



AUDIT COMMITTEE

22 JUNE 2006

7.30 PM

**MEETING ROOM 2, CIVIC OFFICES,
CENTRAL MILTON KEYNES**

A G E N D A

Councillor A Dransfield (Chair)
Councillors Burke (Vice-Chair)
Councillors Coventry, Crooks, Tamagnini-Barbosa, Tunney and Wilson

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TERMS OF REFERENCE

(Approved by Council on 23 May 2006)

1. Statement of Purpose

- 1.1. To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakness of the control environment and to oversee the financial reporting process.
- 1.2. To review matter relating to internal audit, external audit, risk management, governance, assurance statements, anti-fraud and anti corruption arrangements as well as any other function to meet the Council's Audit Committee requirements.
- 1.3. To enhance and promote the profile, status and authority of the internal audit function and to demonstrate its independence.
- 1.4. To contribute towards making the authority, its committees and departments more responsive to the audit function.
- 1.5. To review compliance with the relevant standards, codes of practice and corporate governance policies.
- 1.6. To act within the Council's Constitution.

2. Core Functions

2.1. Audit Activity

- 2.1.1. To consider Internal Audit's strategic and annual plans including monitoring performance against those plans.
- 2.1.2. To consider the Annual Report and opinion of the Head of Audit and a summary of internal audit activity and the level of assurance it can give over the Council's corporate governance arrangements.
- 2.1.3. To consider summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary
- 2.1.4. To consider reports dealing with the management and performance of the Internal Audit function
- 2.1.5. To consider reports from Internal Audit on agreed recommendations not implemented within reasonable timescales
- 2.1.6. To consider the External Auditor's Annual Inspection Letter, relevant reports and the reports of those charged with governance
- 2.1.7. To consider specific reports as agreed with the external auditor to ensure agreed action is taken within reasonable timescales.
- 2.1.8. To comment on the scope and depth of the external audit work and to ensure it gives value for money

- 2.1.9. To liaise with the Audit Commission over the appointment of the Council's external auditor
- 2.1.10. To consider the reports of inspection agencies relevant to the Council
- 2.1.11. To suggest work for Internal and External Audit.

2.2. Regulatory Framework

- 2.2.1. To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations, codes of conduct etc.
- 2.2.2. To review any issue referred to it by the Chief Executive or Corporate Director or any Committee of the Council.
- 2.2.3. To monitor the effective development and operation of risk management and corporate governance throughout the Council.
- 2.2.4. To monitor council policies on "raising concerns at work" and anti-fraud and anti-corruption policies including the Council's complaints process
- 2.2.5. To oversee the production of the Council's Statement of Internal Control and recommend its adoption
- 2.2.6. To consider the arrangements for corporate governance and to agree necessary actions to ensure compliance with best practice.
- 2.2.7. To consider the Council's compliance with its own and published standards and controls

2.3. Accounts

- 2.3.1. To review the annual statement of accounts.
- 2.3.2. 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
- 2.3.3. To consider the external auditor's report to those charged with the governance issues arising from the audit of the accounts.

2.4. Risk Management

- 2.4.1. To consider the effectiveness of the Council's risk management arrangements
- 2.4.2. To seek assurances that action is being taken on risk related issues
- 2.4.3.** 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.

AGENDA

1. **Chair's Announcements**

The Chair to welcome Members, officers and the public to the meeting and introduce Members and officers who are present.

2. **Apologies**

3. **Declarations of Interest**

Members and officers to declare any personal or prejudicial interests they may have in the business to be transacted.

4. **Audit Committee Work Programme and Terms of Reference**

To consider Item 5 (**Pages 6 to 14**)

The Committee is requested to recommend the revised Terms of Reference for approval by the Council and to give consideration to the Work Programme for 2006/2007

5. **Internal Audit Annual Report 2005/2006**

To consider Item 6 (**Pages 15 to 32**)

The Head of Audit & Risk Management to report on the Internal Audit Annual Report 2005/2006.

6. **Annual Risk Management Report 2005/2006**

To consider Item 7 (**Pages 33 to 45**)

The Head of Audit & Risk Management to report on the Annual Risk Management Report 2005/2006.

7. **Statement of Accounts 2005/2006**

To consider Item 5 (**Pages 46 to 49**)

The Statement of Accounts has been circulated as a separate document.