

**26<sup>TH</sup> JUNE 2006**

**REPORT OF HEAD OF FINANCIAL SERVICES**

**Portfolio: STRATEGIC LEADERSHIP**

**ROLE AND FUNCTION OF THE AUDIT COMMITTEE**

**1. SUMMARY**

- 1.1 The Council, at its meeting on the 19<sup>th</sup> May 2006, received a joint report from the Chief Executive and Director of Resources that recommended the establishment of an Audit Committee (Minute C.6/06 refers).
- 1.2 The recommendations also suggested that the Council's Constitution should be amended to incorporate a number of changes, together with any other consequential changes identified by the Monitoring Officer.
- 1.3 The role and function of the Committee was included as part of Appendix 1 to that report.
- 1.4 The purpose of this report is therefore to appraise Members of the role and function of the Audit Committee, as approved by the Council.

**2. RECOMMENDATION**

- 2.1 That the Committee notes its role and function, as approved by the Council.

**3. DETAIL**

- 3.1 The Council has been encouraged by the Audit Commission and the Chartered Institute of Public Finance and Accountancy (CIPFA) to establish an Audit Committee, and a detailed report was presented to Cabinet on 13<sup>th</sup> April 2006 (Minute CAB.179/05 refers), Standards Committee on 5<sup>th</sup> May 2006 (Minute ST.33/05 refers) and Council on 19<sup>th</sup> May 2006 (Minute C.6/06 refers), subsequently agreed to the establishment of the Committee.
- 3.2 The reports indicated the role and function of the Committee as shown at Appendix 1 to his report.

**4. RESOURCE IMPLICATIONS**

- 4.1 There are no resource implications arising from this report.

**5. CONSULTATIONS**

- 5.1 Advice and guidance was available from the Commission and CIPFA as to the Role and Functions of an Audit Committee.

## 6. OTHER MATERIAL CONSIDERATIONS

### 6.1 **Links to Corporate Objectives/Values**

The purpose of identifying the Role and Function of this Committee is to ensure that the Council is:-

- *Being responsible with and accountable for public finances.*
- *Being open, accessible, equitable, fair and responsive.*

### 6.2 **Risk Management**

No material considerations have been identified.

### 6.3 **Health and Safety**

No additional implications have been identified.

### 6.4 **Equality and Diversity**

No material considerations have been identified.

### 6.5 **Legal and Constitutional**

There are no legal or constitutional issues arising from this report.

## 7. OVERVIEW AND SCRUTINY IMPLICATIONS

There are no Overview and Scrutiny implications.

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**Ward(s):** Not Ward Specific

**Background Papers:** The Implications of the Establishment of An Audit Committee:  
- Report to Cabinet 13/4/06  
- Report to Standards Committee 5/5/06  
Establishment of an Audit Committee:  
- Report to Council 19/5/06

### Examination by Statutory Officers:

|  | Yes                                 | Not<br>Applicable        |
|--|-------------------------------------|--------------------------|
| 1. The report has been examined by the Council's Head of the Paid Service or his representative. | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2. The content has been examined by the Council's S.151 Officer or his representative.           | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. The content has been examined by the Council's Monitoring Officer or his representative.      | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4. Management Team has approved the report.  | <input type="checkbox"/>            | <input type="checkbox"/> |

## ROLE AND FUNCTION OF THE AUDIT COMMITTEE

The Audit Committee will have the following role and function:-

- (a) To consider the effectiveness of the Council's Risk Management arrangements, the control environmental and associated anti-fraud and anti-corruption arrangements. To report at least annually to Cabinet on the effectiveness of the Risk Management arrangements.
- (b) To seek assurances that action is being taken on risk related issues, identified by Auditors and Inspectors.
- (c) To be satisfied that the Council's Assurance Statements, including the Statement of Internal Control, properly reflect the risk environment and any actions required to improve it.
- (d) To approve the Council's Internal Audit Strategy Plan, Annual Audit Plan and monitor performance against all associated plans
- (e) To review summary Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- (f) To receive an Annual Report from the Head of Internal Audit.
- (g) To ensure that there are effective relationships between External and Internal Audit, Inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- (h) To review financial statements, including the Council's Statement of Accounts, External Auditor's and other inspection agencies opinions and reports to Members and monitor management action in response to the issues raised by External Audit and other inspection agencies.
- (i) For the Chair and Vice-Chair to meet privately and separately at least once a year with the External Auditor and Head of Internal Audit.
- (j) To have the right to call any officers of the Council as required.
- (k) To consider performance and best value issues to the extent that they relate to the audit and control environment and risk management issues of the Council.

*Note: For the purpose of these roles and functions 'Audit' relates to corporate issues, complaints, inquiries, financial probity and such other matters as may be decided by the Council.*

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