

## Audit Committee Terms of Reference

TITLE	AUDIT COMMITTEE
<b>POWERS / REMIT</b>	
<p><b>(a) Main Purposes:</b></p> <ol style="list-style-type: none"> <li>1. The audit committee is a key component of Nottingham City Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.</li> <li>2. Provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment.</li> <li>3. Provide independent review of the Council's governance, risk management and control frameworks.</li> <li>4. Oversee the financial reporting and annual governance processes.</li> <li>5. Oversee internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.</li> <li>6. Scrutinise 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.</li> <li>7. Oversee proposed and actual changes to the council's policies and procedures pertaining to governance.</li> </ol> <p><b>(B) Main Functions:</b>  <b>Governance, Risk &amp; Control</b></p> <ol style="list-style-type: none"> <li>1. Review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.</li> <li>2. Review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.</li> <li>3. Consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.</li> <li>4. Consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.</li> <li>5. Receive and consider the results of reports from external inspectors, ombudsman and similar bodies and from statutory officers.</li> <li>6. Monitor the effective development and operation of risk management in the council.</li> <li>7. Monitor progress in addressing risk-related issues reported to the committee.</li> <li>8. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</li> <li>9. Review the assessment of fraud risks and potential harm to the council from fraud and corruption.</li> <li>10. Monitor the counter-fraud strategy, actions and resources.</li> <li>11. Review the governance and assurance arrangements for significant partnerships or collaborations, including the Partnership Governance Framework, annual</li> </ol>	

health checks and the Register of Significant Partnerships.

12. Commission work from internal and external audit.
13. Consider arrangements for and the merits of operating quality assurance and performance management processes.
14. Consider the exercise of officers' statutory responsibilities and of functions delegated to officers.
15. Effectively scrutinise, review and monitor treasury management strategies and policies in accordance with guidance issued to local authorities, and make appropriate recommendations to the responsible body.
16. Consider any appeals made by an employee against decisions made by the Appointments and Conditions of Service Committee relating to a grievance made against the Chief Executive. Members involved in considering these will not be able to participate in any further consideration of the matter at other committees.

### **Financial Reporting**

17. 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. Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
19. Approve the Council's Statement of Accounts and associated governance and accounting policy documents

### **External Audit**

20. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
21. Consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
22. Consider specific reports as agreed with the external auditor.
23. Comment on the scope and depth of external audit work and to ensure it gives value for money.
24. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Internal Audit**

25. Undertake the duties of the Board mandated by PSIAS as identified in Appendix 2.
26. Consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services.
27. Consider the head of internal audit's annual report.
28. Consider summaries of specific internal audit reports as requested.

### **Accountability Arrangements**

29. Report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

30. Report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
31. Publish an annual report on the work of the committee.

**ACCOUNTABLE TO:** Council

**MEETINGS:** Normally six per annum plus specials where required

**MEMBERSHIP:** 9 non-executive members (politically balanced)

**ESTABLISHED SUB COMMITTEES:** None.