



AUDIT AND RISK COMMITTEE TERMS OF REFERENCE



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Statement of purpose

The Audit and Risk Committee is a key component of Antrim and Newtownabbey Borough Council's corporate governance framework. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Risk Committee is to provide independent assurance to Those Charged with Governance (i.e. Members) of the adequacy of the risk management framework and the internal control environment. It provides independent review of Antrim and Newtownabbey Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees Internal Audit and considers the reports and recommendations of external audit, helping to ensure efficient and effective assurance arrangements are in place.

These Terms of Reference summarise the core functions of the Audit and Risk Committee and describe the arrangements in place to enable it to operate independently, robustly and effectively.

Responsibilities

The Audit and Risk Committee has the following responsibilities:

Governance, Risk and Control

- To review the Council's corporate governance arrangements against the good governance framework¹, including the ethical framework and consider annual governance reports and assurances.
- To review the 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.
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- To monitor the effective development and operation of risk management in the Council.
- To monitor progress in addressing risk-related issues reported to the Committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the counter-fraud strategy, actions and resources.

¹ CIPFA / SOLACE – Delivering Good Governance in Local Government: Framework 2016

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Internal Audit

- To approve the Internal Audit Charter.
- To review proposals made in relation to the appointment of external providers of Internal Audit services and to make recommendations.
- 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.
- To approve significant interim changes to the risk-based Internal Audit plan and resource requirements.
- 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 commission work from Internal Audit.
- To consider any impairments to the independence or objectivity of the Head of Internal Audit arising from additional roles or responsibilities outside of the role of internal audit. To approve and periodically review safeguards to limit such impairments.
- 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:
 - Updates on the work of Internal Audit, including key findings, issues of concern and action in hand as a result of audit work.
 - Regular reports on the results of the Quality Assurance and Improvement Programme.
 - Reports on instances where the Internal Audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether non-conformance is significant enough that it must be included in the Annual Governance Statement.
- To consider the Head of Internal Audit's annual report:
 - The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement.
 - 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.
- To consider summaries of the specific audit reports as requested.
- To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.
- To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.

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- To consider a report on the effectiveness of Internal Audit to support the Annual Governance Statement, where required to do so by the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.
- To support the development of effective communication with the Head of Internal Audit.
- To provide free and unfettered access to the Chair of the Audit and Risk Committee for the Head of Internal Audit, including the opportunity for a private meeting with the Committee.

External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To commission work from external audit.
- To advise and recommend on the effectiveness of relationships between external and Internal Audit and other inspection agencies or relevant bodies.

Financial Reporting

- To review 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 audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Performance Improvement

- To review the statutory arrangements in place to secure continuous improvement of Council functions, providing assurance that such arrangements are operating effectively.
- To consider the quarterly Corporate Improvement Plan update reports, which will provide a progress update on the achievement of the Corporate Improvement Objectives.
- To consider the external auditor's report on issues arising from the annual Improvement Audit and Assessment engagement.

Accountability Arrangements

- To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

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- 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.
- To publish an annual report on the work of the Committee.

Membership

The composition of the Audit and Risk Committee is key in achieving the characteristics of a good Audit and Risk Committee. These characteristics² are:

- A membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.
- A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives.
- A strong independently minded chair – displaying a depth of knowledge, skills and interest.
- Unbiased attitudes – treating auditors, the Council and management fairly.
- The ability to challenge the Council and senior management when required.

Meetings

A quorum for the Audit and Risk Committee will be in line with Section 7 (1) of the Council's Standing Orders.

“The quorum for Council, Committee and Sub Committee meetings be one-quarter of the whole number of members of the Council, Committee and Sub Committee...”

The Audit and Risk Committee will meet at least four times a year and will normally be attended by the Chief Executive, the Deputy Chief Executive of Finance and Governance, the Head of Internal Audit and the Head of Performance and Transformation. A representative of the Northern Ireland Audit Office will also be invited to attend.

The Audit and Risk Committee may ask any other officer of the Council to attend to assist it with any discussions on a particular matter.

Access

The Head of Internal Audit and the representative of the Northern Ireland Audit Office will have free and confidential access to the Chair of the Audit and Risk Committee.

² CIPFA – Audit Committees Practical Guidance for Local Authorities and Police (2018)