutiny:	Not applicable
Council:	28th April 2015

1 **BACKGROUND**

1.1 In accordance with paragraph 3.3 of the Audit Committee's Rules of Governance - attached to this report for Members' information as **Appendix A** - the Chairman of the Audit Committee is required to present an Annual Report on the work of the Audit Committee to the full Council.

1.2 The Members of the Audit Committee for this municipal year are -

Conservative

Mallinson E

Earp

Layden

Bowman C (Substitute)

Geddes (Substitute)

Parsons (Substitute)

Labour

Patrick (Chair)

Atkinson K

Franklin

Bowditch

Dodd (Substitute)

Boaden (Substitute)

Wilson (Substitute)

This Report covers the meetings of the Audit Committee held on.

14th April 2014

10th July 2014

24th September 2014

13th January 2015

2 **AUDIT COMMITTEE'S PROGRAMME OF WORK.**

- 2.1 At the commencement of the year, the Committee agreed a Programme of work for the forthcoming year that outlined the areas to be considered at each meeting.
- 2.2 The Programme for the above period included the following topics that were considered at each of the meetings:

Minutes of the Corporate Resources Overview and Scrutiny Committee – these were submitted to each meeting of the Audit Committee for information and any member comments.

Responses from the Executive/Overview and Scrutiny – these were submitted for consideration and comment.

Audit Services Progress Reports – these provided summaries of the work carried out by Audit Services since the previous meeting of the Committee. A copy of each Final Audit Report was appended to these Progress Reports, together with any relevant information relating to any follow-up reviews that had been undertaken where members' attention needed to be drawn to any outstanding recommendations and the reasons for these.

Annual Governance Statement Action Plan – this regular report appraises members of progress made on the Annual Governance Statement Action Plan.

Risk Management Policy and progress – officers have provided Members of the Committee with information relating to the work of the Corporate Risk Management Group and the updated Corporate Risk Register on a regular basis, for noting and action if necessary.

The programme also included a number of topics that are considered on an annual or an ad-hoc basis -

2.2.1 **MEETING HELD 14TH APRIL 2014.**

- The Minutes of the meeting of the Audit Committee held on 24 January 2014 were agreed as a correct record and signed by the Chairman.
- The Manager (Grant Thornton) presented the Certification Report for 2012/13, which summarised their overall assessment of the Council's management arrangements in respect of the certification process and drew attention to significant

matters in relation to individual claims. An overview of the approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work performed was set out in the Certification Plan issued to the Council in July 2013.

- The Manager (Grant Thornton) reported some key messages in relation to Certification of the claims and associated recommendations. Both the Housing Benefit and Council Tax Benefit and the National Non Domestic Rates claims were submitted to Grant Thornton on time and certified within the required deadlines

A significant number of errors were identified during detailed testing of the Housing Benefit and Council Tax Benefit claim. Those errors had resulted in amendments to the claim and a qualification letter. That represented a significant deterioration in performance when compared with 2011/12.

Supporting working papers for both claims were good, which enabled certification within the deadline.

- In terms of the way forward, Grant Thornton had set out recommendations to address the key messages referred to above and other findings arising from their certification work which were approved. The Audit Committee noted that the issues and concerns regarding the significant number of errors identified during detailed testing of the Housing Benefit and Council Tax Benefit claim would be addressed through the Action Plan
- The Minutes of the meeting of the Resources Overview and Scrutiny Panel held on 20th of February 2014 were submitted and noted.
- The Director (Grant Thornton) presented the 2013/14 Audit Plan for Carlisle City Council. This was noted and received.
- The Manager (Grant Thornton) submitted a paper detailing progress in delivering Grant Thornton's responsibilities as the Council's external auditors. Also included was a summary of emerging national issues and developments which may be of relevance to the authority.
- The Manager (Grant Thornton) reported that, as the Council's appointed external auditor, Grant Thornton undertook grant certification work acting as an agent of the Audit Commission. The only claim which required certification at the City Council for 2013/14 was the Housing Benefit Subsidy claim. The Audit Committee noted the content of the Housing Benefit Subsidy Certification Work Plan.

- The Director (Grant Thornton) presented the Audit fee letter for 2014/15. This was noted and received.
- The Chairman presented report RD.03/14 summarising the work undertaken by the Audit Committee during the period from 15 April 2013 to 24 January 2014.
- The Audit Manager (Carlisle City) reported (RD.02/14) that internal Audit was required, under the mandatory Public Sector Internal Audit Standards (PSIAS) to prepare an annual risk based Audit Plan for approval by the Audit Committee.
- The Audit Manager (Carlisle City) submitted report RD.01/14 summarising the work carried out by Internal Audit and detailing progress made on delivery of the approved 2013/14 Audit Plan.
- The Audit Manager (Carlisle City) reported (RD.05/14) that the Cumbria Shared Internal Audit Service was required to conform to the mandatory Public Sector Internal Audit Standards (PSIAS). Those standards comprised a Definition of Internal Auditing, a Code of Ethics and the Standards by which internal audit work must be conducted. An Audit Charter was one of the key requirements of the PSIAS and failure to approve an Audit Charter may be considered to be a significant deviation from the requirements of the Standards. Committee approved the Internal Audit Charter alongside the 2014/15 Audit Plan.
- The Financial Services and HR Manager submitted report RD.84/13 providing the regular quarterly summary of Treasury Management Transactions for the third quarter of 2013/14. This was noted and received.
- The Director of Governance presented report SD.10/14 providing an update on the Council's risk management arrangements. The Audit Committee had considered and noted the content of Report SD.10/14 as evidence of the continuing commitment to and culture of sound governance arrangements for corporate risk management.
- The Financial Services & HR Manager submitted report RD.04/13 updating Members on the Council's governance arrangements and its systems of internal control in line with CIPFA's Good Governance Framework.

2.2.2 MEETING HELD 10th JULY 2014

- Councillor Ms Patrick was duly appointed as Chairman of the Audit Committee for 2014/15 and it was also moved and seconded that Councillor Mrs Mallinson be appointed Vice-Chairman.
- Councillor Earp was appointed as Chairman of the Audit Committee for this particular meeting.

- Approval of the minutes of the meeting of the Audit Committee held on 14 April 2014 were deferred until the next meeting of the Committee.
- The Manager (Grant Thornton) reported that the final grant certification fee was still to be agreed with the Audit Commission. It was expected to complete the certification work by 30 November 2014 and to issue a grant certification report after that date highlighting any issues that needed to be brought to the Council's attention. The Audit Committee noted the content of the Housing Benefit Subsidy Certification Work Plan.
- The Manager (Grant Thornton) presented a briefing on 'Protecting the Public Purse' with particular regard to Carlisle City Council.
- The Minutes of the meeting of the Resources Overview and Scrutiny Panel held on 3 April 2014 were submitted for information.
- The Financial Services & HR Manager submitted report RD.17/14 providing the City Council's Annual Governance Statement for 2013/14. She informed Members that the Annual Governance Statement (subject to Audit) had been certified by the Council's S151 Officer, Chief Executive and Leader, in accordance with statutory requirements, by 30 June 2014 and would be formally approved following completion of the audit process at the end of September. The Audit Committee noted the content of the 2013/14 Annual Governance Statement, noting that the Statement would accompany the Annual Statement of Accounts.
- The Chief Accountant presented report RD.16/14 enclosing the Council's Statement of Accounts 2013/14 (subject to audit) which had been certified by the S.151 Officer in accordance with statutory requirements by 30 June 2014. They would be subject to audit, which was to be concluded by the statutory deadline of 30 September 2014. He added that the Accounts reflected the summarised financial outturn information recently considered by the Executive and Resources Overview and Scrutiny Panel.
- It was noted that the 2013/14 Statement of Accounts, which had been certified as giving a true and fair view by the Director of Resources, and would now be subject to audit. Also noted that the Annual Governance Statement would be considered and approved separately from the Statement of Accounts as specified in the Accounts and Audit Regulations 2011.
- The Chief Accountant presented the following reports for information:-
- Provisional General Fund Revenue Outturn 2013/14

-Provisional Capital Outturn 2013/14 and Revised Capital Programme 2014/15.

- The Chief Accountant submitted the Annual Report on Treasury Management (RD.10/14). He informed Members that the report was required under both the Financial Procedure Rules and CIFPA Code of Practice on Treasury Management. The regular report on Treasury Transactions for the period 1 January 2014 - 31 March 2014 was also submitted. This was noted and received.
- The Chief Accountant submitted report RD.06/14 concerning Treasury Management Counterparties. The Audit Committee noted the content of Report RD.06/14, and that the investment proposals referred to would be monitored by the Committee and the Resources Overview and Scrutiny Panel.
- The Audit Manager (Carlisle City) submitted report RD.15/14 summarising the work carried out by Internal Audit and detailing progress made on delivery of the approved Audit Plan during the first quarter of 2014/15. The Committee was pleased to note the position of the follow up of previous audit recommendations and, in particular, that none of the recommendations were recorded as overdue. The report was noted.
- The Audit Manager (Carlisle City) submitted report RD.14/14, the purpose of which was to give her opinion as the Audit Manager for Carlisle City Council on the adequacy and effectiveness of the Council's systems of risk management, governance and internal control from the work undertaken by Internal Audit for the year ended 31 March 2014. She expressly noted that areas of concern highlighted during previous reviews had been or are being corporately addressed for inclusion in future audit reviews. The Audit Manager then outlined the programme of service development projects undertaken by the Shared Internal Audit Service during 2013/14 to deliver the actions identified through the Grant Thornton review of Internal Audit, the requirements of the Public Sector Internal Audit Standards and other service improvements identified through internal and external consultation with staff and clients.
- Subject to the observations expressed above, the Audit Committee noted:

-The progress achieved in 2013/14 in delivering the Audit Plan and the outcomes of completed audit reviews set out in Appendix 1.

-The Audit Manager's opinion of reasonable assurance on the Council's overall systems of governance, risk management and internal control for the year ended 31 March 2014.

- The Audit Manager's declaration of conformance with the mandatory PSIAS.
- The Audit Manager's declaration of Internal Audit independence as required by the PSIAS.
- The Audit Manager (Carlisle City) reported (RD.13/14) that, under the Accounts and Audit Regulations 2011, the Council was required 'to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. Proper practices were now those documented within the Public Sector Internal Audit Standards (PSIAS) and associated Local Government Application Note (LGAN).

In summary, the Audit Manager reported that a comprehensive self-assessment against the PSIAS and LGAN checklist had been undertaken with supporting details. She concluded that the work of Internal Audit had been delivered in conformance with the required standards with a small number of areas for further development and with the exception of a small number of minor areas for development; Cumbria Shared Internal Audit Service was in conformance with the Public Sector Internal Audit Standards and was adequate and effective to deliver the annual opinion of the Head of Internal Audit.

2.2.3 MEETING HELD ON 24th SEPTEMBER 2014

- Subject to the correction regarding additions to the coverage of Members Risk Management Training highlighted by the Chairman, the Minutes of the meetings of the Audit Committee held on 14 April and 10 July 2014 were agreed as a correct record and signed by the Chairman.
- The Audit Committee noted the paper prepared by the Director of Resources outlining progress to date on the Housing Benefit Certification Action Plan and was appreciative of the work undertaken; and would receive an update at their next meeting. The Committee further noted that the Resources Overview and Scrutiny Panel would scrutinise and monitor the matter.
- The Minutes of the meetings of the Resources Overview and Scrutiny Panel held on 26 June and 7 August 2014 were noted and received.
- The Director (Grant Thornton) presented a report highlighting the key matters arising from Grant Thornton's audit of the Council's financial statements for the year ended 31 March 2014. The report was also used to present their audit findings to management and the Audit Committee in accordance with the requirements of International Standard on Auditing 260 (ISA). It was further

her intention to issue an unqualified Value for Money conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. The Audit Committee received and noted the very positive Audit Findings Report for the year ended 31 March 2014.

- The Chief Accountant submitted report RD.29/14 attaching a Letter of Representation for 2013/14.
- The Chief Accountant submitted report RD.28/14 concerning the Council's Statement of Accounts 2013/14. The Audit Committee approved the 2013/14 Statement of Accounts subject to correction of the amendments detailed; noting that also included the Annual Governance Statement.
- The Audit Manager (Carlisle City) submitted report RD.30/14 summarising the work carried out by Internal Audit and detailing progress made on delivery of the approved 2014/15 Audit Plan. Report RD.30/14 was received and progress made against the agreed 2014/15 Audit Plan noted with the following points:-
 - The revised arrangements in place to monitor internal audit performance and the current reported position was noted.
 - The position on the follow up of previous audit recommendations was noted.
 - The changes to audit reporting arrangements through the introduction of the revised audit report format was noted; and that where possible Directors and Managers set realistic and achievable timescales for the implementation of audit recommendations.
- The Chief Accountant submitted report RD.22/14 providing the regular quarterly summary of Treasury Management transactions for the first quarter of 2014/15, including the requirements of the Prudential Code. The Audit Committee noted Report RD.22/14 and the positive progress in terms of the LAMIT Property Fund.
- The Deputy Chief Executive presented report SD.19/14 providing an update on the Council's risk management arrangements. Members were informed that the Corporate Risk Register continued to be reviewed quarterly in line with the Council's Risk Management Policy by the Corporate Risk Management Group and Senior Management Team (SMT). The risks considered to be the significant in achieving the City Council's objectives for 2014/15 were considered to be:
 - Asset Business Plan – Asset Disposal Strategy
 - Asset Business Plan – Asset Acquisition Strategy

- Delivering the Carlisle Plan
- Council's Income Targets.

The Audit Committee considered and noted the content of Report SD.19/14 as evidence of the continuing commitment to and culture of sound governance arrangements for corporate risk management.

2.2.4 MEETING HELD ON 13TH JANUARY 2015

- The minutes of the meeting of the Audit Committee held on 24 September 2014 were agreed as a correct record and signed by the Chairman.
- The Minutes of the meetings of the Resources Overview and Scrutiny Panel held on 18 September, 30 October, 27 November and 2 December 2014 were submitted for information and noted
- The Director (Grant Thornton) presented, for information, the Annual Audit Letter for the City Council, the purpose of which was to summarise the key findings from the work carried out for the year ended the 31st March 2014, namely auditing the 2013/14 Accounts and Whole of Government Accounts submission; assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources; and certification of grant claims and returns.
- The Audit Manager (Grant Thornton) presented a paper detailing progress in delivering Grant Thornton's responsibilities as the Council's external auditors. Also included was a summary of emerging national issues and developments of relevance to the authority; together with a number of challenge questions in respect of those emerging issues. The Audit Committee was pleased to receive what was a very positive Annual Audit Letter for 2013/14.
- The Manager (Grant Thornton) presented the Protecting the Public Purse Fraud Briefing 2014 which had been produced by the Audit Commission.
- The Financial Services and HR Manager submitted report RD.43/14 providing information on the 2014/15 Final Accounts process. She explained that there were no significant changes in the 2014 Code of Practice on Local Authority Accounting. It was, however, beginning to look more likely that from 2016/17 the deadline for completion of the accounts was going to be brought forward by at least one month. Efforts were therefore going to be made as part of the closedown in 2014/15 to try and complete the accounts to an earlier timetable. The Audit Committee noted the content of Report RD.43/14 and had

considered the accounting policies to be used in the preparation of the 2014/15 Accounts.

- The Financial Services and HR Manager submitted report RD.49/14 updating Members on the Council's governance arrangements and its systems of internal control in line with CIPFA's Good Governance Framework. Updates were provided as to the current position of previous identified issues. Further work was to be progressed by relevant Service Managers and forwarded to future committee. The Code of Corporate Governance Action Plan and the current position relation to the identified issues were noted.
- The Director of Resources submitted report RD.53/14 providing Members with an update on progress against the Housing Benefit and Council Tax Benefit Certification Action Plan. Discussions ensued around the performance and future of the Shared Service. The Audit Committee noted Report RD.53/14 and progress made against the Housing Benefit Certification Action Plan.
- The Financial Services and HR Manager submitted report RD.50/14 providing details of the Council's response to emerging national issues and developments relevant to local government as presented to Members of the Audit Committee over the previous twelve months by the Council's external auditors (Grant Thornton). The Audit Committee noted the response to the issues which had been identified (as set out in Report RD.50/14), together with the actions taken to date and timescales to address any outstanding issues.
- The Financial Services and HR Manager submitted report RD.51/14 setting out details of proposed changes to the authority's Financial Procedure Rules in respect of payments made through the Creditors system. The Audit Committee approved the proposed changes to the authority's Financial Procedure Rules in respect of payments made through the Creditors system for recommendation to Council on 3 March 2015.
- The Audit Manager (Carlisle City) submitted report RD.48/14 summarising the work carried out by Internal Audit and detailing progress made on delivery of the approved 2014/15 Audit Plan.
- The Financial Services and HR Manager submitted report RD.42/14 setting out the Council's Treasury Management Strategy Statement for 2015/16 in accordance with the CIPFA Code of Practice on Treasury Management. She informed Members that the Investment Strategy and the Minimum Revenue Provision Strategy for 2015/16 were incorporated as part of the Statement, as

were the Prudential Indicators as required within the Prudential Code for Capital Finance in Local Authorities. The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2015/16 were noted.

- The Financial Services and HR Manager submitted report RD.36/14 providing the regular quarterly report on Treasury Transactions, together with an interim report on Treasury Management as required under the Financial Procedure Rules. The report also discussed the City Council's Treasury Management estimates for 2015/16 with projections to 2019/20, and set out information regarding the requirements of the Prudential Code on local authority capital finance.
- The Audit Manager (Carlisle City) submitted Report RD.52/14 appraising Members of the outcome of an internal investigation. Members were asked to note the outcome of the investigation and the detailed Action Plan.

3 CONSULTATION

None

4 CONCLUSION AND REASONS FOR RECOMMENDATION.

- 4.1 The existence of the Audit Committee and its work programme enable the Council to demonstrate that it is following the recommended best practice in respect of the CIPFA Practical Guidance for Audit Committees in Local Authorities. The Committee has strengthened the Council's internal control process through its ability to ensure that systems and controls are robust, that challenges are raised as appropriate, and that adequate follow-up procedures are in operation in relation to Audit recommendations. This has been noted and commented on by the External Auditor's Audit Manager.
- 4.2 It is recommended that the Audit Committee note and accept this report.

5 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES.

- 5.1 To ensure that good governance arrangements are in place to underpin the delivery of Carlisle City's Priorities.

Contact Officer: Gill Martin Ext: 7294
Audit Manager
Shared Internal Audit Service

**Appendix A – Rules
of Governance
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Economic Development – not applicable

Governance – not applicable

Local Environment – not applicable

Resources – not applicable

Appendix A

AUDIT COMMITTEE

RULES OF GOVERNANCE

1. STATEMENT OF PURPOSE

- 1.1 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.

2. TERMS OF REFERENCE

2.1 Audit Activity

To consider the Audit Services Manager's 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.

To consider summaries of specific internal audit reports as requested.

To consider reports dealing with the management and performance of the providers of internal audit services.

To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

To consider specific reports as agreed with the external auditor.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To liaise with the Audit Commission over the appointment of the Council's external auditor.

To commission work from internal and external audit.

2.2 Regulatory Framework

To maintain an overview of the Council's Constitution in respect of Contract Procedure Rules, Financial Regulations and financial Codes of Conduct and Behaviour.

To review any issue referred to it by the Town Clerk and Chief Executive or a Director, or any Council body.

To monitor the effective development and operation of risk management and corporate governance in the Council.

To monitor Council policies on “Raising Concerns at Work” and the anti-fraud and anti-corruption strategy and the Council’s complaints process.

To oversee the production of and approve the authority’s Annual Governance Statement.

To consider the Council’s arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

To consider the Council’s compliance with its own and other published standards and controls.

2.3 Accounts

To approve the Annual Statement of Accounts, income and expenditure and balance sheet. 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.

To consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts.

3. ACCOUNTABILITY

- 3.1 The Audit Committee will be a stand alone Committee of the Council. All Audit Committee members will act in the interests of the Council and not on behalf of any political party, constituency, ward, or interest group.
- 3.2 The Chairman of the Audit Committee will be appointed by the Committee. The Chairman and the Committee will ensure that relevant issues are promptly brought to the attention of the Executive, Overview and Scrutiny Panels and Regulatory Committees or the full Council.
- 3.3 The Chairman of the Audit Committee will present an Annual Report on the work of the Audit Committee to the full Council.

4. AUTHORITY AND ACCESS

- 4.1 The Audit Committee has a right to request relevant information from appropriate or relevant Members and Officers of the Council.
- 4.2 The Audit Committee will not be able to transact the powers, functions and duties reserved to the full Council, the Executive, Overview and Scrutiny Panels and other Regulatory Committees.
- 4.3 The Audit Committee will have access to in-house financial, legal and any other professional advice necessary to carry out its functions.
- 4.4 The Chairman of the Audit Committee and the external and internal auditor will meet as necessary and the Council’s Audit Services Manager will provide necessary services and support and assistance to the Audit Committee.

- 4.5 Any Member, Officer or member of the public who has any concern covered by the Terms of Reference of the Audit Committee may raise the matter with the Chairman of the Committee who will obtain, if necessary, relevant advice from the Council's Monitoring Officer or the Section 151 Finance Officer before taking any action with regard to the same.

5. MEMBERSHIP

- 5.1 Audit Committee members will be appointed by the Council and consist of 7 members in accordance with the rules governing political balance. No member of the Executive and no chair of the Overview and Scrutiny Panels will be eligible to be a member of the Audit Committee.
- 5.2 The Audit Committee will be provided with administrative support by the Governance Directorate and reports/decisions of the Audit Committee will be recorded and published on CMIS in the usual way. The Resources Directorate will provide technical support to the Committee when required. As the decisions of the Audit Committee will not be of an executive nature, the decisions will not be the subject of a request for call-in. If any Member is concerned about any decision of the Audit Committee, s/he should raise the matter with the Chairman of the Audit Committee, the Monitoring Officer, the Section 151 Finance Officer and/or ask an oral question of the Chairman of the Audit Committee at the Council meeting in accordance with the relevant Council Procedure Rules.

6. ATTENDANCE

- 6.1 The Audit Committee shall meet on a regular basis as provided for in paragraph 7 below. Officers and others may attend all or part of the meeting at the invitation of the Committee. Attendees may include:
- The Leader or Deputy Leader
 - The Portfolio Holder for Finance
 - Town Clerk and Chief Executive
 - Director of Resources (Section 151 Finance Officer)
 - Director of Governance (Monitoring Officer)
 - Financial Services and Human Resources Manager.
 - Audit Services Manager.
 - Other Directors and Managers, as required
- 6.2 Subject to the relevant meeting complying with the Access to Information paragraphs for the exclusion of members of the public, the Audit Committee will at least annually meet :
- (i) in private, with the external and internal auditors together; and/or
 - (ii) in private, with the external auditor.

7. MEETINGS

- 7.1 The Audit Committee will meet at least four times a year in accordance with the schedule of meetings agreed by the Council. The External Auditor or the Audit Services Manager may request a meeting if they consider it necessary and other special meetings may be called in accordance with the Council's Procedure Rules.
- 7.2 The members of the Audit Committee will commit to receiving appropriate training and development necessary to fulfil their roles.

8. QUORUM

- 8.1 The quorum for any meeting will be one quarter of the elected members of the Committee, subject to there being not less than two elected members present at any time.

9. WORK PROFILE OF THE AUDIT COMMITTEE

- 9.1 In furtherance of the Terms of Reference and not otherwise, the Audit Committee is likely to receive and advise upon the following areas of work :
- Whether there is an appropriate culture of risk management and related control throughout the Council;
 - the Annual Governance Statement;
 - the annual Statement of Accounts, including changes in and compliance with accounting policies and practices, major judgemental areas and significant adjustments resulting from the audit;
 - significant changes required to Financial Procedure Rules and the Contracts Procedure Rules.
 - the framework and processes for risk assessment, analysis and management within the Council;
 - the effective co-ordination between internal and external audit;
 - the budget needed to resource effective internal and external audit and other responsibilities of the Audit Committee; and
 - generally, on how the Audit Committee could add value to the work and operation of the Council.
- 9.2 External Audit and Inspection Agencies
- To note the fees and terms of engagement of the external auditor.
 - To review the planned programme of work with the external auditor.
 - To consider the annual statutory audit and to advise the Executive on any response to any audit management letters, reports and investigations, including Value for Money studies and other inspection reports.

- To review whether agreed external or internal audit or inspection recommendations have been implemented by the Executive as timetabled.
- To discuss with the external auditor any problems, reservations or issues arising from the interim or final audit or other investigations.
- To review the external auditor's independence and objectivity and annually appraise the Executive on the effectiveness and value for money of the external audit service.

9.3 Corporate Governance Framework

- To review and advise the Executive on the embedding and maintenance of an effective system of corporate governance including internal control and risk management.
- To give an assurance to the Council that there is a sufficient and systematic review of the corporate governance, internal control and risk management arrangements within the Council.
- To review the Annual Governance Statement and make appropriate recommendations to the Council, the Executive, the Overview and Scrutiny Panels and Regulatory Committees.
- To ensure that any significant weaknesses identified are remedied.
- To commission, if necessary, any relevant investigations into matters of particular concern relating to internal control.
- To ensure that the impact of any alleged or fraudulent activity on the Council's framework of internal control is reviewed and, where necessary, to recommend changes to strengthen the control framework.
- To receive reports relating to those aspects of whistle blowing or alleged or actual fraudulent activity which relate to the Terms of Reference of the Audit Committee.

9.4 Internal Audit

To review and make recommendations to the Executive regarding :

- The effectiveness of internal audit;
- the internal audit function to ensure it is adequately resourced;
- the internal audit strategy, annual plan and to monitor delivery of the plan;
- any internal audit protocols and policies;
- significant audit findings, together with the response from managers to these reports;
- any difficulties encountered by internal audit including any restrictions on the scope of activities or access to required information;

- agreed internal audit recommendations to ensure they are implemented by management as timetabled; and
- the annual report from the Audit Services Manager.

9.5 Other

To consider and make recommendations to the Executive on:

- the selection and terms of appointment of other appropriate advisors and consultants;
- governance issues relating to the operation of the Audit Committee, and
- the proportionality, independence, and appropriateness of any of the Council's policies relating to any audit or governance matters;
- such other matters of an audit, financial or governance nature as fall within the terms of reference of the Committee or as may be referred by the Council.