



ANNUAL REPORT OF THE AUDIT & GOVERNANCE COMMITTEE 2023/2024

Annual Report 2023/24 of the Audit & Governance Committee

Foreword by Councillor Marcus Andrews

I am pleased to introduce the annual report of the Audit & Governance Committee, summarising the contribution the committee made during the 2023/24 municipal year to the achievement of good governance, effective internal control, and strong financial management within the Council.

All councillors, and latterly from October 2023 two independent members, of the committee bring a balanced, independent, and objective approach to business of the committee and I sincerely thank them for the contributions they have made.

The committee has provided robust challenge and review of the Council's arrangements for risk, governance, and audit, across four 'core' and three 'non-core' meetings, and has:

- Reviewed and approved the Council's statutory accounts;
- Overseen the production of the Annual Governance Statement;
- Overseen and approved the annual evolution of four key policies: the Whistleblowing Policy, the Anti-Fraud and Corruption Policy; the Declaration of Interests, Gifts and Hospitality Policy and the Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy.
- Overseen and approved the annual evolution of Financial Regulations;
- Received and reviewed the annual Counter Fraud update report;
- Received and reviewed detailed assurance reports on the key aspects of the Council's internal control arrangements, including risk management, information governance, health and safety, emergency planning and business continuity, treasury management and performance management, providing robust challenge to BCP council arrangements and to suggest areas where improvements can be made; and
- Provided oversight to the Council's internal audit function, receiving the annual report and opinion alongside regular quarterly updates on progress against the internal audit plan, including the implementation of recommendations made in line with the committee approved Audit Charter.

I was particularly pleased that the Committee finally receive an 'unqualified opinion' for the 2021/22 statutory accounts from the External Auditor; this was against the challenging extensively reported upon backdrop of national and local issues.

I am however disappointed that the national so called 'backstop arrangement', which was agreed in principle to rectify these national and local issue going forward and which needed Parliament approval, has been further delayed by a rethink from national policy makers in the relevant sectors, recently announced by the Chartered Institute of Public Finance & Accountancy (CIPFA).

I believe the Committee worked hard with officers to understand and strengthen governance arrangements across the Council, and to ensure that risks were appropriately managed and mitigated.

The Committee took a flexible and agile approach, adapting to emerging issues and concerns raised by councillors with me. Three 'non-core' meetings were held where 'deeper dive' reports, presentations, training and briefings were received to provide greater insight and assurance on these often complex matters.

Marcus Andrews

Chair of Audit & Governance Committee 2023-24

1. INTRODUCTION

- 1.1 This annual report to the Council meeting demonstrates the importance the Council places on good governance arrangements and takes into account suggested best practice in regards content and style.
- 1.2 The Chartered Institute for Public Finance and Accountancy (CIPFA) describes the overall aim of good governance as:

‘to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities’

CIPFA/Solace Delivering Good Governance in Local Government Framework 2016 Edition (the Good Governance Framework)
- 1.3 Good governance is ultimately the responsibility of Council as the governing body of BCP Council. This report provides assurance as to the way in which the Audit & Governance Committee has discharged its role to support the Council in this responsibility. In addition, the report underpins the Annual Governance Statement, which is approved by the committee.
- 1.4 This report demonstrates how the committee has:
- Fulfilled its terms of reference;
 - Complied with national guidance relating to audit committees; and
 - Contributed to strengthening risk management, internal control and governance arrangements in BCP Council.

2. THE AUDIT & GOVERNANCE COMMITTEE INFORMATION

Role of Audit & Governance Committee

- 2.1 The Committee is appointed by Council to support the discharge of its functions in relation to good governance by providing a high-level focus on audit, assurance and reporting.
- 2.2 CIPFA defines the purpose of an audit committee as follows:
1. Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
 2. The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

- 2.3 The Terms of Reference for the Audit & Governance Committee are reviewed annually against current regulations, the CIPFA position statement and guidance for audit committees and best practice in comparable authorities.
- 2.4 The Committee's approved Terms of Reference for 2023/24, which are detailed on the BCP website, can be summarised as providing independent assurance to Council in relation to the:
- Effectiveness of the Council's governance arrangements, risk management framework and internal control environment;
 - Overseeing the work of Internal and External Audit;
 - Reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement and monitoring the Council's compliance with its Code of Corporate Governance; and
 - Reviewing the adequacy of certain policies and procedures to ensure compliance with statutory and other guidance.

The complete Terms of Reference for the committee are shown at Appendix 1 of this report.

Membership and attendance

- 2.5 The Committee was chaired during 2023/24 by Councillor Marcus Andrews and the vice chair was Councillor Eleanor Connolly. The Committee comprised nine councillors and two independent members who both joined from October 2023 onwards.
- 2.6 The Committee met formally on seven occasions during 2023/24. All meetings were quorate and face to face in line with government requirements for all committee meetings. Attendance at the meetings is recorded below:

Committee member	Number of meetings possible to attend	Number of meetings attended in person (able to vote)	Number of meetings viewed on MS Teams(not able to vote)	Formal substitute appointed who attended in person (able to vote)
Councillor				
Marcus Andrews (Chair)	7	7	0	0
Eleanor Connolly (Vice Chair)	7	5	2	0
Sara Armstrong	5	5	0	0
John Beesley	7	5	1	1 Karen Rampton
Brian Castle	7	7	0	0
Adrian Chapmanlaw	7	7	0	0
Richard Herrett	7	5	0	2 Michael Tarling
Margaret Phipps	7	6	1	0
Joe Salmon	2	1	0	1 Sara Armstrong
Clare Weight	7	7	0	0
Independent members (non-voting)				
Samantha Acton	4	4	0	n/a
Lindy Jansen-vanVuuren	4	3	1	n/a

- 2.7 Councillor Joe Salmon was a member of the Committee for the first two meetings of the year only and was replaced by Councillor Sara Armstrong.
- 2.8 Various other councillors attended committee meetings from time to time, often for specific agenda items. Councillor Mike Cox, Portfolio Holder for Finance, attended meetings in person or virtually.
- 2.9 In addition to the committee members, the Chief Executive, Director of Finance, Head of Audit & Management Assurance (the Chief Internal Auditor), Director of Law and Governance, representatives from the External Auditors (Grant Thornton) and other officers including the Insurance & Risk Managers and Democratic Support officers, as appropriate, attended committee meetings.

Independence of the committee

- 2.10 As a Council appointed committee, Audit & Governance Committee is appointed in accordance with the requirements for political balance and proportionality but, in line with CIPFA guidance and best practice, strives for political neutrality.
- 2.11 Samantha Acton and Lindy Jansen-vanVuuren were appointed, following an openly advertised selection process, by Council in October 2023 as non-voting Independent Members to the committee. The introduction of independent members to the committee has enhanced the independence of the committee as it discharges its functions. In addition, the professional audit and business experience and knowledge of its independent members give depth and insight to the robust challenge the committee provides in considering the assurances received.

Knowledge and Skills of the committee members

- 2.12 Councillors bring with them a wide range of knowledge and skills from their working life and elected representative roles to the work of the committee. The skills and knowledge of the committee are further complemented by those of the Independent Members, who have brought with them a wealth of knowledge and experience in both business and audit settings, and they apply this knowledge, skill and experience to BCP Council.
- 2.13 A programme of development has been undertaken during the year to ensure that members of the committee have the necessary knowledge and skills to discharge the functions of the committee. In view of the significant change in membership following the May 2023 elections, an introductory session was provided, on Thursday 15 June 2023, on the role and functions of the audit committee prior to the first formal core meeting of the Municipal Year.
[Audit and Governance Committee 15 June 2023 Cllr Presentation.pptx](#)
- 2.14 Further briefings have been provided to the committee to ensure that all Members remain up to date and informed to enable fulfilment of the committee's role. As in previous years, the Director of Finance provided training to the committee in preparation for their examination of the Accounts.

AR member finance presentation May 2023

- 2.15 The committee also participated in 'deeper-dive' sessions and workshops including, for example, how the Council's insurance arrangements work and operate.
- 2.16 The External Auditor routinely provided sector updates and presented some in depth briefings.
- 2.17 Cllr Marcus Andrews attended CIPFA Better Governance Forum training for audit committee chairs.
- 2.18 Utilising available technology a BCP Council Audit & Governance Committee MS Team has been created where committee members can communicate with each other or officers to discuss matters, to seek training or to simply ask a question. Officers also share relevant sector briefings using this MS Team.
- 2.19 Looking forward, the committee will continue to participate in further training and development opportunities over the 2024/25 municipal year. The chair has once again invited members of the committee, or indeed any councillors, to identify with him any governance, risk or internal control matters where greater understanding or acquisition of skills may benefit individuals or the committee in discharging its responsibilities. Such requests will be incorporated into the Forward Plan for a report, presentation or training session to be received in the non-core meetings of the committee. (Four planned in 24/25).

Operation of the committee

- 2.20 The Committee met on seven formal occasions during the 2023/24 municipal year with meeting dates structured around the receipt of annual assurance reports, external and internal audit reporting cycles, and the statutory requirements for production of the Accounts and Annual Governance Statement. This frequency of meetings ensures the committee can fulfil its responsibilities in an efficient and effective way and has been compared against the CIPFA recommended practice and arrangements in other local authorities.
- 2.21 The Committee meeting on seven occasions during the municipal year is towards the more frequent end of other local authorities' comparison. The most common other local authority frequency was quarterly, which tallies with the 'core' meetings of the BCP Council Audit & Governance committee.
- 2.22 Live streamed webcasts of each meeting allowed members of the public and press to access meetings remotely. Members of the public were free to make statements or ask questions related to the agenda items at committee meetings in line with the Constitution. Most committee meetings during 2023/24 heard questions and or statements from members of the public. In

the case of questions, a response generally prepared by an officer was provided to the chair who gave the answer on public record.

- 2.23 The Committee is supported by several officers who attend regularly and bring expertise in relation to corporate governance, internal audit, finance, legal compliance, risk and resilience and information governance.
- 2.24 The chair and vice chair of the Committee have a briefing with appropriate officers prior to each committee meeting to ensure the meeting runs as smoothly as possible in terms of who is presenting, and who else is likely to wish to speak.

3. COMMITTEE BUSINESS - THE WORK & ACTIVITY OF THE COMMITTEE

- 3.1 The key functions of the Committee are aligned to key statutory and regulatory deadlines. Consequently the committee in 2023/24 has received:
- Some reports in arrears, for the 2022/23 and 2021/22 financial years;
 - Some update reports in real or close to real time for the 2023/24 financial year; and
 - Some reports in advance to implement policies and procedure for the 2024/25 financial year.
- 3.2 The table below summarises the reports received by the Committee during the 2023/24 municipal year.

Terms of Reference area	Reports received by the committee to enable oversight and discharge of responsibilities
Governance, Risk & Control	<ul style="list-style-type: none"> • Annual Governance Statement 2022/23 and Annual Review of Local Code of Governance • Chief Internal Auditor's Annual Opinion 2022/23 • Annual Breaches & approved Waivers of Financial Regulations 2022/23 • Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2022/23 • Use of Regulation of Investigatory Powers Act and Investigatory Powers Act Annual 2022/23 • Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2022/23 • Information Governance annual update • Risk Management – Corporate Risk Register quarterly update
Internal Audit	<ul style="list-style-type: none"> • Chief Internal Auditor's Annual Opinion 2022/23 • Quarterly Audit Plan Update 2023/24 • Assurance Framework & Internal Audit Planning, including the Audit Charter for 2024/25
External Audit	<ul style="list-style-type: none"> • Audit Plan 2022/23 and 2023/24

	<ul style="list-style-type: none"> • Audit Findings Report 2021/22 & 2022/23 (Value for money arrangements report) • Auditors Annual Report 2021/22 • Audit Progress & Sector quarterly updates
Financial Reporting	<ul style="list-style-type: none"> • Statement of Accounts 2021/22 & 2022/23 • Treasury Management Strategy Refresh/Approval for next financial year • Treasury Management Quarterly Monitoring Report • Addressing the Local Audit Backlog & proposal for the 2022/23 Audit
Accountability arrangements	<ul style="list-style-type: none"> • This Annual Report
Other functions	<ul style="list-style-type: none"> • Emergency Planning & Business Continuity annual update • Health & Safety and Fire Safety annual update • Annual evolution of Council Policies for 2024/25: <ul style="list-style-type: none"> i. Whistleblowing ii. Anti-Fraud and Corruption iii. Declaration of Interests, Gifts & Hospitality iv. Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) • Financial Regulations - annual evolution for 2024/25.
Discretionary and/or requested functions	<ul style="list-style-type: none"> • Appointment of Independent member(s) to Audit & Governance Committee • Review of the Council's Constitution - a separate working group was convened and met several times during the year to review the Constitution. Changes were discussed and agreed at Audit & Governance Committee and subsequently approved or not by Council • Council Owned Companies Shareholder Governance Review

3.3 The core functions of the committee, as suggested and identified by CIPFA best practice, is summarised in the following sections.

The Statement of Accounts (SoA) and Annual Governance Statement (AGS)

3.4 Council has delegated to the Committee the authority to approve the Council's pre-audited and audited Statement of Accounts, which includes the Annual Governance Statement, on behalf of the Council.

3.5 The Committee considered the interim (or draft) AGS in July 2023, just after the formal period of public consultation, and went on to approve the Council's Annual Governance Statement for 2022/23 following receipt of the Chief Internal Auditor's Opinion.

3.6 The Committee has only recently, in May 2024, approved the audited Statement of Accounts for the 2021/22 financial year, which set out the auditor's 'unqualified opinion'. This unacceptable delay is typical of most large unitary and county councils which means BCP Council is not an outlier in this regard.

- 3.7 There have been well publicised and reported upon national problems with external audit capacity, exacerbated by enhanced levels of audit work required nationally in key areas of the accounts to comply with relevant standards – most notably fixed assets and pensions.
- 3.8 A nationally negotiated solution, referred to as the 'Backstop arrangement', had been brokered which sought to re-install more timely auditing of the accounts for all councils. The recent calling of the General Election meant that Parliament did not legislatively agree the proposed arrangements and subsequently a policy rethink has been announced by CIPFA. A significant degree of uncertainty therefore remains.
- 3.9 The audit for the 2023/24 year has however commenced and Grant Thornton and BCP Council are working collaboratively to re-install more timely audit reporting.
- 3.10 For the avoidance of any doubt, the audit requirement for the 2022/23 financial year remains uncertain, Grant Thornton and BCP Council are awaiting further policy advice and updates.

External Audit

- 3.11 Following consideration of other options, the Committee concluded that participation in the national audit appointment scheme for appointing the external auditor from 2023/24 until 2027/28 would produce the best outcomes for the Council.
- 3.12 On the Committee's recommendation, Council accepted an invitation to opt in to the national appointment scheme operated and managed by PSAA (Public Sector Audit Appointments Limited). During 2023/24 the committee were informed of the outcome of the national appointment scheme. Grant Thornton LLP, incumbent auditor since BCP Council came into being on 1 April 2019, will remain the Council's appointed auditor until the completion of the 2027/28 accounting year audit.
- 3.13 The Committee plays a significant role in overseeing the Council's relationship with its external auditor and takes an active role in reviewing the external audit plan, progress reports and the annual report which sets out the findings of the value for money opinion, which reviews the Council's arrangements for securing economy, efficiency and effectiveness.
- 3.14 In September 2023 the Committee received the external auditor's annual report, where the auditor is required to report their commentary under specific criteria, namely financial sustainability, governance and improving economy, efficiency and effectiveness. They are required to report on any significant weaknesses they identify.
- 3.15 The External Auditor produced a 2021/22 and 2022/23 (combined) Annual

Report which identified the following weaknesses:

Criteria	Risk assessment
Financial sustainability	Risks identified relate in the main due to uncertainties in relation to the Councils Medium Term Financial Plans and associated transformation programme and delivery of savings.
Governance	Significant risks identified in Governance in relation to leadership, partnerships and the Transformation programme
Improving economy, efficiency and effectiveness	Risk identified because of the inadequate rating issued by Ofsted in respect of children in care

Five key recommendations were made and a further 13 improvement recommendations were made. The Council provided the External Auditor with management responses to all the recommendations. Recommendations were either implemented or are being implemented. In the latter case, being implemented, this is where the action or requirement may take time to embed or take effect.

- 3.16 The External Auditor also made a contextual comment that the May 2023 election resulted in a change of political administration and an apparent change in financial strategy, which set a new tone from the top and was an opportunity to address some of the issue raised in their report.
- 3.17 Ultimately, the committee is looking forward to the External Auditor's 2023/24 value for money opinion, where time will tell if Council actions may result in a more favourable overall opinion. Regular meetings between relevant officers, the Portfolio Holder for Finance and Grant Thornton's audit team provides meaningful two way communication on progress status on the implementation of recommendations.
- 3.18 Interim feedback to the committee from the External Auditor is providing a degree of assurance that the Council is moving towards a stronger position, making a more favourable 2023/24 value for money opinion more likely.
- 3.19 During the year, the committee also received regular reports and sector updates.
- 3.20 The Committee looks forward to continuing to work with the External Auditors; considering the responses of management to audit recommendations and ensuring that appropriate actions are agreed and implemented.

Internal Audit

3.21 The Committee works closely with the internal audit function, both overseeing the independence and effectiveness of the service and receiving assurance from the Head of Audit & Management (HAMA) assurance as to the adequacy and effectiveness of the Council's internal control environment.

3.22 The Committee noted the assurance, through interim self-assessment, that the Internal Audit service conforms with the requirements of the Public Sector Internal Audit Standards (PSIAS). This tallies with the external assurance received from the Chartered Institute of Public Finance & Accountancy (CIPFA) when they assessed the BCP Council internal audit service in June 2021.

PSIAS quality assurance is a 5 year rolling cycle – a formal external assessment inspection followed by four years of self-assessment. The Internal Audit team is next externally inspected in June 2026.

3.22 The Committee reviewed and agreed the Internal Audit Charter and the broad strategic annual risk based audit plan for the 2023/24 year in March 2023, including the allocation of resource to respective Council service areas. For 2023/24, the team moved to quarterly detailed operational audit scoping and planning. Local government sector challenges and significant levels of organisational change created uncertainty, complexity and increasing risk. Quarterly planning enabled the team, and the committee, to ensure audit plans were flexible and adaptive to new and emerging risks in this environment.

3.24 The Committee received and considered regular reports from the HAMA throughout the year providing updates on progress against the 2023/24 Internal Audit Plan, together with information relating to the wider work of the Internal Audit section.

3.25 The Committee was advised of the outcomes of every internal audit review, with greater depth and follow up provided in relation to reviews resulting in 'partial' or 'minimal' assurance. There were 11 'partial' assurance and, reassuringly, no 'minimal' assurance review outcomes reported to the Committee during 2023/24.

3.26 The Committee also received assurance that management responded positively by agreeing all recommendations made and these were followed up by the Internal Audit team to ensure they were implemented in the agreed timeframes.

3.27 The Committee received reports from the HAMA where any high priority recommendations were not implemented by the agreed target date. The Committee had the power to 'call-in' officers to explain delays in implementing recommendations – the Committee did not exercise this power during 2023/24. In the rare circumstances where high priority recommendations were not implemented by the target date, the explanations provided were reasonable and a revised target date was agreed.

- 3.28 The Committee was satisfied that the work undertaken to support the overall opinion of the HAMA was conducted in accordance with established methodology that promoted quality and conformance with the International Standards for the Professional Practice of Internal Auditing and the PSIAS.
- 3.29 The HAMA's overall Annual Audit Opinion concluded the Council has an adequate and effective framework of internal control, risk management and governance, although the detailed reporting through the year identified areas of weakness and where improvements can be made.

Risk Management

- 3.30 The Committee oversees the Council's risk management arrangements and strategy, which is currently being revised in line with feedback from the Corporate Management Board, the Committee and the Cabinet.
- 3.31 The Committee reviewed the progress made by the Council in identifying and addressing corporate risks. This included consideration of the Corporate Risk Register at all core meetings.
- 3.32 During 2023/24 a number of officers (risk owners) were asked to attend the committee meeting so the Committee could assess the adequacy and effectiveness of risk management.

Corporate Governance

- 3.33 The Committee considered and approved a refreshed Code of Corporate Governance. The Code reflects the core principles and requirements of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework'.
- 3.34 The draft and final Annual Governance Statement for 2022/23 was approved showing how the Council complied with the Code of Corporate Governance and highlighting areas where improvements were required.
- 3.35 Considered and approved revisions to the Audit Committee Terms of Reference after updated CIPFA guidance was published. The new Terms of Reference were recommended to Council for approval
- 3.36 The Committee established a Constitution Review Working Group of five of its Councillors. The 2023/24 members of the Working Group were Councillor Connolly (Chair) and Councillors Andrews, Beesley, Castle and Phipps.
- 3.37 Since its establishment in July 2020, the Working Group has continued to meet on a regular basis to consider requests for change. The Group received advice from various officers including the Monitoring Officer and Head of Democratic Services. From time to time, as required, Officers and Councillors with specialist responsibility were invited to have an involvement.

- 3.38 Working Group recommendations that were agreed by Council have been implemented and incorporated into a revised and updated version of the Constitution and published on the Council's web site.

4. LOOKING FORWARD

- 4.1 The Committee has approved an initial Forward Plan for the 2024/25 municipal year setting out the regular update reports and annual assurance reports it will receive. This draft Forward Plan will be reviewed quarterly and will be amended or added to as required.
- 4.2 The Committee will remain flexible in its approach, to accommodate additional items within its remit as they emerge. As in the last municipal year, the committee will request and consider reports in relation to relevant matters which come to our attention during the year.
- 4.3 The Committee will provide the usual level of robust challenge to corporate governance and audit practice and procedure across the authority to ensure that BCP Council arrangements are up to date and fit for purpose, communicated, embedded and routinely complied with.
- 4.4 In addition to the routine business the committee have requested assurance reports in the 24/25 municipal year in relation to:
- Adequacy of governance arrangements to secure planning approval for Council commercial activity – including concessions and in-house run services;
 - Governance surrounding the disposal of Council land and property;
 - Transparency of Officer decision making and accountability to Councillors;
 - Governance and safeguards – the current decision making process for the budget / MTFP;
 - Procurement and contract management governance – Part G of Financial Regulations;
 - Appointment of, and management of Consultants – governance arrangements including business cases, procurement and contract monitoring;
 - Performance Management Governance & Reporting; and
 - Business Planning Governance & Reporting.

BCP COUNCIL - FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE

Functions of the Audit & Governance Committee are set out below. The Audit & Governance Committee cannot delegate for a decision any issues referred to it apart from any matter that is reserved to Council.

Statement of Purpose

Our Audit & Governance Committee is a key component of Bournemouth, Christchurch and Poole (BCP) 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.

The purpose of our Audit & Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of BCP Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk & Control

To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS).

To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

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

To consider arrangements for risk management including the approval of the Risk Management Strategy and review of the Council's corporate risk register.

To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Counter Theft, Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy.

To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

To approve the Internal Audit Charter.

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 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: a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work b) regular reports on the results of the Quality Assurance Improvement Programme (QAIP) c) 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 Annual Governance Statement (AGS).

To consider the Head of Internal Audit's annual report: a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit. b) 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 scheduled in the forward plan for the Committee or otherwise requested by Councillors.

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 contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years.

To commission work from the Internal Audit Service (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

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 Public Sector Audit Appointments Ltd (PSAA).

To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

To consider all other relevant reports from the External Auditor as scheduled in the forward plan for the Committee as agreed with the External Auditor or otherwise requested by Councillors.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from External Audit (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors.

To consider reports dealing with the management and performance of the External Audit function.

To consider and approve the Annual Plans of the External Auditor.

Financial Reporting

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 auditors report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

To report to Council and publish an annual report 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 Council and publish an annual report on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Other Functions

To consider arrangements for treasury management including approving the Treasury Management Strategy and monitoring the performance of this function.

To maintain an overview of the Council's Constitution in respect of financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Standards Committee).

To consider breaches, waivers and exemptions of these Financial Regulations.

To consider any relevant issue referred to it by the Chief Executive, Chief Finance Officer (CFO), Chief Internal Auditor (CIA), Monitoring Officer (MO) or any other Council body or cabinet member.

To consider arrangements for information governance, health and safety, fire safety, emergency planning (including business continuity).

To consider any issue of Council non-compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.

To consider gifts and hospitality registers relating to officers.