

Committee	Date	Classification	Report No.	Agenda Item No.
Audit Committee	30th June 2008	Unrestricted		
Report of:		Title:		
Service Head, Democratic Services		Audit Committee – Terms of Reference and Membership		
Originating Officer(s): Daniel Hudson		Ward(s) affected: ALL		

1. SUMMARY

- 1.1 This report sets out for members' information the decision of the Council to establish an Audit Committee and details of the Committee's Terms of Reference and Membership.

2. RECOMMENDATION

- 2.1 That the report be noted.

**LOCAL GOVERNMENT ACT, 2000 (SECTION 97)
LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT**

Brief description of "background paper"

Name and telephone number of holder
and address where open to inspection

**Daniel Hudson
020 7364 4881**

3. BACKGROUND

- 3.1 On 11th February 2008 the Council considered the recommendations of the General Purposes Committee to alter the composition of the Audit Panel to reflect guidance set out in “Audit Committees – Practical Guidance for Local Authorities” published by CIPFA, by establishing an Audit Committee as part of the Council’s formal non-executive committee structure and separate from the Executive and Overview & Scrutiny functions. The General Purposes Committee also recommended changes to the title and terms of reference for the Pensions and Accounts Committee and the delegation of the duty to make proper arrangements for the financial affairs from the Council to the Audit Committee.

4. TERMS OF REFERENCE

- 4.1 The Council agreed to establish the Audit Committee with the terms of reference as set out below: -
- 1 To consider the Audit Plan and review the performance of Internal Audit against this target;
 - 2 To review internal audit findings and the annual report from the Head of Audit and seek assurance that action has been taken where necessary;
 - 3 To act as a forum for the Audit Commission (external audit) to bring issues to Members’ attention including both specific reports and general item such as the Annual Audit Letter and the Annual Governance Report;
 - 4 To be satisfied that the authority’s assurance statements, including the Annual Governance Statement properly reflect the risk environment and any actions required to improve it;
 - 5 To enable the Council to demonstrate a response to its fiduciary responsibilities in preventing fraud and corruption;
 - 6 To consider reports of audit activity together with specific investigations;
 - 7 To monitor the Authority’s Risk Management arrangements and seek assurance that action is being taken on risk related issues identified by auditors and inspectorates;
 - 8 To make arrangements for the proper administration of the Council’s financial affairs and for the proper stewardship of public funds expect the appointment of the Chief Finance Officer which shall remain the duty of the Council; and

- 9 To meet the obligations of the Accounts and Audit Regulations 1996 and the various statutory requirements in respect of the duty to approve the Authority's Statement of Accounts, income and expenditure and balance sheet or record of payments and receipts (as the case may be).

5. MEMBERSHIP

- 5.1 The Audit Committee is subject to the proportionality rules in the Local Government and Housing Act 1989. As part of the overall allocation of Committee places under those rules the Council has agreed that the Committee will comprise of 7 Members, allocated amongst the political groups as set out below. The following Councillors have been appointed to serve on the Audit Committee for the remainder of the 2008/09 municipal year.

Political Group	Labour (4)	Respect (1)	Conservative (1)	Liberal Democrat (1)
Members	Councillors Joshua Peck; Denise Jones, Helal Abbas & Md. Abdus Salique. (Deputies Cllrs M. Uz-Zaman & R. Ahmed)	Councillor Abjol Miah. (Deputies Cllrs S. Ali and H. Miah)	No nominations yet received.	Councillor Stephanie Eaton. (Deputies Cllrs T. O'Flaherty, A. R. Khan & A. Martin)

6. QUORUM

- 6.1 In accordance with Council Procedure Rule 8.1, the quorum for the Audit Committee will be 3 Members.

7. COMMENTS OF THE CHIEF FINANCE OFFICER

- 7.1 The Chief Finance Officer has noted the contents of the report and has no further comments to make.

8. COMMENTS OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 8.1 Pursuant to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) the duty to make arrangements for proper administration of financial affairs and the duty to approve the Council's statement of accounts etc are non-executive functions.

8.2 Under section 101 Local Government Act 1972 the Council may arrange for the discharge of its functions by a committee and pursuant to Section 15 Local Government and Housing Act 1989 the committee seats should be allocated to the political groups in proportion to the political breakdown of the Council (as far as reasonably practicable).

9. EQUAL OPPORTUNITY CONSIDERATIONS

9.1 There are no specific Equal Opportunities issues arising from this report.

10. ANTI-POVERTY CONSIDERATIONS

10.1 There are no specific anti poverty issues arising from this report.

11. RISK MANAGEMENT IMPLICATIONS

11.1 There are no specific risk management issues arising from this report.

12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT (SAGE)

12.1 There are no specific SAGE implications.