

MANCHESTER CITY COUNCIL
REPORT FOR INFORMATION / RESOLUTION

COMMITTEE Audit Committee

DATE: 14 March 2008

SUBJECT: Audit Committee Terms of Reference

REPORT OF: The City Treasurer

PURPOSE OF REPORT

To consider revised Audit Committee Terms of Reference.

RECOMMENDATIONS

To refer the agreed Terms of Reference to the City Solicitor for inclusion within her report on the next annual review of the Constitution which will be submitted to Council.

FINANCIAL CONSEQUENCES FOR THE CAPITAL AND REVENUE BUDGETS:

None

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BACKGROUND DOCUMENTS

CIPFA - Code of Practice for Internal Audit in Local Government 2006

WARDS AFFECTED N/A

IMPLICATIONS FOR KEY COUNCIL POLICIES

<u>Anti-poverty</u>	<u>Equal Opportunities</u>	<u>Environment</u>	<u>Employment</u>
None	None	None	None

1. Introduction

- 1.1** The Terms of Reference describe the purpose and main responsibilities of Audit Committee. This report provides a revised version of the Terms of Reference following review.

2. Revisions to the Terms of Reference.

- 2.1** A copy of the revised Terms of Reference are attached. The changes made to this document are:

- Para 1 to reflect the Accounts and Audit Regulations 2006
- Para 2 to reflect the Accounts and Audit Regulations 2006 and reference to Audit Commission rather than District Audit
- 4.1 added “to obtain assurance over the Council’s governance and..”
- Addition of para 4.2 and 4.3
- 4.2 re-number 4.4 and added “programme”
- Addition of para 4.5
- Re-numbered 4.3 as 4.6
- Re-numbered 4.4 as 4.7 and to reflect external audit
- Re-numbered 4.5 as 4.8

- 2.2** Members are asked to confirm their agreement to the revised Terms of Reference for Audit Committee and to request the City Solicitor to incorporate them within her annual review of the Constitution.

Manchester City Council

AUDIT COMMITTEE

Terms of Reference

- 1.** To receive and approve the Authority's statement of accounts in accordance with the Accounts and Audit Regulations (Amended) 2006.
- 2.** To consider the Audit Commission's Annual Audit and Inspection Letter in accordance with the Accounts and Audit Regulations (Amended) 2006 and to monitor the Council's response to individual issues of concern identified in it and by other means.
- 3.** To consider and approve the findings of the Council's annual review of the effectiveness of its system of internal control under the Accounts and Audit Regulations, including the effectiveness of its system of internal audit.
- 4.** In furtherance of the Council's duty to make arrangements for the proper administration of its financial affairs and the Committee's responsibilities under the Accounts and Audit Regulations set out above:
 - 4.1** To obtain assurance over the Council's corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - 4.2** To review and approve (but not direct) the terms of reference for internal audit, an Internal Audit Strategy and internal audit resourcing.
 - 4.3** To review and approve (but not direct) the internal audit annual audit programme considering the effectiveness of proposed and actual coverage in providing adequate assurance over the Council's main business risks.
 - 4.4** To monitor the implementation and outcomes of the Authority's internal audit programme and where required, to review summary and individual audit reports with significant implications for financial management and internal control.
 - 4.5** To seek assurance on the adequacy of management response to internal audit advice, findings and recommendations in the form of implementation of agreed action plans.
 - 4.6** To receive the Annual Report of the Head of Internal Audit.
 - 4.7** To engage with the external auditor and external inspection agencies and other relevant bodies to ensure that there are effective relationships between external and internal audit.

4.8 To make recommendations to the Chief Finance Officer and Monitoring Officer in respect of Part 5 of the Council's Constitution (Financial Procedures).

Delegation

In exercising the above powers and responsibilities, the Committee shall have delegated power to make decisions and act on behalf of the Council.

[Note: The Committee may itself determine not to exercise its delegated powers and instead make recommendations to the Council.]