

[The text recommended for amendment is on page 2 below at sub-paragraph (e). The text shown in italics and underlined is for addition.]

**PART 3, SECTION C OF THE COUNCIL'S CONSTITUTION
- TERMS OF REFERENCE: NON-EXECUTIVE BODIES**

SECTION 2 - COMMITTEES

7. Audit Committee

The purpose of the Audit Committee is:

- (i) to provide independent assurance of the adequacy of the risk management framework and the associated control environment,
- (ii) independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and
- (iii) to oversee the financial reporting process.

The Audit Committee has the following non-executive functions arising under section 151 of the Local Government Act 1972 and The Accounts and Audit Regulations (S.I. 2003/533) and any amendment or re-enactment of these provisions: -

Corporate Governance and Regulatory Framework

- (a) To maintain an overview of the Council's Constitution in respect of the financial regulations and the contract procedure rules;
- (b) To maintain an overview of the Council's arrangements for Corporate Governance and agreeing necessary actions to enable the Council to implement best practice as set out in statutory and other guidance;
- (c) To receive and recommend for adoption the Council's Statement on Internal Control;
- (d) To monitor Council policies on "Whistle-blowing" and Anti-Fraud and Corruption;

- (e) To scrutinise the draft Treasury Management Strategy Statement prior to its adoption by full Council:
- (f) To review any issue referred to the Committee by another Council body, the Chief Executive or a Director;
- (g) To consider the Council's compliance with its own and other published standards and controls.

Risk Management

- (h) To approve the Council's Risk Management Policy and receive regular reports on compliance with the policy across the Council
- (i) To review the effectiveness of systems for the assessment and management of material areas of risk within the Council and to monitor their maintenance and development in accordance with the Risk Management Policy

Audit Activity

- (j) To consider the Head of Audit and Risk Management's annual report and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can provide about the Council's corporate governance arrangements
- (k) To consider and approve the Council's Annual Internal Audit Plan and the Annual Internal Audit Plan and ensure that it is consistent with the scope of the audit engagement or service delivery arrangements
- (l) To consider reports dealing with the management and performance of providers of internal audit services to the Council
- (m) To consider quarterly reports in respect of internal audit activity including ethical oversight issues and any major findings arising from internal audit reviews and to ensure that appropriate corrective action has been taken
- (n) To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
- (o) To approve any significant changes to the Strategic or Annual Audit Plans as requested by officers
- (p) To receive reports from the Head of Audit and Risk Management on appropriate matters

- (q) To receive and note the Annual Audit Plan from the external auditor
- (r) To receive the Annual Audit Letter from the External Auditor and make any appropriate recommendations to full Council or The Cabinet in respect of these matters
- (s) To receive quarterly and annual reports in respect of external audit activity including ethical oversight issues.
- (t) To question officers and Cabinet Members on the above matters
- (u) To make any appropriate recommendations to full Council or the Cabinet in respect of these matters
- (v) To commission work from Internal and External Audit
- (w) To liaise with the Audit Commission over the appointment of the Council's external auditor

Accounts

- (x) To review the annual statement of accounts and, 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 or the Cabinet
- (y) To consider the External Auditor's report on issues arising from the audit of the accounts.