

OVERVIEW OF THE AUDIT COMMITTEE

Audit Committee – 23 June 2015

Report of Chief Officer Legal and Governance

Status: For Consideration

Key Decision: No

This report supports the Key Aim of effective management of council resources

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Recommendation to Audit Committee: To note the purpose and remit of the Committee.

Reason for recommendation: To provide Members of the Committee with an overview of the remit and work of the Committee.

Introduction and Background

1. The Council appoints the Audit Committee to discharge the functions conferred by the Accounts and Audit Regulations 2011 in relations to the matters set out in the terms of reference and specifically to consider the council's Financial and Governance arrangements, relating to the system of internal control and the effectiveness of internal audit, the annual governance statement; including the arrangements for the management of business risk, in compliance with Regulations 4 and 6 of the Accounts and Audit Regulations 2011 and any subsequent legislation.

Membership of the Audit Committee

2. The Committee is made up of 9 elected Members, one of which shall serve as Chairman, that follow the political proportionality of the Council .All Members of the Council, except members of the Cabinet or their deputies and the Chairman of the Council, may be a members of the Audit Committee. However, no Member may be involved in reviewing a decisions in which he/she has been directly involved. The chairman of the Audit Committee can not be a member of any Cabinet Advisory Committee.
3. There are four ordinary meetings of the Committee each year. In addition to this, other meetings may be called from time to time as and when appropriate. A meeting of the Committee may be called by the Chairman of the Committee, by a quarter of the Members of the Committee or by the Chief Executive (in consultation with the Chairman and Vice-Chairman, if available) if he considers it necessary or appropriate.

Terms of Reference

Audit Activity

- (a) To review, in collaboration with the Audit, Risk and Anti-Fraud Manager, the Internal Audit Charter on an annual basis and to consider and approve any further development of the Council's Internal Audit Charter, Strategy or terms of reference such as shall be appropriate.
- (b) To consider and approve the annual internal audit plan, including a summary of internal audit activity regarding the level of assurance that it can give over the Council's internal control, corporate governance and risk management arrangements. Further, to commission work as required from both Internal and External Audit.
- (c) To consider the Audit, Risk and Anti-Fraud Manager's annual report and assurance opinion.
- (d) To consider quarterly progress reports from the Audit, Risk and Anti-Fraud Manager regarding the progress of the Annual Internal Plan. The Committee may request to review any individual audit report should they or the Audit, Risk and Anti-Fraud Manager deem it appropriate to do so.
- (e) To consider a report on the progress of all recommendations made by internal audit and other external regulatory or review agencies.
- (f) To receive and consider the annual report on the review of the effectiveness of the internal audit function.
- (g) To consider confidential reports on investigations carried out by Internal Audit of suspected fraud; corruption or bribery allegations within the Council or its partners.
- (h) To liaise with the Audit Commission regarding the appointment of the Council's External Auditor; to consider the appointed External Auditor's annual letter, relevant reports, and the report to those charged with governance.
- (i) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (j) To consider any external audit report resulting from the Statement of Accounts and any recommendations and comments received from the External auditor.

Regulatory Framework

- (k) To maintain an overview of the effective development and operation of corporate governance and risk management in the Council, and to monitor compliance with

statutory duties and the Council's Constitution in respect of Financial and Contract Procedure Rules.

- (l) To monitor Council policies on 'Raising Concerns at Work'; the anti-fraud and anti-corruption strategy; the Bribery Act; and the Council's complaints process; including the Council's whistleblowing arrangements.
- (m) To consider and approve the Council's Annual Governance Statement and recommend its adoption to Council
- (n) To monitor the Council's arrangements for corporate governance and if necessary to recommend actions to ensure compliance with best practice; and to also consider compliance with the Council's own and other published standards and controls.
- (o) To receive and consider reports from the monitoring officer on lawfulness and/or maladministration; to review any issue referred by the Chief Executive, a Chief Officer, or a Statutory Officer.
- (p) To monitor the implementation of the Members' Allowance Scheme.

Accounts

- (q) To review the annual Statement of Accounts. Specifically to consider whether appropriate accounting policies, including International Financial Reporting Standards, 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.
- (r) To approve the Statutory Statement of Accounts when the deadline for approval does not allow approval by full Council.
- (s) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts, and comments received from the External auditor.

Audit Committee Procedure Rules

- 4. The Committee conducts its proceedings in accordance with the Committee protocols as specified within Section 33 of Part 2 and Section 4 of Part 6 of the Council's constitution.
- 5. The Committee may appoint Sub-Committees or working groups to carry out specific work. These may be appointed for a fixed period or until the next Annual Council meeting.

6. The Committee is required to periodically set aside time during a meeting where any matters pertaining to the remit of the Committee may be discussed with the Audit, Risk and Anti-Fraud Manager without the presence of other officers of the Council. The Chairman of the Committee can also meet informally with the Audit, Risk and Anti-Fraud Manager and other relevant officers as appropriate prior to all ordinary meetings
7. Any member of the Committee is entitled to give notice to the Chief Executive that he/she wishes an item, relevant to the functions of the Committee, to be included on the agenda for the next available meeting of the Committee.

Business of the Committee

8. Since its creation in May 2013, the Committee has reviewed the following matters:

2013-14	Update from the External Auditors Housing and Council Tax Benefit Grant - External Audit Benefits Fraud Report 2012/13 New Public Sector Internal Audit Standards Report on the Review of the Effectiveness of Internal Audit Risk Management Report Internal Audit Annual Report 2012/13 Report on the Operation of the Council's Surveillance Policy Statement of Accounts Annual Governance Statement Internal Audit Update Reports External Audit - Annual Audit Letter New Audit Standards Charter Risk Strategy Policy Statement Strategic Risk Register
2014-15	Audit Committee Terms of Reference External Audit - Audit Committee Update External Audit - Annual Audit Plan Anti- Fraud Team Report 2013/14 Report on Internal Audit Recommendations Outstanding Annual Self Assessment Review of the effectiveness of Internal Audit Service 2013/14 Internal Audit Annual Report - 2013/14 Annual Governance Statement 2013/14 Draft Strategic Risk Register Statement of Accounts 2013/14 - Member Working Group Review of the Effectiveness of the Audit Committee Internal Audit 2014/15 - Progress Reports Implementation of Audit Recommendations Risk Management Training Statement of Accounts 2013/14 External Audit - Housing Benefit Subsidy 2013/14 External Audit - Annual Audit Letter Implementation of Audit Recommendations

Whistle Blowing Report
Members' Allowances Scheme – Monitoring
External Review of Internal Audit
CIL Update and Presentation
Internal Audit Plan 2015/16
Annual Report to Council

Key Implications

Financial

There are no specific financial implications arising from this report.

Legal Implications and Risk Assessment Statement.

There are no specific legal implications arising from this report.

Equality Assessment

The recommendations in this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers:

Part 6 of the [Constitution](#) of Sevenoaks District Council

[Agenda Papers](#) for the Audit Committee

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