

## Audit and Risk Assurance Committee

### Statement of Purpose

The Audit and Risk Assurance Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Risk Assurance Committee is to provide independent assurance to elected members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Within approved Council policy and in accordance with the overall aims and objectives of the Council, the Audit Committee shall:-

(1) undertake the following matters which are delegated to it:-

### **Governance, Risk and Control**

- (a) to review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances;
  - (b) to review the annual governance statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control;
  - (c) to consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements;
  - (d) to consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council;
  - (e) to monitor the effective development and operation of risk management in the Council;
  - (f) to monitor progress in addressing risk-related issues reported to the committee;
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- (g) to consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions;
- (h) to review the assessment of fraud risks and potential harm to the Council from fraud and corruption;
- (i) to monitor the counter-fraud strategy, actions and resources;
- (j) to maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations.

### **Internal Audit**

- (a) to approve the internal audit charter;
- (b) to review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations;
- (c) to approve risk based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources;
- (d) to approve significant interim changes to the risk-based internal audit plan and resource requirements;
- (e) to make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations;
- (f) to consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services.

These will include:

- updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
  - regular reports on the results of the quality assurance and improvement programme;
  - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the annual governance statement;
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- (g) to consider the head of internal audit's annual report:
- the statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the quality assurance and improvement programme that supports the statement - these will indicate the reliability of the conclusions of internal audit;
  - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion - these will assist the committee in reviewing the annual governance statement;
- (h) to consider summaries of specific internal audit reports as requested;
- (i) to receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions;
- (j) to contribute to the quality assurance and improvement programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years;
- (k) to consider a report on the effectiveness of internal audit to support the annual governance statement, where required to do so by the Accounts and Audit Regulations;
- (l) to support the development of effective communication with the head of internal audit.

### **External Audit**

- (a) to consider the external auditor's annual letter, relevant reports, and the report to those charged with governance;
- (b) to consider specific reports as agreed with the external auditor;
- (c) to comment on the scope and depth of external audit work and to ensure it gives value for money;
- (d) to commission work from internal and external audit;
- (e) to advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
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## **Financial Reporting**

- (a) to receive detailed training in respect of the process associated with the preparation, sign off, audit and review of the annual statement of accounts;
- (b) 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;
- (c) to approve the authority's statement of accounts, income and expenditure and balance sheet, or record of payments and receipts (as the case may be) in accordance with the authority delegated by the Council under the Accounts and Audit Regulations 1996, or subsequent relevant legislation;
- (d) to consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

## **Accountability Arrangements**

To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full Council on a regular basis on the Committee's performance in relation to the terms of reference, and the effectiveness of the committee in meeting its purpose.

## **Independent Member**

Authority was delegated to the Audit Committee, by Council on 2 December 2008 (Minute No. 128/08 refers) to appoint an independent member to serve on the Committee as an when a vacancy occurs between Annual Meetings of the Council.

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