

<b>REPORT TO THE</b>	<b>AUDIT COMMITTEE</b>
<b>DATE OF MEETING:</b>	<b>10 SEPTEMBER 2014</b>
<b>SUBJECT OF REPORT:</b>	<b>AUDIT COMMITTEE TERMS OF REFERENCE</b>
<b>TOWN OR PARISH:</b>	<b>NONE</b>
<b>OFFICER/PRESENTING:</b>	<b>COUNCILLOR TONY MOULIN – CHAIRMAN OF THE AUDIT COMMITTEE</b>
<b>KEY DECISION:</b>	<b>NO</b>

## **RECOMMENDATIONS:**

The Audit Committee notes the report and considers whether any form of recommendation should be made to Council in relation to its Terms of Reference.

## **SUMMARY OF REPORT**

The Audit Committee has specific terms of reference given to it from Full Council and as such is required to report back annually to Council on its activities. The Committee has received a separate report on this review which also identified two areas for consideration in relation to its terms of reference. The Committee is asked for its views in relation to these areas.

### **1. POLICY**

There is no statutory obligation to have an Audit Committee, however they are widely recognised as a core component of effective governance as laid out in best practice from a number of professional bodies. The Audit Committee therefore has a key role in advising the council on the adequacy of its financial governance and other management arrangements for achieving the organisation's objectives.

### **2. DETAILS**

The annual report of the committee involved a desktop review against CIPFA's best practice guidance. This highlighted two areas for consideration in relation to its future terms of reference.

The first of these was in relation to the Approval of Annual Accounts. Currently the committee has no delegated power of approval and the accounts are referred back to full council for consideration. This is recognised as a variance from accepted practice within the vast majority of Local Authorities where this level of delegated authority is in place. Consideration should be given to changing the terms of reference of the committee to delegate full authority to the committee to approve the Accounts on behalf of the Council.

The second of these was in relation to the scrutiny of Treasury Management. Currently the committee has no oversight of Treasury Management arrangements

within the Council and best practice indicates the Audit Committee or a Scrutiny Panel is a suitable place for such independent scrutiny to be carried out. Consideration should therefore be given to whether independent scrutiny of Treasury Management activities is appropriate and if so, which body or committee is best placed to perform this. Previously, an option for Treasury Management to be referred to the Community and Corporate Organisation policy and scrutiny panel had been provided to the Executive or Council, if deemed appropriate.

### **3. CONSULTATION**

The report has been discussed with the Chair of the Audit Committee and the S151 Officer.

### **4. FINANCIAL IMPLICATIONS**

There are no direct financial implications in relation to this report.

### **5. RISK MANAGEMENT**

An effective Audit Committee demonstrates good governance in that democratically elected Members carry out an independent scrutiny role on behalf of the Community. This helps to ensure that the Council is delivering good value to its residents from its services and is managing its key risks appropriately.

### **6. EQUALITY IMPLICATIONS**

There are no specific equality implications.

### **7. CORPORATE IMPLICATIONS**

Good Corporate Governance and Risk Management is the responsibility of all officers and Members of the Council.

### **8. OPTIONS CONSIDERED**

None.

## **AUTHORS**

Jeff Wring    Head of Audit and Assurance    01275 884750

[jeff.wring@n-somerset.gov.uk](mailto:jeff.wring@n-somerset.gov.uk)

## **BACKGROUND PAPERS**

Members requiring further information are requested to refer to the agenda, reports and minutes of the Committee meetings posted on the council's website.