

CARLISLE CITY COUNCIL

Report to:- Carlisle City Council

Date of Meeting:- 26 April 2011

Agenda Item No:-

Public

Title:- **AUDIT COMMITTEE'S ANNUAL REPORT**

Report of:- The Chairman of the Audit Committee

Report reference:- RD10/11

Summary:-

This report provides a summary of the work undertaken by the Audit Committee during the period 9th April 2010 to 14th January 2011.

Recommendation:-

The Council is requested to note and accept this report

Contact Officer:

Gill Martin,
Interim Audit Services Manager

Ext: 7294

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

1.

CARLISLE CITY COUNCIL

To: Carlisle City Council

Report Reference

RD10/11

26th April 2011

AUDIT COMMITTEE'S ANNUAL REPORT 2010/11

1 **Background Information**

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

Layden (Vice Chairman)

Lishman

Mallinson E (Chairman)

Bowman S (Substitute)

Craig (Substitute)

Parsons (Substitute)

Labour

Bowditch

Hendry

Patrick

Boaden (Substitute)

Riddle (Substitute)

Wilson (Substitute)

Lib Dem and Independent

Farmer N
Tootle (Substitute)

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

9th April 2010
22nd June 2010
24th September 2010
30th November 2010
14th January 2011.

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 or latterly the Resources Overview and Scrutiny Panel – 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 on 9th April 2010. At this meeting, the Committee considered: -

- The Annual Audit Letter dated December 2009 which was presented by the District Auditor, the purpose of which was to summarise the findings from the 2008/09 audit. The District Auditor reported that an unqualified opinion on the Council's Accounts has been issued on 29 September 2009. Further improvements to the Council's accounts preparation procedures for 2009/10 had been agreed. A number of weaknesses in the Council's IT Security Policy had been identified and progress against the agreed Action Plan had been reported to Committee in December 2009. Furthermore an unqualified Value for Money conclusion had been given. Regarding the outcome of the Use of Resources Assessment it was noted that the risk management and governance arrangements needed to be strengthened.
- The Use of Resources report 2008/09 was presented by the Audit Manager (Audit Commission). This summarised the Audit Commission's key findings from their assessment. The Council scored Level 2 (performing adequately) throughout the assessment. Findings and headline messages from the assessment process were raised along with the concern relating to continuing slippage associated with the Capital Programme. Other matters were then raised concerning the framework for ethical governance and how this can be effectively embedded into the organisation. In all, Members thought this a very balanced and fair report.
- The Financial Services Manager provided information on the 2009/10 final accounts process. Members were reminded of the requirements of the Accounts and Audit Regulations 2003 and the impact of the amendment to these Regulations in 2009. She also provided outline details of the final accounts process and the monitoring arrangements in place to support this. It was agreed that to facilitate Members' understanding of the Accounts, a training session would be provided at the June 2010 meeting.

- An update on the transition to International Financial Reporting Standards (IFRS) was considered. The Head of Financial Services updated Members on the work carried out on the transition to IFRS of the financial statements. It was noted that 2010/11 would be the first year that the Statement of Accounts were to be IFRS compliant and this involved the reinstatement of the 2009/10 accounts for comparative purposes and the opening balance sheet as at 1 April 2009. Members appreciated the complexity of the matter and expressed their thanks accordingly.
- A report from the Head of Financial Services on the annual review of the Financial Procedure Rules (FPRs) was considered. Under the Audit Committee's Rules of Governance, members of the Committee are responsible for maintaining an overview of the Council's Constitution in respect of FPRs. It was noted that the City Council, at the meeting on 10 November 2009, authorised the Assistant Director (Governance) to make all necessary changes to the Constitution to reflect the new management structure in place. This included the necessary changes to the FPRs. The Head of Financial Services provided details on the other proposed changes to be made. The Committee resolved that the proposed changes to FPRs be approved for recommendation to the City Council in March 2010.
- The Interim Audit Manager presented his audit progress report on the ICT Security Policy. The Audit Committee had, on 25 September 2009, requested a report back to outline the current position on this audit review. In conclusion, the Interim Audit Manager indicated his contentment with the progress made. It was agreed that further progress on this matter should be reported annually.
- A report on the future of Internal Audit Services was presented by the Assistant Director (Resources). This outlined the proposed benefits of entering into an audit shared service arrangement with the County Council. A summary of the delivery options was considered, the proposed principles of the shared service model, efficiencies to be achieved and the timescales for implementation. The Business Case and Internal Audit Staff observations on the proposal were provided as an addendum to the report prior to the meeting. Members asked a range of questions and provided comments on the proposal, which would be considered by the Executive on 15 February 2010. It was resolved that the report be noted and that, further to their deliberations

on the future of Internal Audit Services, it would make recommendations to the Executive on audit planning, TUPE arrangements and the identification of timescales for implementation.

- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2010/11 were considered. The Committee resolved to draw the Executive's attention to the Revised CIPFA Code of Practice on Treasury Management and recommend that the City Council nominate the Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Strategy and policies.

2.2.2 Meeting on 22nd June 2010. At this first meeting of the new municipal year , nominations were received and the Chairman and Vice- Chairman of the Audit Committee were appointed. At the Committee consideration was given to:

- The Audit Opinion Plan 2009/10 presented by the District Auditor which outlined the setting out of work the audit Commission proposed to undertake on the financial statement 2009/10.
- The District Auditor also submitted a letter which confirmed the audit work which the Audit Commission proposed to undertaken during 2010/11. She provided Members with details of the Governments move to abolish Comprehensive area Assessments and the impact this had on the audit fee. Due to this change, she explained that the letter detailing the Annual Audit and Inspection Fees for 2010/11 had to be withdrawn and an amended letter would be submitted in due course.
- The Treasury and Insurance Manager submitted the Annual Report on Treasury Management (RD.13/10) and also the regular report on Treasury Transactions for the period 01/01/10 – 31/3/10. He drew attention to Members to Recommendation 2 in the report whereby Council would be requested to approve an amendment to the Investment Strategy to raise the counterparty limit with Lloyds/TBS Group and the RSB Group from £4m to £6m. The Chairman informed the meeting of the Treasury and Insurance Manager's imminent retirement.
- The 2009/10 Statement of Accounts including the Annual Governance Statement (amended and subject to Audit) were considered and

recommended for Council. These had been prepared in line with the changes arising from the 2009 Statement of Recommended Practice regarding accounting for Council Tax and NNDR and the treatment of debtors in the balance sheet, the requirement to disclose certain information in the notes to the accounts, and the requirement for detailed Senior Officers remuneration details.

- Other reports presented and noted were the Provisional General Fund Revenue Outturn 2009/10 (RD.09/10) and the Provisional Capital Outturn 2009/10 and Revised Capital Programme 2010/11 (RD.10/10).
- The Interim Audit Manager also presented the Audit Services Outturn Report 2009/10 and Review of the Effectiveness of Audit Services. (RD.20/10) which summarised the work carried out by Audit Services during the period 1/4/09 – 31/3/10. Details of achievement against the Audit Plan, monitoring progress to date of actions agreed in the Audit of ICT Security Policy which was assigned a 'restrictive' level of assurance was also discussed.
- The Financial Services Manager submitted the Annual Governance Statement Action Plan (RD.17/10) which would be monitored and the findings reported to Members at each future meeting of the Audit Committee.

2.2.3 Meeting on 24th September 2010.

- The District Auditor presented the Annual Governance Report drawing attention to the key issues and explaining that an audit closure certificate could not be issued as she was still considering a formal objection to the Council's Accounts, however the audit was substantially complete and a certificate issued once the outstanding issues were resolved. She also informed Members that the financial statements approved by Council in June 2010 had been produced to a good standard, were supported by good working papers and did not include any material errors. The Committee was pleased to note the intention of the District Auditor to issue an unqualified opinion on the financial statements and unqualified conclusion with regard to Value for Money.
- The District Auditor provided a verbal update on the proposed abolition of the Audit Commission. The City Council would receive guidance on how to obtain a new Auditor thus negating the possibility of being left without an Auditor.

She added that the Communities and Local Government (CLG) was keen for the Audit Manager, colleagues and herself to move their work to the private sector. In future the scale fee regime would be set by the CLG and the District Auditor would have no discretion or control in that regard.

- The Assistant Director (Governance) submitted a joint report with the Assistant Director (Resources) (RD.39/10) concerning the Council's Contract Procedure Rules which are reviewed on an annual basis in order to reflect changes in legislation, Government and Council Policy, changes in the Councils financial practices and structural organisation etc. In conclusion he commented that the proposed revisions to the Contract Procedure Rules would make procurement more efficient and cost effective and also lead to best competition between providers of services.
- The Financial Services Manager submitted the Treasury Transactions 2010/11 – Quarter 1 report (RD.34/10). She added that the Transactions continued to be closely monitored in the light of current economic conditions.
- A copy of the Deputy Chief Executives Report on Corporate Risk Management (CE.28/10) was submitted and presented by the Assistant Director (Governance). He reported that following the restructure of the Senior Management Team (SMT), and the introduction of new corporate priorities, a workshop was held to renew the Corporate Risk Register which included a risk management advisor from Marsh Ltd to provide expert advice.
- The Policy and Performance Manager submitted a progress report in response to the attributed actions identified as the responsibility of Policy and Performance in the 2008/19 ICT Audit Report.
- The Interim Audit Manager submitted a Fraud Investigation report (RD.38/10) appraising Members of the results of an audit investigation relating to irregularities over the employment of a member of staff in 2007.

2.2.4 Meeting on 30th November 2010.

- Reference from the Executive. Minute Excerpt EX.162/10 on comments made regarding the final report of the Use of Consultants Task and Finish Group. They raised concerns that valid recommendations from Internal Audit Reports were not being implemented due to certain reports not being presented to any

body of the Council. To resolve this, they recommended that the Audit Committee assess the Audit Plan annually to ensure that all Internal Audit Exercises were completed as appropriate and all resulting reports formally presented to the appropriate body.

- The Interim Audit Manager submitted the ICT Security Policy Audit Progress Report (RD.59/10) summarising actions taken to address recommendations previously reported as outstanding to the Audit Committee in respect of the ICT Security Policy. He reported that following the audit in 2009 there were 11 recommendations outstanding. After discussions with the Shared ICT Services Manager 4 had been actioned and resolved through work with Allerdale, 2 had been satisfied by policies and 5 were covered by performance management.

It was agreed that the Shared ICT Services Manager would meet with the Interim Audit Manager (Allerdale) and Audit Manager (Carlisle) to discuss the requirements of Carlisle regarding auditing the IT Services.

- The Financial Services Manager submitted the Treasury Management July – September 2010 and Forecasts for 2011/12 to 2015/16. She informed Members that the main feature of treasury management this year had been the low level of official interest rates which had necessarily impacted upon authorities' investment returns. It was agreed that the details of all interest repaid would be included within the next quarterly report.
- The Deputy Chief Executive submitted the Corporate Risk Management Update Report (CE.35/10). A Member noted that there was a risk that the Council would fail to deliver on its role as strategic housing authority in achieving a balanced housing market and questioned whether the target date of March 2012 was likely to be met. In response he replied that Assistant Directors (Economic Development) and (Community Engagement) were working together on a new Housing Action Plan which would be reported in due course. The Chair requested that an update on work around Shared Services and the implications of the Comprehensive Spending Review be submitted to the April 2011 Committee so the Members could monitor outcomes.
- The District Auditor reported that it was the Audit Commissions intention to run a competitive tender process for the procurement of Audit Services in Cumbria. Following that process it was expected that the Councils appointed

auditor would change from the audit of the 2011/12 accounts. The Commission had now completed the tender process and at a meeting on 4th November 2010 the Board had decided not to proceed with the awarding of contracts. In light of that decision, she would continue as the Council's appointed auditor for the audit of the 2011/12 accounts.

- The District Auditor presented the Annual Audit Letter for the City Council, the purpose of which was to summarise the findings from the 2009/10 audit. The report included messages arising from the audit of the Council's financial statements, and the results of the work undertaken in assessing arrangements to achieve value for money in the Council's Use of Resources. The Committee noted the Council's strong performance in its use of natural resources. It was reported that as a result of the work undertaken regarding the National Fraud Initiative data matches. The Council had identified savings in benefits of approximately £52,000 and £40,000 from Single Person Council Tax discounts.
- The Interim Audit Manager appraised Members of the final outcome of an audit investigation relating to irregularities over the employment of a member of staff in 2007.

2.2.5 Meeting on 14th January 2011. At this meeting, the Committee considered –

- The Financial Services Manager submitted the Annual Governance Statement Action Plan (RD.68/10) updating the Committee on its progress. The assistant Director (Community Engagement) outlined in more detail the different approaches taken by the Harraby and Longtown Community Empowerment Pilots in developing the concept of empowerment.
- The District Auditor provided a verbal update on the future of the Audit Commission.
- The District Auditor presented the Audit Opinion Plan for the 2010/11 audit setting out the audit work the Audit Commission proposed to undertake for the audit of financial statements and the value for money conclusion for 2010/11. The fee for the 2010/11 audit was £123,075 as indicated in the letter of 27 April 2010. This is an increase in the scale fees of 6% to reflect the additional work required by the introduction of the International Financial Reporting Standards (IFRS). The Commission had, however recognised the financial

pressures faced by audited bodies had refunded those transitional costs, resulting in the Council receiving a refund of £7,031 in April 2010. The fees for 2011/12 would be agreed by the end February 2011.

- The Financial Services Manager submitted a report on the 2010/11 Final Accounts Process. She reminded Members that under the Accounts and Audit Regulations 2003, the City Councils Statement of Accounts for 2010/11 were required to be submitted to full Council for approval by 30th June 2011. The 2010/11 Accounts would be the first set of accounts prepared under the IFRS and represented a significant change in the way they had been prepared and presented. She reported that the previous Statement of Recommended Practice (SORP) had introduced significant changes to the way authorities prepared their accounts, details of which were provided. A Training session to aid Members understanding is to be arranged for June 2011.
- The Financial Services Manager submitted the Draft Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2011/12. (RD.60/10). She informed Members that the Investment Strategy and the Minimum Revenue Provision Strategy for 2011/12 were incorporated as part of the Statement, as were the Prudential Indicators as required within the Prudential Code for Capital Finance in Local Authorities. She further reported that the Executive would on 19th January 2011, be asked to approve for recommendation to Council on 1st Feb 2011, an increase to the Counterparty limit for Lloyds Group Banks and RBS Group Banks to £8 million.

3 Training Session

3.1 On the 16th June 2010, two presentations were received by members of the Audit Committee for awareness/training purposes. The first presentation and questions and answer session was made by the Assistant Director (Governance) providing an update on the role of the Audit Committee. The second presentation was made by the Chief Accountant on the Statement of Accounts.

4 Conclusion

- 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 Audit Commission's Audit Manager.

5 **Recommendation**

5.1 It is recommended that the Audit Committee note and accept this report.

6 **Implications**

- Staffing/Resources – none
- Financial – included in the report
- Legal – included in the report
- Corporate – included in the report
- Risk Management – included in the report
- Equality and Disability – n/a
- Environmental – n/a
- Crime and Disorder – n/a
- Impact on Customers – n/a

7 **Impact Assessments**

7.1 Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or
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		negative?
Does the policy/service impact on the following?		
Age	NO	
Disability	NO	
Race	NO	
Gender/ Transgender	NO	
Sexual Orientation	NO	
Religion or belief	NO	
Human Rights	NO	
Health inequalities	NO	
Rurality	NO	

Cllr. E. Mallinson
 Chairman of the Audit Committee
 April 2011

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 Head of Internal Audit'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 the authority's Statement on Internal Control and to recommend its adoption.

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 review the Annual Statement of Accounts and to make recommendations to Council in respect of the approval of the 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.

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 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 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 Head of Audit Services 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 Committees 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 Resource Directorate will provide technical support where 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 will usually include:
- The Leader or Deputy Leader
 - The Portfolio Holder for Finance
 - Town Clerk and Chief Executive
 - Assistant Director (Resources) - (Section 151 Finance Officer)
 - Assistant Director (Governance) (Monitoring Officer)
 - Head of Audit Services
 - 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 Head of Audit Services may request a meeting if they consider it necessary and other special meetings may be called in accordance with the Council's Procedure Rules. Appendix A contains an outline Audit Committee timetable.
- 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 Statement on Internal Control (SIC);
- 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 Statement on Internal Control and make appropriate recommendations to the Council, the Executive, the Overview and Scrutiny 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 Head of Audit Services.

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.