

AUDIT COMMITTEE

28 JUNE 2007

TERMS OF REFERENCE

Report from: Internal Audit

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1 Summary

1.1 To consider whether any changes are required to this committee's terms of reference.

2 Decision issues

2.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

3 Background

3.1. Cabinet approved the terms of reference (TOR) for this committee in June 2006 (Annex A). It is considered best practice that TORs are reviewed regularly to ensure that they are relevant and meet current and expected future needs.

3.2. This committee's TOR is based on the Chartered Institute of Public Finance and Accountancy's publication "Audit Committees: Practical Guidance for Local Authorities", published in November 2005. There have been no developments or further guidance issued that necessitates a change in the TOR.

4 Financial implications

4.1 There are no financial implications arising directly from this report.

5 Legal implications

5.1 There are no legal implications arising directly from this report.

6 Recommendations

6.1 Members are asked to consider this committee's current terms of reference and confirm that it meets current and expected future needs without amendment.

7 Background papers

- 7.1 Chartered Institute of Public Finance and Accountancy's publication "Audit Committees: Practical Guidance for Local Authorities".

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Terms of reference as approved by Cabinet on 06/06/06

| Terms of Reference | Linkage to CIPFA's publication | |
|--|--------------------------------|--|
| <ul style="list-style-type: none"> • Monitoring the Council's compliance with its own published standards and controls and with other standards, and considering any proposals for changes to Financial Rules, Codes of Practice on tenders and Contracts. • Approving the annual Statement of Internal Control on behalf of the Council | 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 review the anti fraud and anti corruption policies. |
| | | To consider the council's compliance with its own and other published standards and controls. |
| | | To monitor the effective development and operation of risk management and corporate governance in the council. |
| | | To oversee the production of the authority's Statement on Internal Control and to recommend its adoption. |
| <ul style="list-style-type: none"> • Approving the annual accounts on behalf of the Council | Accounts | 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 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. |

| Terms of Reference | Linkage to CIPFA's publication | |
|---|--------------------------------|---|
| <ul style="list-style-type: none"> • Discuss with the external auditor new accounting standards, changes to the reporting framework and the basis of the annual audit, including the content of performance work • Receiving all reports by the external auditor including all performance reports and the annual Audit and Inspection letter • Overseeing the Internal Audit activity | Audit Activity | To comment on the scope and depth of external audit work and to ensure it gives value for money. |
| | | To consider the external auditor's annual letter, relevant reports, and where appropriate to request further reports for full council. |
| | | To consider specific reports as agreed with the external auditor. |
| | | 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 specific internal audits reports as requested. |
| | | To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale. |
| | | To commission work from internal and external audit, as appropriate. |