

SLDC CONSTITUTION (MAY 2019) EXCERPT– TERMS OF REFERENCE

PART 3 - 2. RESPONSIBILITY FOR COUNCIL FUNCTIONS

2.4 AUDIT COMMITTEE

Functions	Delegation of Functions
To review and provide independent assurance of the adequacy of the Council's internal control environment and Risk Management arrangements To approve Internal Audit's strategy and plans, and to receive reports arising from its work programme. To monitor the performance of Internal Audit and to regularly review its effectiveness. To receive annual plans and reports from External Audit. To oversee the Financial Reporting Process Duty to approve the authority's statement of accounts	<i>No onward delegation</i>

B TERMS OF REFERENCE FOR AN AUDIT COMMITTEE

(1) **Statement of Purpose.** The purpose of the 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.

(2) **Membership.** The Committee shall comprise a membership of (seven) members subject to the rules of political balance and will not comprise any member of the Executive. The Committee will be a standalone Committee of the Council appointed by Council annually. Changes can be made by Council during the course of the year.

(3) **Quorum.** The quorum for the Audit Committee will be three.

All Audit Committee members will commit to receiving appropriate training and development necessary to fulfil their roles and will act in the interests of the Council and not on behalf of any political party, constituency, ward or interest group.

The Chairman of the Committee will present an Annual Report on the work of the Audit Committee to full Council.

(4) **Audit Activity**

- To approve (but not direct) the Internal Audit Charter, plan and performance.
- To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- To consider the Internal Auditor's annual report and opinion, and a summary of internal audit activity (actual and planned) 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 from internal audit on agreed recommendations not implemented within a reasonable timescale.
- To consider reports dealing with the management and performance of the providers of internal audit services.
- To review annually the effectiveness of internal audit.
- To comment on the scope and depth of external audit work and to ensure it gives value for money
- To consider specific reports as agreed with the External Auditor.
- To liaise with Public Section Audit Appointments Ltd over the appointment of the Council's External Auditor.
- To ensure that there is effective liaison between Internal Audit and External Audit to make the best use of audit resources.
- To commission work from internal and external audit.

- To monitor the expenditure of funds transferred from the South Lakeland District Council Fund in Commemoration of the Wedding of His Royal Highness Prince Charles to Lady Diana Spencer to Leeds Children's Holiday Camp Association (otherwise known as the Leeds Children's Charity), Bendrigg Trust and Brathay Trust.

(5) **Regulatory Framework**

- To maintain an overview of the Council's constitution in respect of contract and financial procedural rules.
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 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 the effectiveness of the Code of Corporate Governance.
- To monitor Council policies on "Raising Concerns at Work" and the anti-fraud and anti-corruption strategy and the council's complaints process.
- To oversee the production of the authority's Annual Governance Statement and to recommend its adoption.
- To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- To consider the Council's compliance with its own and other published standards and controls, including Equality and Diversity requirements.

(6) **Accounts**

- To review the annual statement of accounts.
- To consider whether appropriate accounting policies have been followed.
- To approve the Council's Statement of Accounts.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To consider whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

(7) **Annual Audit Letter.** To receive the External Auditor's Annual Audit Letter.

(8) **Meetings**

Subject to there being sufficient business to transact, the Committee will meet at least four times a year. The External Auditor, Internal Auditor or Chief Finance Officer SLDC may request a meeting if they consider it necessary.

The Committee shall be able to meet privately and separately with the External Auditor and Internal Auditor as required.

(9) **Authority and Access**

- The Audit Committee has a right to request relevant information from Members/Officers and to seek their attendance at meetings.
- The Audit Committee will not be able to transact the powers, functions and duties reserved to the Council, the Cabinet, Overview and Scrutiny and other regulatory committees.
- the Audit Committee will have access to in-house legal and other professional advice.

Any Member, Officer or member of the public, who has any concern covered by the terms of reference of the Audit Committee may raise the matter with the Chairman of the Committee who will obtain, if necessary, relevant advice from the Monitoring Officer or Chief Finance Officer before taking any action with regard to the same.