



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Audit Committee

18 September 2024

Wards affected: ALL WARDS

AUDIT COMMITTEE SELF ASSESSMENT ACTION PLAN - UPDATE

Report of Head of Finance (Section 151 Officer)

1. Purpose of report

- 1.1 To present progress and support for actions needed on the Audit Committee's agreed Action Plan .

2. Recommendation

- 2.1 That the Audit Committee:
- note the content of the report, and
 - members consider any action needed.

3. Background to the report

- 3.1 As part of the Audit Committee self-assessment a number of actions were agreed as needed. In summary actions dates and simplified actions applied are noted in the table below with a brief summary of progress made(Full detailed are in the Appendix 1).

Simplified table of Actions

	2024 July	2024 Sept	2025 Mar	Total	Comment
Audit Ctte Annual Report		11		11	Not started
AGS report	1	2		3	Partial, more to do on presentation of Final accounts, but more done on draft account than previously.
Audit Ctte in place					No further action needed.
Council to consider request for them to approve accounts		1		1	No action yet
IA EA private meeting			1	1	Multiple meeting with Chair, it might be worth adding them to the timetable to regularise them, also good practice to involve other members, such as the Deputy Chair
Independent member considered			1	1	No action yet
Member led assessment					No further action needed.
Minutes to go to Council	1			1	Started as from July 2024 meeting
Officers to attend meetings as required	1			1	Started prior to July 2024 meeting
Risk Register and Risk report to Audit Committee to inform AGS understanding		1		1	Not started
ToR update		2		2	Not started
Training	5			5	Training has missed target for refresher training
Work Programme			2	2	The forward programme needs to reflect the action plan requirements to ensure delivery
Grand Total	8	17	4	29	

Training (5 out of 29 actions due by July 2024)

- 3.2 Initial Training is being arranged and will be delivered via our Internal Auditors soon. Note Forvis has formally acquired Mazars as part of a new international accounting partnership, so Mazars are now known as Forvis Mazars. This needs to be completed and Forvis Mazars have agreed to complete the training once a date is set. This is now expected in October 2024.

Annual Report (11 out of 29 actions due by September 2024)- this is now expected in October 2024

- 3.3 it is conder good practice for the Chair of the Audit Committee to issue an annual report to Council to ensure it is being effective and providing assurance to all members. There are many examples on the internet of Council's preparing these reports, but in general they cover the following:
- Introduction from the Chair of the Audit Committee
 - Terms of Reference Full copy if changed, or link to where located if no change, this can be an appendix)
 - Member and Officer Attendance by meeting
 - Training received and uptake by members.
 - Effectiveness (Summary of Sources of Assurance and work done). This covers:
 - Internal Audit;
 - External Audit / Inspection;
 - Financial Management;
 - Risk Management;
 - Corporate Governance;
 - Other
 - Conclusion and any recommendations, if any, to Council

Action in hand for completion, and is now expected in October 2024

Update to Terms of Reference (2 out of 29 actions due by September 2024)

- 3.4 The Current Terms of Reference (ToR) for the Audit Committee does not fully reflect the updated CIPFA Guidance. A Copy of the CIPFA's recommended ToR is attached at Appendix 2. This will need to be considered by the Audit Committee and its ToR updated as appropriate to HBBC.

Update to Work Programme to reflect updated ToR (2 out of 29 actions due by March 2025)

- 3.5 Once the ToR is updated the Audit Committee Work programme will need to be updated to reflect any changes.

Annual Governance Report Considered Separately (I for July/3 For September giving 3 out of 29 actions due by September 2024)

- 3.6 The Annual Governance Report should be considered separately by the Audit Committee to the Financial statement even though it is appended to those statements as it is a key governance assurance statement. This will be presented in July to the Audit Committee, and when the audit is complete again with the final Head of Internal Audit opinion. The Audit Committee also need to have access to an understanding of the Risk Register and how risk is controlled, which gives overlap with the Finance and Performance Scrutiny function. The Risk Register and covering report to enable this will need to be reviewed by the Audit Committee and was due as part of the final review in September 2024. Due to the Audit Backlog this is now delayed.

Other Actions (4 out of 29 actions)

The following also need action taken:

- The Council to Consider Audit Committee Request to move approval of Accounts back to Council. This needs to be a request made by the Audit Committee with reasons given, and if agreed the Audit Committee responsibility for review and assurance on the financial statements will not change, as they will still be making a recommendation to Council to adopt the accounts. Currently there is not legal requirement to do this, but it is considering good practice by CIPFA. This will add time pressure to the process. To be in place for 2023/24 financial statements, this will need to have been agreed by September 2024. Members may want to consider leaving this until March 2025 for the 2024/25 financial statements to allow proper consideration by Council.
- IA and EA Annual private meeting, this is done informally, but it would be considered good practice to have a set annual meeting where this happens before the Audit Committee meeting commences. Action needed by March 2025
- Independent member considered by March 2025

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report is taken in an open session.

5. Financial implications [IB]

- 5.1 None directly from this report

6. Legal implications

- 6.1 None directly from this report

7. Corporate Plan implications

7.1 Adoption of the proposal in this paper will contribute to the achievement of the following Corporate Aim of Empowering communities.

8. Consultation

8.1 None

9. Risk implications

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 There is no immediate risk to the Council.

10. Knowing your community – equality and rural implications

10.1 The Financial Statements and the audit process will allow local communities and groups to review the financial performance and stewardship of the Council.

11. Climate implications

11.1 None directly from this report.

12. Corporate implications

12.1 By submitting this report, the report author has taken the following into account:

- Community safety implications
- Environmental implications
- ICT implications
- Asset management implications
- Procurement implications
- Human resources implications
- Planning implications
- Data protection implications
- Voluntary sector

Background papers: None
Contact Officer: Ashley Wilson, Ext 5609
Executive Member: K Lynch

Appendix 1: Self-assessment and action plan

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
<p>2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p>Action: The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.</p>	<p>30-Sep-24</p>	<p>2</p>	<p>Complete Annual report, Needed by September.</p>
<p>3 Has the committee maintained its advisory role by not taking on any decision-making powers?</p>	<p>The answer to this is "no", as it makes decisions, so it does not maintain its advisory role. Therefore should score "0". It approves the financial statements and Annual Government statement on behalf of the Council. To avoid this it should recommend adoption by the Council, and the full Council would have to have the financial statements presented and agree the recommendation to adopt the accounts.</p> <p>Action: This would add a lot of time pressure to the process, so I suggest we consider if this is an option we want to take or leave as is currently. This is currently a CIPFA preferred option, and not required from a legal standpoint. Audit Committee to confirm content to remains as approving body until a legal requirement to move to full council approval.</p>	<p>30-Sep-24</p>	<p>2</p>	<p>Adoption by the Council is Cipa's preferred best practice, but The Accounts and Audit Regulations 2003, regulation 10 allows a the statement of accounts as required by regulation 7(1) or regulation 7(6), as the case may be, shall be approved by a resolution of a committee of the</p>

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
				relevant body or otherwise by a resolution of the members of the body meeting as a whole. This is a proposal from the Audit Cttee, but full Council can decide to leave where it is until the regulation is changed
<p>4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?</p>	<p>Action: The ToR would need to be updated to cover the issues in the CIPFA recommended ToR. We have a copy and can update.</p>	<p>30-Sep-24</p>	<p>2</p>	<p>Update Tor as per CIPFA guide but note the approval may stay with the Audit Cttee.</p>
<p>5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?</p>	<p>Action: Training needed for all members.</p>	<p>31-Jul-24</p>	<p>1</p>	<p>Training requested- Mazars to cover</p>
<p>6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?</p>	<p>There is no formal mechanism for how this is done. Action: This could be incorporated into a formal reporting mechanism to the Council or SLT/S151 Officer as needed. Leave as a standing item for each Audit Committee if there are any such items to be reported.</p>	<p>31-Jul-24</p>	<p>1</p>	<p>Raise Issues as needed: include in Minutes to council</p>

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
7 Does the governing body hold the audit committee to account for its performance at least annually?	There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.	30-Sep-24	0	Complete Annual report, Needed by September.
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:	There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.	30-Sep-24	0	Complete Annual report, Needed by September.
• compliance with the CIPFA Position statement	There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.	30-Sep-24	0	Complete Annual report, Needed by September.
• results of the annual evaluation, development work undertaken and planned improvements	There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.	30-Sep-24	0	Complete Annual report, Needed by September.
• how it has fulfilled its terms of reference and the key issues escalated in the year?	There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.	30-Sep-24	0	Complete Annual report, Needed by September.
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?	The Key aspects of the Audit Committee ToR as per the constitution a include, but are not limited to: • Approving the Annual Governance Statement and Statement of Accounts • Approving the external auditor's annual letter • Approving the internal audit plan and monitoring progress • Overseeing audits and monitoring compliance with recommendations • Monitoring the risk management framework and providing	30-Sep-24	0	To ensure work programme covers The Key aspects of the Audit Committee ToR as per the constitution a include, but are not limited to: • Approving the

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
	<p>assurance</p> <ul style="list-style-type: none"> • Monitoring the counter-fraud strategy. <p>Action: As well as listing in the ToR action is needed to make them part of the Audit Committee's work programme in an effective way.</p>			<p>Annual Governance Statement and Statement of Accounts</p> <ul style="list-style-type: none"> • Approving the external auditor's annual letter • Approving the internal audit plan and monitoring progress • Overseeing audits and monitoring compliance with recommendations • Monitoring the risk management framework and providing assurance • Monitoring the counter-fraud strategy.

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
Governance arrangements	Action: The Approval of the Governance Statement could be covered by a sperate report, it is currently approved as part of the Financial Statements.	30-Sep-24	0	The Approval of the Governance Statement could be covered by a sperate report, it is currently approved as part of the Financial Statements.

<p>Risk management arrangements</p>	<p>Where a Local authority has a separate Committee that considers risk, then that needs to be considered in how it relates to the Audit Committee's role, based on CIPFA guidance. CIPFA notes that Scrutiny should not be mixed in with the Audit Committee, but tht the Audit Committee has to have a role in the governance of risk.</p> <p>Practical opportunities for joint working are in the publication, "Centre for Governance and Scrutiny: Audit committees and scrutiny committees working together."</p> <p>There are three components to audit committee risk management, which each have an intersection with scrutiny:</p> <p>Assurance on governance of risk. This is about oversight of the framework; for scrutiny, it will involve developing familiarity with where leadership and responsibility lies on risk;</p> <p>Reviewing the risk profile. Understanding where and how strategic risks are emerging and being managed is an important audit committee task, which may benefit from scrutiny's assistance;</p> <p>Monitoring the effectiveness of risk management arrangements. It is likely that scrutiny can, through wider reviews of policy development, integrate an awareness of risk management into its work – ensuring that audit committee can be supported with a grounding in what is likely to constitute the most efficacious approach to understanding evaluating risk management arrangements. Risk is central to effective scrutiny.</p> <p>The role of the audit committee in relation to risk management is to gain assurance over the governance of risk, and covers three major areas.</p>	<p>30-Sep-24</p>	<p>1</p>	<p>The Audit Committee, as part of understanding the AGS, need to see the Corporate Risk Register at least once a year, with an explanation of how risks have been reviewed by Scrutiny, how the risks were derived and updated, and any risk that have fallen out and why, and any new risks and where they have come from. The Scrutiny Committee should consider if there are any issues that they feel should be brought to the attention of the Audit Committee in relation to the Audit Committee consideration of the AGS and a formal mechanism for capture these</p>
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	<ul style="list-style-type: none"> • overseeing the authority's risk management policy and strategy and their implementation in practice • overseeing the integration of risk management into the governance and decision-making processes of the organisation • ensuring that the AGS is an adequate reflection of the risk environment. <p>Actions, The Audit Committee, as part of understanding the AGS, need to see the Corporate Risk Register at least once a year, with an explanation of how risks have been reviewed by Scrutiny, how the risks were derived and updated, and any risk that have fallen out and why, and any new risks and where they have come from. The Scrutiny Committee should consider if there are any issues that they feel should be brought to the attention of the Audit Committee in relation to the Audit Committee consideration of the AGS and a formal mechanism for capture these referrals should be established.</p>			referrals should be established.
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Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
<p>Internal control arrangements, including:</p> <ul style="list-style-type: none"> • financial management • value for money • ethics and standards • counter fraud and corruption 	<p>This appears to be a low score, as the Financial Management and Value for Money elements are covered by internal audit and External audit report, although the current position. External Audit has been an issue due to national back log. IA have a plan as do External Audit that is approved by the Audit Committee. Weak areas are ethics and standards, and Counter fraud and corruption.</p> <p>Ethics, the Audit Committee should be informed of how the Council promote good governance, which usually links to the seven Principles of Public Life which form an important part of the Governance. The principles of conduct are: 1.Selflessness, 2.Integrity, 3.Objectivity, 4.Accountability, 5.Openness, 6.Honesty, and 7.Leadership Action: The audit Committee needs to understand how the authority promotes these ethical values, so it needs a report noting how this is covered, and be updated on any issues where there is a breach of ethical standards and action taken to address them and prevent them happening again.</p> <p>Fraud, the audit committee should have oversight of the authority's arrangements for managing the risks from fraud and corruption, providing assurance that they are fit for purpose. This includes</p> <ul style="list-style-type: none"> • oversight of counter fraud plans and availability of resources and their effectiveness • reviewing the counter fraud strategy and considering whether it meets recommended practices 	<p>31-Mar-25</p>	<p>1</p>	<p>Work Programme to be undated to ensure the Audit Committee cover :</p> <ul style="list-style-type: none"> • ethics and standards • counter fraud and corruption

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
	<ul style="list-style-type: none"> • championing good counter fraud and anti-corruption practice to the wider organisation • reviewing the fraud risk profile and estimate of fraud losses or potential harm to the organisation and its local community • reviewing the annual counter fraud plan of activity and resources, seeking assurance that it is in line with the strategy and fraud risk profile • monitoring the overall performance of the counter fraud function • overseeing any major areas of fraud identified and monitoring action plans to address control weaknesses • consideration of assurance provided by internal audit. <p>Action: We should start with presenting the Counter fraud strategy, then have a counter fraud plan (most likely we need IA to do this) then decide how we resource this as it will have a cost. We have reported the NFI findings recently.</p>			

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
Annual governance statement	<p>The Audit Committee do approve the AGS.</p> <p>Action: We need to separate it from the Statements and report separately. Key aspects that the audit committee should consider when reviewing the AGS include:</p> <ul style="list-style-type: none"> • whether the statement is user friendly for a lay reader • whether the statement focuses on evaluation, leading to a clear opinion of whether arrangements are fit for purpose and meet the principles of good governance • whether the AGS is an accurate representation of arrangements, consistent with other information known to the committee (committee members should be able to recognise their own authority's strengths and weaknesses) • whether it includes appropriate disclosures on conformance with specified codes and standards and is consistent with current CIPFA guidance • whether the AGS is supported by an appropriate action plan to implement the required improvements and if this is robust (if needed). 	30-Sep-24	1	The Approval of the Governance Statement could be covered by a sperate report, it is currently approved as part of the Financial Statements.
Financial reporting	<p>This is a low score; we do this reasonably well in normal times.</p> <p>Action: We need to get the accounts to the Audit Committee with a covering report, some are a little behind with the current backlog, this has slipped, Also, the backlog on Audit of the financial statements needs sorting as well, but this is a national issue.</p>	31-Jul-24	1	Draft Accounts and AGS to Audit Cttee in July
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider	<p>Action: This need to be addressed in a revised audit Committee work plan.</p>	31-Mar-25	1	Audit Committee work programme to align with revised ToR.

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
functions, as set out in the 2022 guidance?				
<p>12 Has the committee met privately with the external auditors and head of internal audit in the last year?</p>	<p>This should be a 2 or 3, the chair has access and has met with them, if he wanted, he could meet with them. This would only be needed once a year, The Chair could organise this if desired. Action: Have one Audit Committee a year with a 30 minute slot where officers do not attend, maybe a pre-Audit Committee meet.</p>	<p>31-Mar-25</p>	<p>1</p>	<p>Audit Committee to meet in private with internal and External Audit with no officers present at least once annually, usually covered by an informal discussion before Audit Committee.</p>
<p>• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</p>	<p>There is currently no legislation for this in England, but it is considered good practice and council are beginning to do this. CIPFA recommend it is done. Notre, In England and Wales, co-opted independent members cannot vote to approve the accounts under Section 13 of the Local Government and Housing Act 1989 (see Membership and effectiveness of the audit committee). Action: To consider this requirement, and enquire of other local districts what action they have taken. No immediate urgency.</p>	<p>31-Mar-25</p>	<p>0</p>	<p>To consider co-opted independent member appointment. This is good practice but not a legal or regulatory requirement.</p>

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
<p>14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?</p>	<p>There is an expectation they have between them broad, but not specialist knowledge of the following:</p> <ul style="list-style-type: none"> • Internal audit • Financial management and financial reporting • External audit • Risk management • Counter fraud • Values of good governance • Treasury management (only if it is within the terms of reference so optional) <p>This can guide members on their training needs and support the evaluation of the overall knowledge and skills of the committee.</p> <p>Action: provide training for the audit committee to cover these areas</p>	<p>31-Jul-24</p>	<p>1</p>	<p>Training requested- Mazars to cover. Set up following up training as requested by members as a taring programme</p>
<p>15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?</p>	<p>As above.</p>	<p>31-Jul-24</p>	<p>0</p>	<p>Training requested- Mazars to cover. Set up following up training as requested by members as a taring programme</p>
<p>16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?</p>	<p>This should be yes, as Training has been given by Finance and Internal Audit, but some of the new members may not have had the training.</p>	<p>31-Jul-24</p>	<p>0</p>	<p>Training requested- Mazars to cover. Set up following up training as</p>

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
	Action: Redo the training, provide copies of the training material to Audit Committee members.			requested by members as a taring programme
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	Actions needed as above.	31-Jul-24	2	Training requested- Mazars to cover. Set up following up training as requested by members as a taring programme
20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	Action: An annual report from the Audit Committee to Council would lead to the full council acknowledging the useful work done by the Audit Committee.	30-Sep-24	0	Complete Annual report, Needed by September.
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	Action: Officers should begin to attend Audit Committee where a report covers their service, particularly if lower level of assurances are being given, or there are high level recommendations.	31-Jul-24	0	Officers are already attending as noted in minutes

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
<p>25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p>Action: The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.</p>	<p>30-Sep-24</p>	<p>0</p>	<p>Complete Annual report, Needed by September.</p>
<p>26 Do audit committee recommendations have traction with those in leadership roles?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p>Action: The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.</p>	<p>30-Sep-24</p>	<p>0</p>	<p>Complete Annual report, Needed by September.</p>

Good practice questions	Action needed	Implementation date deadline	Score	Simplified Action
<p>27 Has the committee evaluated whether and how it is adding value to the organisation?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p>Action: The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.</p>	<p>30-Sep-24</p>	<p>3</p>	<p>Complete Annual report, Needed by September.</p>
<p>28 Does the committee have an action plan to improve any areas of weakness?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p>Action: The Audit Committee should agree its own annual report to Council with recommendations for action. Including actions needed to improve on any of its own weaker areas of performance.</p>	<p>30-Sep-24</p>	<p>0</p>	<p>Complete Annual report, Needed by September.</p>

Appendix 2: CIPFA's SUGGESTED TERMS OF REFERENCE – LOCAL AUTHORITIES

Statement of purpose

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Governance, risk and control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the council.
- To monitor progress in addressing risk-related issues reported to the committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Financial and governance reporting

Governance reporting

- To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- 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.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Arrangements for audit and assurance

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

External audit

- To 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.
- To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To consider additional commissions of work from external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To approve the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 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 any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.

- To 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. These will include:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work.
 - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the head of internal audit's annual report, including the statement of the level of conformance with the PSIAS and LGAN that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To consider a report on the effectiveness of internal audit to support the Annual Governance Statement (AGS) where required to do so by the accounts and audit regulations.
 - To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Accountability arrangements

- To 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.
- To 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.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.