



AUDIT COMMITTEE REPORT

Report Title	Terms of Reference and Annual Audit Plan 2011/12
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	27 June 2011
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

- 1.1 For the Audit Committee to note the revised Terms of Reference that were agreed at Full Council in May 2010; and
- 1.2 For Audit Committee to be aware of the agreed 2011/12 Internal Audit Risk Assessment and Plan.

2. Recommendations

- 2.1 That the Committee notes the Terms of Reference and responsibilities of the Committee; and
- 2.2 That the Committee are aware of the approved 2011/12 Internal Audit Risk Assessment and Plan.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The revised Terms of Reference of the Audit Committee was approved by Full Council on 20 May 2010. Following this, Audit Committee received a report on the Terms of Reference in 28 June 2010. The Terms of Reference are being brought back here to make the new Audit Committee members aware of the contents of the Terms of Reference for the Committee; and
- 3.1.2 The 2011/12 Internal Audit Risk Assessment and Plan outlines the planned activity for internal audit for 2011/12. The Plan was originally considered and approved by Audit Committee at its last meeting of 21 March 2011.

3.2 Issues

- 3.2.1 The Audit Committee Terms of Reference outline the responsibilities of the Audit Committee and are contained within the Constitution. Audit Committee

members need to be aware of the contents of the Terms of Reference for the committee and ensure that it operates within these Terms of Reference.

3.2.2 Features of Audit Committees

Good audit committees will be characterised by:

- Strong chairmanship – displaying a depth of skills and interest;
- Unbiased attitudes - treating auditors, the executive and management equally;
- The ability to challenge the Executive (leader/chief executive) when required; and
- A membership that is balanced, objective, independent of mind, and knowledgeable.

3.2.3 Structure and Administration

Although no single model of committee is prescribed, all should:

- Be independent of the Executive and Scrutiny functions;
- Have clear reporting lines and rights of access to other committees, for example scrutiny and service committees and other strategic groups;
- Meet regularly – at least four times a year with a quorum, and have a clear policy on those items to be considered in private and those to be considered in public;
- Include, as regular attendees, the Responsible Finance Officer (for Northampton Borough Council the Director of Finance and Support), Head of Internal Audit or equivalent (therefore PricewaterhouseCoopers Audit Manager) and Appointed External Auditor (Audit Commission);
- Other attendees may include the Monitoring Officer (for standards issues) and the Heads of Service and Directors as necessary. The Committee should have the right to call any other officers or agencies of the council as required;
- The Chair should have direct access to both the Appointed External Auditor and the Head of Internal Audit; and
- Be properly trained to fulfil their role.

3.2.4 The 2011/12 Internal Audit Risk Assessment and Plan outlines the planned activity for internal audit for 2011/12. Audit Committee members need to be aware of the Plan because it outlines the planned work of Internal Audit for 2011/12. The Plan is subject to change during the year because of emerging issues but these changes will be reported to Audit Committee as they occur.

3.3 Choices (Options)

3.3.1 To be aware of and understand the responsibilities of the Audit Committee; and

3.3.2 To be aware of the approved 2011/12 Internal Audit Risk Assessment and Plan.

4. Implications (including financial implications)

4.1 Policy

4.1.1 None.

4.2 Resources and Risk

4.2.1 There are no specific resources and risk implications arising from this report.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 Senior officers, the Constitution Working Party, and Full Council have had opportunity to comment and feedback on the terms of reference; and

4.5.2 Director of Finance and Support, Head of Finance, and other Heads of Service and Directors and the previous members of the Audit Committee in respect of the 2011/12 Internal Audit Risk Assessment and Plan.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Protecting and enhancing the reputation of Northampton Borough Council.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

Appendix 1 – Audit Committee Terms of Reference

Appendix 2 – 2011/12 Internal Audit Risk Assessment and Plan

Bill Lewis
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