

Report to Audit Committee

Subject: Terms of Reference – Annual Review

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1. Purpose of the Report

To undertake an annual review of the Terms of Reference of the Audit Committee and where appropriate update these to reflect the work being undertaken by the Committee.

2. Background

The Audit Committee met for the first time in February 2005. The original Committee Terms of Reference were approved by the Personnel and Resources Committee and full Council in December 2004.

The initial Terms of Reference have been subject to review and update on several occasions to reflect regulatory and organisational changes. In November 2005 CIPFA published a guide outlining suggested Terms of Reference for Local Authority Audit Committee's. These were not considered prescriptive or comprehensive for the Authority's requirements and were revised to ensure appropriateness for Gedling Borough Council. These differ slightly from the guidance and the changes reflect the working practices and delegation arrangements of this authority.

The current Terms of Reference are provided in **Appendix A**.

4. Recommendation

It is recommended that members consider the appropriateness of the current Terms of Reference.

CURRENT TERMS OF REFERENCE

AUDIT COMMITTEE

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 internal audit reports.
- 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 commission work from internal and external audit.

Risk Management

- Receiving quarterly reports with respect to the effectiveness of Risk Management procedures.
- Achievement of Business Continuity Plans.
- Notification of internal audit recommendations in respect of Risk Management procedures.

Regulatory Framework

- To maintain an overview of the council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- To monitor the effective development and operation of risk management and corporate governance in the council.
- To monitor council policies on "Whistleblowing" and the anti-fraud and anti-corruption strategy and the council's complaints process.
- To review the Assurance Statement of the Chief Internal Auditor (Service Manager - Audit & Asset Management), in support of 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.

Accounts

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

Key Task	Responsibility	Source Of Assurance	Schedule
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.	Annual Internal Audit report.	Annually (June)
	To consider summaries of Internal Audit reports.	All audit reports issued in full.	Quarterly
	To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.	Follow-up report of previous audit recommendations.	Quarterly
	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.	Code of Audit Practice. Statement of Responsibilities. Annual Audit Letter.	Annually – as published
	To consider specific reports as agreed with the external auditor.	Annual Governance Report.	Annually – as published
	To commission work from internal and external audit.	External – Annual Audit Letter. Internal – Annual Audit Plan.	Annually (Sept) Annually (March)
Risk Management	Receiving quarterly reports with respect to the effectiveness of Risk Management procedures.	Corporate Risk Scorecard.	Quarterly
	Monitoring of Business Continuity Plans.	Annual Internal Audit report. Corporate Governance Review.	Annually (June)
	Notification of internal audit recommendations in respect of Risk Management procedures.	Risk Management Strategy.	Ongoing
Regulatory Framework	To maintain an overview of the council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.	Relevant documents available on the council's intranet site.	
	To monitor the effective development and operation of risk management and corporate governance in the council.	Risk Management Strategy. Corporate Risk Scorecard. Corporate Governance Review.	Ongoing Quarterly Annually (June)
	To monitor council policies on "Whistleblowing" and the anti-fraud and anti-corruption strategy and the council's complaints process.	Annual Internal Audit report. Corporate Governance Review. Fraud & Irregularities report.	Annually (June) Annually (June) Annually (June)
	To review the Assurance Statement of the Chief Internal Auditor, in support of the authority's Annual Governance Statement.	Annual Internal Audit report.	Annually (June)
	To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	Annual Internal Audit report. Corporate Governance Review. Risk Management Strategy. Annual Governance Statement.	Annually (June) Annually (June) Ongoing Annually (June)
Accounts	To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.	Annual Audit Letter. Annual Governance Report.	Annually – as published