

**CAERPHILLY COUNTY BOROUGH COUNCIL  
AUDIT COMMITTEE  
TERMS OF REFERENCE**

**1. MEMBERSHIP**

- 1.1. The Audit Committee will have a membership of thirteen individuals, twelve shall be elected members being representative of all parties and independents and one lay co-opted member to be appointed by the Committee. Members of the executive will not be eligible to be members of this Committee.
- 1.2. The co-opted member, not being a member of the Council, to be recruited for skills appropriate to the Audit Committee's work, and shall be appointed by the Councillor members of the Audit Committee for a fixed term to be determined by them when the appointment is made.
- 1.3. As and when necessary the appointment of a lay member to the Committee shall be undertaken by an appointment panel consisting of three Audit Committee members, to include the Chairperson. The panel will be responsible for considering all applications for the vacancy, short listing and interviewing prospective candidates. The panel will report their recommendations to the Audit Committee for confirmation/ agreement prior to approval by Council.
- 1.4. The Audit Committee will appoint its chairperson who will not be a member of any of the groups represented on the Executive except when all groups are represented on the Executive (and could be a co-opted member).
- 1.5. All members of the Audit Committee shall have a vote.

**2. MEETINGS**

- 2.1. The Committee will meet at least 4 times a year. Additional meetings may be convened as the chair deems necessary or when the Authority as a whole resolves that it should.
- 2.2. A quorum for the meeting will be one quarter of the whole membership.
- 2.3. The Committee shall be advised by the Director of Corporate Services, the Section 151 Officer, the Head of Corporate Finance, the Head of Performance and Property and both the external and internal auditors. They may additionally, within an approved budget, seek independent advice from outside the authority
- 2.4. The Committee shall meet with the Council's external auditor on an informal basis as deemed necessary by the Committee to discuss and exchange information.
- 2.5. The Section 151 Officer, the Manager of Internal Audit and the representative of the External Auditor will have free and confidential access to the Chair of the Committee.
- 2.6. The external and internal auditors of the council shall have the right to request the chair of the audit committee to consider any matter which the auditors believe should be brought to the attention of the council
- 2.7. The Committee may ask any other officers to attend to assist it with its discussions on any particular matter.

### 3. TERMS OF REFERENCE

3.1. To review and scrutinise the Authority's financial affairs, to make reports and recommendations in relation to the Authority's financial affairs and to review and consider the financial statements prepared by the Authority or its external auditors.

3.1.1. to review the authority's accounting policies and procedures with a view to appropriateness and compliance.

3.1.2. to provide direction concerning accounting records and control systems as may be required by the Accounts and Audit Regulations (Wales) 2005.

3.1.3. to consider the external auditors report to those charged with governance on issues arising from the audit of the financial statements.

3.1.4. to review and consider the effectiveness on the Council's policy for the prevention of fraud and corruption.

3.2. Review and assess the risk management, internal control and corporate governance arrangements and to report and make recommendations on the adequacy and effectiveness of those arrangements:

3.2.1. To ensure that the authority has a sound system of internal control which facilitates the effective exercise of functions and which includes arrangements for the management of risk and adequate and effective financial management. To review the effectiveness of internal control at least once a year and approve an annual governance statement for inclusion with the authority's statement of accounts.

3.2.2. In reviewing corporate governance, risk management or internal control issues any member or officer of the authority may be required to attend before the committee to explain in relation to matters within their remit e.g. compliance or otherwise with council procedures, compliance or otherwise with established corporate governance standards and the degree to which risk has been considered and addressed.

3.2.3. to oversee and monitor the compliance and assurance requirements and to satisfy itself as to the adequacy of the structures, processes and responsibilities for identifying and managing key risks facing the organisation.

3.2.4. to review the councils corporate governance framework.

3.2.5. to receive, review and approve the annual governance statement and the resultant action plans.

3.2.6. to develop and keep under review a risk management strategy for the council including methodology for assessing risks in all functions of the council.

3.2.7. to oversee and monitor Council activities that are subject to the RIPA regulations.

3.2.8. to oversee and monitor the outcomes of complaints received by the Authority under the Council's Corporate Complaints Policy and to review the policy on an annual basis and to make comments on the adequacy and effectiveness of the policy.

3.3. Oversee the internal and external audit arrangements of the Council

3.3.1. to liaise with the Wales Audit Office over the appointment of external auditors

3.3.2. to consider the external auditors proposed audit plan

- 3.3.3. to consider the external auditors Annual letter
- 3.3.4. to approve, on behalf of the Council, a statement of aims and objectives of the internal audit function
- 3.3.5. to consider the annual audit plan as to the allocation of internal audit resources against different categories of work
- 3.3.6. to ensure that the internal audit function is adequately resourced and has appropriate standing within the organisation
- 3.3.7. 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 internal control environment

