

# APPENDIX 2

## TERMS OF REFERENCE FOR THE AUDIT COMMITTEE (AS AGREED 2<sup>nd</sup> April 2008)

### MEMBERSHIP

The Audit Committee will comprise thirteen elected members being representative of all parties and independents.

The Head of Performance and Policy, via the Committee Services section, will provide the secretariat for the Committee.

### RESPONSIBILITIES

The Section 151 Officer will advise the Committee taking on board any views from Committee Members as appropriate on:

- the strategic processes for financial risk, control and governance and the Statement on Internal Control;
- the financial statements, level and nature of error identified, and the Section 151 Officer's letter of representation to the External Auditor;
- the planned activity and results of both Internal Audit and the External Auditor;
- the adequacy of management response to issues identified by Internal Audit and the External Auditor;
- assurances relating to the corporate governance requirements for the Council;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations;
- ad-hoc reports on any significant matters relating to items referred to above;
- any measures designed to raise the profile of probity within the Council; and
- proposals for tendering for audit services, or for the purchase of non-audit services from audit providers.

### ACCESS

The Head of Corporate Finance, the Manager of Internal Audit and the representative of the External Auditor will have free and confidential access to the Chair of the Committee.

### MEETINGS

The Committee will meet at least 4 times a year. The Chair may convene additional meetings, as deemed necessary.

A quorum for the meeting will be one quarter of the whole number of members.

Committee meetings will normally be attended by the Section 151 Officer, the Manager of Internal Audit, and a representative of the External Auditor.

The Committee may ask any other officers to attend to assist it with its discussions on any particular matter.

### INFORMATION REQUIREMENTS

The Committee will be provided with:

- a progress report from the Manager of Internal Audit summarising:
  - work performed (and a comparison with work planned);
  - key issues emerging from Internal Audit work;
  - management's response to audit recommendations;
  - changes to the Annual Audit Plan; and
  - resourcing issues affecting the delivery of Internal Audit Plan.
- an update from the External Auditor representative, summarising work done and emerging findings.

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**As and when appropriate, the Committee will also be provided each financial year with:**

- if necessary, proposals for the terms of reference of Internal Audit;
- the Internal Audit Strategy and Plan;
- the Head of Corporate Finance's Annual Opinion and Report;
- the financial statements of the Council, including the Statement on Internal Control, and audit opinion to be provided by the External Auditor; and
- External Audit outputs will include: the Regulatory Plan; ISA260 Report to 'Those Charged with Governance'; Audit Opinion; High Level Controls Report; Financial Accounts Memorandum; and Annual Audit Letter.

Note : (i) The committee will be composed of members of the Council, none of whom may be members of the executive, and such co-opted non-councillors as the Committee may consider appropriate from time to time.

(ii) Only councillor members of the Audit Committee may vote on any matter before the Committee.