

Appendix B – Changes to the Audit Committee terms of reference

	Existing TOR	Suggested Revised TOR	New Guidance Text
1	Receive and consider the annual report and opinion of the Internal Audit Manager including conformance with Internal Audit Standards	No change suggested <i>PSIAS and Opinion covered in a separate section</i> See 8 and 9 below	20 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.
2	Review a summary of internal audit activity including internal audit reports and main issues arising, seeking assurance that action has been taken where necessary;	Change suggested Review a summary of internal audit activity including internal audit reports on the effectiveness of internal controls, seeking assurance that action has been taken where necessary on the implementation of agreed actions;	To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions. 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 (see 8 below)

			<p>b) regular reports on the results of the QAIP (see 8 below)</p> <p>reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.(see 8 below)</p>
3	To consider summaries of specific internal audit reports as requested by the Audit committee, including the effectiveness of internal control	<p>Change suggested</p> <p>To consider summaries of specific internal audit reports as requested by the Audit committee.</p>	To consider summaries of specific internal audit reports as requested
4	Approve (but not direct) internal audit's annual plan and resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those.	<p>Change suggested</p> <p>To Approve (but not direct) internal audit's risk-based annual audit plan including resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those sources.</p>	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.
5		NEW Audit Committee Chair to approve significant interim changes to the risk-based internal audit plan and resource requirements followed by report to Audit Committee.	To approve significant interim changes to the risk-based internal audit plan and resource requirements.
6		NEW 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 make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

7		NEW To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments	To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments
8	To monitor audit performance and consider the annual review of effectiveness of internal audit.	<p>Change suggested</p> <p>To monitor audit performance, including QAIP results and any non-conformance with PSIAS and LGAN.</p> <p>To Consider whether the non-conformance is significant enough that it must be included in the AGS</p> <p>See also 1 above</p>	<p>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:</p> <p>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</p> <p>b) regular reports on the results of the QAIP</p> <p>c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.</p>
9	To monitor audit performance and consider the annual review of effectiveness of internal audit.	<p>Change suggested</p> <p>Consider the annual review of effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations</p>	To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations
10	To receive reports which provide assurance that action is being taken on risk-related issues and recommendations identified by auditors and inspectors;	<p>Suggested change</p> <p>To monitor progress in addressing risk-related issues reported to the committee.</p>	To monitor progress in addressing risk-related issues reported to the committee.

12	To consider the reports of external audit and inspection agencies, including the external auditor's annual letter, relevant reports, and the report to those charged with governance;	No change	To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
13		NEW To consider specific reports as agreed with the external auditor.	To consider specific reports as agreed with the external auditor.
14	To advise and recommend on the effectiveness of relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;	No change	To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies
15	To comment on the scope and depth of external audit work, through plans and reports to ensure it gives value for money;	Change suggested To comment on the scope and depth of external audit work and to ensure it gives value for money.	To comment on the scope and depth of external audit work and to ensure it gives value for money.
16		NEW 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 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.
17	To liaise with the Audit Commission (or its successor) over the appointment of the Council's external auditor;	Change suggested To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.	To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

18	To commission work from internal and external audit, as required, and as resources allow;	No change	To commission work from internal and external audit.
19	To support the development of effective communication with the Assistant Director responsible for Internal Audit and also the Audit Manager and to meet privately with the Audit Manager and / or the External Auditor where required;	Change suggested 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.	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.
20	To have the right to call any officers or Members of the Council as required to offer explanation in the management of internal controls and risks.	No change	No equivalent
21	To engage with relevant committees to help support ethical values and reviewing arrangements to achieve those values as appropriate.	No change	No equivalent
22	To decide upon and authorise allowances to the Committee's Independent Member.	No change	No equivalent
23	(s) To appoint a Lead Officer to sit on the Information Governance Board responsible for monitoring the Information Governance Strategy and Action Plan.	Change Officer to Member	No equivalent
24	To monitor the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anticorruption arrangements (including an assessment of fraud risks);	Change suggested To monitor the effectiveness of the Authority's risk management Arrangements (development and operation), To monitor the Council's and associated anti-fraud and anti-corruption arrangements	To monitor the effective development and operation of risk management in the council. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

		(including an assessment of fraud risks); To monitor the counter-fraud strategy, actions and resources.	To monitor the counter-fraud strategy, actions and resources.
25		NEW To monitor progress in addressing risk-related issues reported to the committee.	To monitor progress in addressing risk-related issues reported to the committee.
26	To maintain an overview of the Council's constitution in respect of contract procedure rules and financial procedure rules;	No change	No equivalent
27	To review any issue referred to it by the Chief Executive, a Strategic Director, Monitoring Officer or any Council body as the Chair considers appropriate within the general Terms of Reference of the Committee;	Change suggested To review any issue referred to it by the Chief Executive, a Strategic Director, Monitoring Officer, Chief Financial Officer or any Council body as the Chair considers appropriate within the general Terms of Reference of the Committee	No equivalent
28	To review the Authority's assurance statements, including the Annual Governance Statement prior to approval, ensuring it properly reflects the risk environment and supporting assurances (including internal audit's annual opinion	Change suggested To review the Authority's assurance statements, including the Annual Governance Statement prior to approval, ensuring it properly reflects the risk environment and supporting assurances (including internal audit's annual opinion on governance, risk and control)	To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
29	To review the Council's arrangements for corporate governance,	Change suggested	To review the council's corporate governance arrangements against the

	including the Code of Corporate Governance and agreeing necessary actions to ensure compliance with best practice;	To review the Council's arrangements for corporate governance, including the local Code of Corporate Governance and agreeing necessary actions to ensure compliance with best practice (the good governance framework, including the ethical framework)	good governance framework, including the ethical framework and consider the local code of governance.
30		NEW To review the governance and assurance arrangements for significant partnerships or collaborations.	To review the governance and assurance arrangements for significant partnerships or collaborations.
31	To consider the Council's compliance with its own and other published standards and controls;	No change	No equivalent
32	To report and make recommendations to Executive or Council on major issues and contraventions;	No change	No equivalent
33	To have rights of access to other Committees of the Council and to strategic functions as it deems necessary.	No change	No equivalent
34	To receive on an annual basis a report on the Treasury Management Strategy before approval by the Executive and Full Council.	No change	No equivalent (although optional - part of wider remit)
35	To be responsible for ensuring effective scrutiny of the treasury management strategy and policies.	No change	No equivalent (although optional – part of wider remit)
36	To report to full council on an annual basis on the committee's performance in relation to the terms of reference and the effectiveness of the	No change	To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy

	<p>committee in meeting its purpose.</p> <p><i>(NB the audit committee is the committee charged with governance)</i></p>		<p>and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.</p> <p>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.</p> <p>To publish an annual report on the work of the committee.</p>
37	<p>The Audit Committee, as the Committee "Charged with Governance" should consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts. (There are specific requirements linked to International Auditing Standards and those charged with governance).</p>	<p>Change suggested</p> <p>The Audit Committee, as the Committee "Charged with Governance" should consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts</p>	<p>To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.</p>
38	<p>The Committee will monitor management action in response to any issues raised by external audit.</p>	<p>No change</p>	<p>No equivalent</p>