

Wolverhampton City Council

OPEN DECISION ITEM

Audit Committee

Date **11 March 2013**

Originating Service Group(s)

DELIVERY

Contact Officer(s)/

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Title/Subject Matter

AUDIT COMMITTEE TERMS OF REFERENCE – ANNUAL REVIEW

RECOMMENDATION

That Members of the Audit Committee review the current terms of reference to determine their continued suitability in respect of the role of the Committee and Sub-committees.

1. PURPOSE AND BACKGROUND

- 1.1 In accordance with best practice, the terms of reference of the Committee should be reviewed periodically and any changes approved by the Council. The Council's Audit Committee was established in 2005 and the Terms of Reference were last reviewed and updated in March 2012 in order to bring them in line with CIPFA's suggested terms of reference in their "Audit Committees: Practical Guidance for Local Authorities". Since this last review, there have been no further suggested changes.

2. DETAILS

- 2.1 The overall Statement of Purpose of the Committee as agreed by Council is detailed below:

The purpose of an Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

The current terms of reference are detailed below:

Audit Committee - Terms of Reference

Audit Activity

- 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 summaries of specific Internal Audit reports as requested.
- To consider reports dealing with the management and performance of the providers of Internal Audit Services.
- To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
- To consider the External Auditor's Annual Letter, relevant reports, and the report to those charged with governance
- To consider specific reports as agreed with the External Auditor
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To liaise with the Audit Commission over the appointment of the Council's external auditor.
- To commission work from Internal and External Audit.

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 any issue referred to it by the Chief Executive or a Director, or any Council body.
- To monitor the effective development and operation of risk management and corporate governance in the Council.

- To monitor council policies on 'Raising Concerns at Work' and the 'Anti fraud and corruption strategy' and the Council's complaints process.
- To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.
- The Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- The Council's compliance with its own and other published standards and controls.

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.

Monitoring of Audit Investigations Sub Committee – Terms of Reference

- Monitor the progress of investigations undertaken by Audit Services.
- Refer significant issues arising from the above to the next scheduled meeting of the Audit Committee.

Final Accounts Monitoring and Review Sub Committee – Terms of Reference

- Receive detailed training in respect of the process associated with the preparation, sign off audit and publication of the Council's final accounts, including the Annual Governance Statement.
- Monitor the on-going progress towards publication of the Council's final accounts, ensuring the statutory deadlines are achieved.
- To obtain explanations for all significant variances between planned and actual expenditure to the extent that it impacts on final accounts.
- Monitor the preparation of the Annual Governance Statement and the resolution of key issues arising.
- Refer significant issues arising from the above to the next scheduled meeting of the Audit Committee.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report. [GE/07022013/P]

4. LEGAL IMPLICATIONS

- 4.1 The terms of reference for the Audit Committee are set out in Appendix 1 –Delegations/ Responsibility of Functions to the Council's Constitution". [FD/19022013/N]

5. EQUAL OPPORTUNITIES IMPLICATIONS

5.1 There are no direct equal opportunities implications arising from this report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from this report.

7. SCHEDULE OF BACKGROUND PAPERS

Audit Committees: Practical Guidance for Local Authorities, CIPFA