

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

06 April 2006

Report of the Director of Finance

Part 1- Public

Matters for Information

1 ROLE OF THE AUDIT COMMITTEE

Summary

This report confirms the role of the Audit Committee as agreed as the Council Meeting of 13 December 2005.

1.1 Introduction

1.1.1 Members are welcomed to the inaugural meeting of the Audit Committee.

1.1.2 The formation of this Committee was approved by the Council at the meeting on 13 December 2005.

1.2 Role of the Audit Committee

1.2.1 CIPFA guidance states that the purpose of the 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".

1.2.2 This Committee is independent and non-political; therefore although the Committee is open to all Members of the Council, only Audit Committee Members may speak and vote.

1.2.3 The terms of reference of the Audit Committee, as set out in the guidance, are divided into three areas, audit activity, corporate governance framework and accounts, and are as follows:

Audit activity

1. To consider the Director of Finance'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.

2. To consider summaries of specific internal audit reports as requested.
3. To consider reports dealing with the management and performance of the providers of internal audit services.
4. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
5. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
6. To consider specific reports as agreed with the external auditor.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To liaise with the Audit Commission over the appointment of the council's external auditor.
9. To commission work from internal and external audit.

Corporate governance framework

10. To maintain an overview of the council's constitution in respect of contract procedure rules, financial procedure rules and codes of conduct and behaviour.
11. To review any issue referred to it by the chief executive or a chief officer or any council body.
12. To monitor the effective development and operation of risk management and corporate governance in the council.
13. To monitor council policies on ['Raising Concerns at Work'] and the anti-fraud and anti-corruption strategy and the council's complaints procedure.
14. To oversee the production of the authority's statement on internal control and to recommend its adoption.
15. To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
16. To consider the council's compliance with its own and other published standards and controls.

Accounts

- 17 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.
- 18. To consider the external auditor's report to those charged with governance on issue arising from the audit of the accounts.

1.3 Training

- 1.3.1 There may be responsibilities attached to this Committee with which Members may be unfamiliar. However, the CIPFA Guidance and CPA process requires Members to receive training in the areas that the Committee deals with. Members of the Committee will be provided with training to build their knowledge and expertise in all the key areas.

1.4 District Auditor

- 1.4.1 It is, I believe, good practice to offer a standing invitation to the District Auditor to attend the meetings of the Audit Committee.
- 1.4.2 The District Auditor had indicated to me that he would wish to take up the offer, and will be in attendance at the inaugural meeting.
- 1.4.3 He has also indicated that he is willing to offer appropriate training to Members through attendance at the Committee. His attendance will, therefore, be mutually beneficial.

Background papers:

contact: David Buckley

Audit Committees: Practical Guidance for Local Authorities (CIPFA, 2005)

Sharon Shelton
Director of Finance