

APPENDIX D**Revised Terms of Reference****Statement of Purpose**

1. Our audit committee is a key component of LB Sutton'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.
2. The purpose of our audit committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of LB Sutton'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 and Control

3. To monitor the effective development and operation of risk management and corporate governance in the Council. This includes monitoring progress in addressing risk-related issues reported to the committee and ensuring that the Council's framework of assurance adequately addresses the risks and priorities of the Council.
4. To monitor the counter-fraud strategy and policies, actions and resources. To review the assessment of fraud risks and their impact and ensure that fraud resources are directed at the areas of highest risk.
5. To review the Council's Annual Governance Statement 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.
6. To review the council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
7. To consider the Council's compliance with its own and other published standards and controls.

Internal audit

8. To approve the internal audit charter.
9. 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. This includes approving significant interim changes to the risk- audit plan and resource requirements.
10. To consider the Head of Internal Audit's annual report:
 - 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 Annual Governance Statement.
 - The statement of the level of conformance with the Public Sector Internal Audit Standards and

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Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.

11. To consider summaries of specific internal audit reports as requested
12. To consider reports from the Head of Internal Audit dealing with the management and performance of providers of internal audit services. These will include:
 - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - Regular reports on the results of the Quality Assurance and Improvement Programme.
 - Reports on the effectiveness of internal audit including instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
 - To contribute to the QAIP including the external assessment undertaken once every five years
13. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale
14. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

External Audit

15. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance. This includes considering the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
16. To consider specific reports as agreed with the external auditor.
17. To comment on the scope and depth of external audit work and to ensure it gives value for money.
18. To consider options for the appointment of the Council's external auditor and make recommendations to full Council.
19. To commission work from internal and external audit.

Financial Reporting

20. To review and approve 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 Council.
21. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts

APPENDIX D**Accountability Arrangements**

22. 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. This includes reporting on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of governance, risk management and internal control frameworks; financial reporting frameworks and internal and external audit functions.

Wider Remit

23. To consider any issues referred to it by the Chief Executive or a Strategic Director, or any Council body or Committee.
24. To review the implementation of the Council's Treasury Management Strategy and to recommend to full Council any changes to the strategy

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