

## **AUDIT COMMITTEE**

**26 JUNE 2008**

### **ANNUAL REVIEW OF TERMS OF REFERENCE**

Report from: Internal Audit

Author: Richard Humphrey, Audit Services Manager

#### **Summary**

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

#### **1. Budget and Policy Framework**

- 1.1 Council is responsible for the establishment of committees and any revisions to the terms of reference of the Audit Committee would need to be referred to Council for approval.

#### **2. Background**

- 2.1 Council approved the establishment and the terms of reference of the Audit Committee on 15 June 2006. This followed consideration of guidance issued by the Chartered Institute of Public Finance and Accountancy.
- 2.2 In line with advice from the Audit Commission it is considered best practice that the terms of reference are reviewed regularly, to ensure that they are relevant and meet current and expected future needs. This has been happening on an annual basis.
- 2.3 The committee's existing terms of reference are set out in appendix A for Members consideration.

#### **3. Advice and Analysis**

- 3.1 This committee's terms of reference are based on guidance from the Chartered Institute of Public Finance and Accountancy. There have been no developments or further guidance issued that necessitates a change. Officers are not therefore recommending any changes at this stage.

#### **4. Financial and legal implications**

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

## **5. Recommendations**

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

### **Lead officer contact**

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### **Background papers**

Chartered Institute of Public Finance and Accountancy's publication "Audit Committees: Practical Guidance for Local Authorities". Published in November 2005

**Audit Committee Terms of Reference**

- To provide independent assurance on the adequacy of the risk management framework and the associated control environment, including consideration of the Council's approach to risk management and the assurance framework, the production of the Statement of Internal Control, arrangements for delivering value for money and the Council's anti-fraud arrangements and anti-corruption measures, including whistleblowing;
- To monitor the Council's compliance with its own published standards and to consider any proposals for changes to Financial Rules, Codes of Practice on tenders and contracts;
- To monitor financial policies and processes, including endorsement of improvement plans to strengthen the control environment;
- To approve the annual statement of internal control;
- To approve the annual accounts;
- To 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;
- To receive all reports by the external auditor including all performance reports and the annual audit and inspection letter;
- To oversee Internal Audit activity;
- To provide an independent review of the Council's financial and non-financial performance.

