

Council

16 October 2025

Audit Committee – Review of Terms of Reference

Report from: Phil Watts, Chief Operating Officer

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Summary

This report requests that the Council agrees to adopt changes to the Terms of Reference of the Audit Committee.

The report was previously considered by the Audit Committee on 31 July 2025, the minutes of which are set out at section 5 of the report.

1. Recommendations

- 1.1. The Council is requested to note the minutes of the Audit Committee, as set out at section 5 of the report.
- 1.2. The Committee is requested to agree to adopt the suggested changes to the Terms of Reference of the Audit Committee as set out in appendix 2 to the report.

2. Budget and policy framework

- 2.1. The establishment and terms of reference of Council committees are outside the Council's policy and budget framework; any revisions to the terms of reference must be approved by Council.

3. Background

- 3.1. The Audit Committee was established, and its Terms of Reference were agreed by Council in 2006, following the publication of guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA). The Terms of Reference should be reviewed by the Committee on a regular basis, to ensure that they remain relevant and reflect best practice.
- 3.2. The current Audit Committee Terms of Reference were last reviewed in June 2024 and are documented in the Constitution of the Council.

4. Review of the Audit Committee Terms of Reference 2025

- 4.1. The Terms of Reference (TOR) are based on the Position Statement on Local Government Audit Committees issued by CIPFA in 2022. A copy can be found at Appendix 1.

- 4.2. Although the Position Statement and associated guidance are not statutory, there is an expectation that *'all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements'*.
- 4.3. The Terms of Reference have been reviewed and continue to align with the latest position statement. There is however a recommendation for an amendment to the section entitled 'Internal Control, Risk Management, Internal Audit and Counter Fraud' to enhance conformance with the new Global Internal Audit Standards. This is the addition of the following;
- To consider the findings of internal audit assurance reviews resulting in a Red opinion, where the Chief Audit Executive (in consultation with the Section 151 Officer and/or Monitoring Officer as applicable) considers the weaknesses identified to exceed a financial threshold of £25,000, or where they represent a significant risk to the achievement of the Council's Corporate Objectives.
- 4.4. This change will lead to more information being provided to the Committee in relation to significant risks identified by Internal Audit and enable them to consider these risks more formally, including holding respective services to account.
- 4.5. A copy of the Terms of Reference can be found at Appendix 2, with the proposed amendment shown as tracked changes.

5. Audit Committee

- 5.1. The report was considered by the Audit Committee on 31 July 2025, the minutes of which are set out below.
- 5.2. The Head of Internal Audit and Counter Fraud introduced the report, he highlighted that there was one proposed amendment. Audits which received a red opinion would be individually presented to the Audit Committee to enable formal consideration of significant risks to the Council. This change would enhance conformity with the new Global Internal Audit Standards.
- 5.3. The following issues were discussed:
- 5.4. A Member welcomed the change and commented that further contact with Members who regularly acted as substitutes to the Committee would be helpful, the Democratic Services Officer agreed that this could be considered.
- 5.5. **Decision:**

The Committee approved the suggested changes to Terms of Reference as set out in appendix 2 to the report and recommended the changes to Full Council for adoption.

6. Risk management

- 6.1. There are no significant risks arising from this report; regular review of the Terms of Reference of the Audit Committee will ensure they remain relevant and reflect best practice.

7. Climate change implications

7.1. There are no climate change implications in this report.

8. Financial implications

8.1. The Audit Committee has oversight of the councils, governance, and internal control arrangements, as well as the arrangements for financial reporting and statutory statement of accounts.

9. Legal implications

9.1. There are no legal implications arising from this report.

Lead officer contact

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Appendices

Appendix 1 – CIPFA Audit Committee Position Statement 2022

Appendix 2 – Draft Audit Committee Terms of Reference

Background papers

None