

Audit Committee



Annual Report to Council 2022-23



Annual report of the Audit Committee 2022-23

Foreword by Councillor Sophie Whittaker - Chair

I am delighted to introduce the annual report of the Audit Committee. I have been the Chair of the Committee since the start of the 2022-23 municipal year and I'd like to thank all the Members who served on the Committee during the year and those Officers who have supported its work.

The report provides an overview of the key issues considered by the Committee during the 2022-23 financial year and intends to demonstrate to the Council, residents, and other stakeholders the importance of good governance and summarise the contribution the Committee makes to achieving that aim.

The Committee is of the view that the Council's governance and internal control procedures are generally sound – however everything is not perfect – it is acknowledged that there is room for improvement.

The Committee has provided robust challenge and meaningful review of the Council's arrangements for governance, risk, and audit - in particular the annual governance statement, the work programme of internal audit (including regularly selecting one or two internal audit reports for more detailed consideration), the internal audit annual report and opinion, risk and financial management arrangements and reviewing the Council's statutory accounts prior to the completion of the external audit.

Our appointed external auditor has not yet commenced their audit of the 2021/22 annual statement of accounts. I understand that this is due to them struggling to retain sufficiently qualified staff and competing workload pressures. External audit are due to commence their audit of the 2021/22 accounts towards the end of the calendar year and, once completed, start the audit of the 2022/23 statement of accounts.

In preparing this report I noted that the Committee's terms of reference show that it has a responsibility to support the work that is undertaken across the Council in countering fraud & corruption and to consider fraud risks. Whilst internal audit reports include information on the work they have performed in this area, it appears that the Committee doesn't receive a report on the counter-fraud work performed elsewhere, e.g., council tax support or single person discount fraud, prosecutions, penalty or fines data. I intend to speak to the relevant Officers about how this type of information is best presented to the Committee.

In my year as Chair I have also noted that the meeting agenda doesn't allow for the more important reports to be discussed towards the start of the meeting. One of the reasons for this appears to be the requirement to consider Member selected internal audit reports as the first main agenda item. I intend to alter this, bringing forward those reports that require decisions or deal with more important governance matters higher up the agenda.

Finally, I'd like to add that all the Committee's meetings are open to the public and its reports are available on the Council's website. I welcome the public's attendance at our meetings.

Councillor Sophie Whittaker
Chair, Audit Committee
May 2023

Introduction

This annual report to full council demonstrates the importance the Council places on the authority's governance arrangements.

The Chartered Institute for Public Finance and Accountancy (CIPFA) describes the overall aim of good governance as: 'to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities'

CIPFA Delivering Good Governance in Local Government Framework 2016 Edition (the Good Governance Framework)

Membership

The Committee has seen a significant change in membership for the 2022/23 municipal year, with four elected members new to the committee. For the 2022/23 municipal year there were eight elected members appointed to the committee:

Councillor Sophie Whittaker (Chair)
Councillor James Baker (Deputy Chair)
Councillor Rosin Cavanagh
Councillor Silvia Dacre
Councillor Martin Hey
Councillor Steven Leigh MBE
Councillor Christine Prashad
Councillor Jane Scullion

In addition, Martin Townsend has attended the Committee's meetings as an independent person since November 2021.

Councillor's Dacre and Scullion are Cabinet Members. The 2022 CIPFA Position Statement on Audit Committee in Local Authorities and the Police, states that "The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight." The Committee's current membership doesn't meet that requirement.

The Audit Committee intends to discuss its membership requirements and then decide whether or not to make any recommendations to Council regarding excluding Cabinet Members from its membership.

Terms of Reference

The Committee's Terms of Reference (see Annex A) require it to discharge the functions of the Council in relation to the corporate governance of the Council and cover the following broad areas:

- Reviewing the Local Code of Corporate Governance
- Approving the Annual Governance Statement and Statement of Accounts

- Considering the effectiveness of risk management strategy and risk management arrangements
- Internal and external audit activities, including annual reports and the external auditor's 'charged with governance' report
- Reviewing both the counter-fraud and whistleblowing arrangements; and
- Monitoring treasury management performance.

In July 2022 the Chartered Institute of Public Finance and Accountancy (CIPFA) published a new position statement entitled Audit Committees in Local Authorities and Police 2022. The statement set out the purpose, model, core functions and membership of the audit committee. To assist in the implementation of the position statement, CIPFA also published in October 2022 'Audit Committees: Practical Guidance for Local Authorities. This contained model terms of reference.

To meet the requirements of the two CIPFA documents noted above, at its February 2023 meeting, the Committee approved a number of changes to its terms of reference. New responsibilities include reviewing the Council's compliance with the CIPFA Financial Management Code and its compliance with the July 2022 audit committee position statement.

At the time of writing this annual report, the revised terms of reference have not yet been presented to Council for adoption. It is anticipated that this will occur at the July 2023 Council meeting. The Committee's work programme has already been updated to reflect the proposed changes to its terms of reference. Appendix B sets out the Committee's revised terms of reference as approved by the Committee in February 2023 and which are due to be presented to the Council in July 2023 for adoption.

How effective is the Committee?

An effective Audit Committee can bring many benefits, including:

- raising greater awareness of the need for internal control and the implementation of agreed audit recommendations;
- increasing public confidence in the objectivity and fairness of financial and other reporting;
- reinforcing the importance and independence of internal and external audit and other similar review process; and
- providing additional assurance through a process of independent and objective review.

The Committee's work activities have been designed so that they not only provide assurance to the Council and meet the terms of reference, but also allow the Committee to make a positive contribution towards maintaining good governance practices across the Council.

The Committee undertook a self-assessment review in March 2022 against the CIPFA July 2018 audit committee guidance. In October 2022, the Member Learning & Development Advisor led a self-assessment skills workshop. The outcome of both reviews were reported to the Committee.

Whilst considering themselves to be acting effectively and fulfilling their terms of reference, a number of opportunities to further improve effectiveness were identified – these are listed below.

Opportunities to improve effectiveness

- a. Prior to the Committee's next self-assessment review, the Chair, the Independent Member and the Head of Internal Audit to meet and consider how the Audit Committee's self-assessment process could be improved; reporting their findings to a future meeting of the Audit Committee.
- b. Focusing on delivering governance improvements by ensuring that (when required) reports include a clear plan of actions and allocation of responsibility.
- c. Officers report back to Committee in a timely manner, on the progress that has been made against agreed action plans.
- d. Officers are requested to write in plain English, avoiding jargon and acronyms etc. Reports and other documents considered by the Committee should be succinct, with key issues highlighted and written for a non-expert audience.

Operation of the committee

The committee has met on five occasions during the year with meeting dates structured around the receipt of annual assurance reports, external and internal audit reporting cycles, and the statutory requirements for production of the Accounts and Annual Governance Statement.

All but one committee meeting were held in person. Live streamed webcasts of each meeting allowed members of the press and public to continue accessing meetings remotely. Recordings of the meetings are also uploaded to the Council's YouTube channel.

The committee is supported by several officers who attend regularly and bring expertise in relation to corporate governance, internal audit, finance, legal compliance, risk and resilience and information governance.

The work of the Audit Committee

The table below groups into four terms of reference categories the issues considered by the Committee during the 2022/23 financial year.

		2022 May	Aug	Oct	Dec	2023 Feb
1	Governance issues					
	Audit Committee's annual report to Council	■				
	Approved the 2021/22 annual governance statement & local code of corporate governance		■			
	Reviewed progress with AGS actions					■
	Reviewed terms of reference					■

		2022 May	Aug	Oct	Dec	2023 Feb
2	External audit & financial reporting					
	External Auditors 2020/21 annual report	■				
	Reviewing the draft 2021/22 statement of accounts prior to external audit			■		
	Reviewed the external audit plan for 2021/22			■		
	Reviewed the progress made to introducing the CIPFA financial management code			■	■	■
	Treasury management annual & half year report		■		■	■
3	Internal audit					
	Approved 2021/22 annual report and opinion.	■				
	Approved 2022/23 internal plan and monitoring progress	■			■	■
	Approved the internal audit charter	■				
	Review of internal audit reports	■	■	■	■	■
4	Risk Management					
	Risk management annual report	■				
	Reviewed Directorate risk registers		■	■		
	Embedding risk management processes				■	

In addition to the reports listed above, the Committee also receive at each meeting a summary report listing internal audit reports that have been issued and their future workplan.

Members also review either one or two internal audit reports at each of their meetings. The Service Manager for the report area attends and responds directly to Members questions. The nine audit reports the Committee considered in this way during the year were:

Highway maintenance	Halifax & Brighthouse business improvement districts
Community protection	Salterhebble Primary School
Individual service funds	Adult care charges
Purchasing cards	Payment key controls
Public Health budget	

The Accounts and Annual Governance Statement

Council has delegated to the Committee the authority to approve the audited Statement of Accounts and the Council's Annual Governance Statement.

As noted in Cllr Whittaker's introduction to the report, Ernst & Young LLP, the Council's external auditor has not yet commenced their audit of the Council's 2021/22 Statement of Accounts. This is unsatisfactory. The Council needs accurate and reliable financial

information to plan and manage its services and finances effectively. It also requires assurance that the accounts have been properly prepared, are free from material error, and that proper arrangements are in place to secure value for money. Delays to receiving this assurance should be of a concern to us all.

Whilst the external audit delays are unsatisfactory, it appears that little can be done to accelerate the external audit process. The Committee intend to keep this matter under review and if further delays are proposed will consider raising this matter with the appropriate Government department.

The Committee approved the 2021/22 Annual Governance Statement (AGS) in August 2022. The delay in completing the 2021/22 external audit has meant that the AGS has not been published on the Council's website. It is only available through the Audit Committee agenda papers.

The Statement did not identify significant governance failings; however, it did identify four governance issues concerning 1) the impact of the Covid-19 pandemic, 2) project management, 3) financial resilience including adherence to the CIPFA financial management code and 4) contracts and procurement.

In February 2023 the Committee received a report detailing the current position on these four areas. Issues remain with both project management and contracts and procurements, and it is likely that these items will continue to be highlighted as matters for concern in the 2022/23 AGS. The Committee are disappointed that both these areas have not been satisfactorily addressed and will consider requesting that specific reports on both these areas be presented to the Committee during 2023/24.

The AGS doesn't include an action plan to address the issues that have been identified. The Committee would like to see this being introduced for the 2022/23 AGS and onwards.

Supporting the AGS is the Council's Local Code of Corporate Governance. This contains seven principles of good governance that are set out in the CIPFA Good Governance Framework.

In January 2016 the Committee agreed that 'housekeeping' amendments to the Local Code did not need to be reported to the Committee, only fundamental changes. A number of fundamental changes were made to the Local Code in February 2023. These included introducing a link to a governance assurance map which referenced the Council's governance related policies and procedures and the 'three lines of defence' model. The model identifies governance responsibilities at the management, service delivery and the internal/external audit levels.

The changes to the Local Code allowed the Committee to clearly see how the seven principles of good governance were being met through current plans, standards, policies and procedures.

In 2019 CIPFA issued a Code of Financial Management with the intention of driving forward improvements in financial management and allow authorities to receive assurance that resources are being managed effectively.

The Head of Finance undertook a self-assessment review against the Code principles and presented a report to the Committee in February 2020. It identified a number of improvement areas. The Committee has monitored the progress that has been to deliver

these since that date. The February 2023 report showed that all but one action had been fully introduced. The Committee has requested that a report detailing compliance with the Code be presented to it annually.

External Audit

The Committee plays a significant role in overseeing the Council's relationship with its external auditors and takes an active role in reviewing the external audit plan, progress reports and annual report setting out the findings of the value for money review.

Ernst & Young LLP are the Council's external auditor. It is disappointing to report that during the year, the Committee have received no formal updates from them to explain why there has been such a significant delay to the commencement of the 2021/22 external audit process. This has prevented the Committee from questioning or challenging that decision.

It is not known when the Committee will formally receive the 2021/22 statement of accounts for formal approval.

Internal Audit

The Committee has responsibility for monitoring the effectiveness of the Council's system of internal control and management of corporate risks. It works closely with the internal audit function, both overseeing the independence and effectiveness of the service, and receiving assurance from them as to the adequacy and effectiveness of the Council's internal control environment.

In February 2022 the Committee received the outcomes of the independent external assessment of the Internal Audit Service, undertaken by Kirklees Council. This showed that the internal audit service was delivering its service in conformance with the requirements of the Public Sector Internal Audit Standards (PSIAS).

The Committee receive both an annual report from the Head of Internal Audit that provides an update on progress against the 2022/23 Internal Audit Plan, together with information relating to the wider work of the Internal Audit section.

The committee are advised of the outcomes of every internal audit review and select either one or two internal audit reports for in-depth review. This gives the Committee the opportunity to consider, challenge and review the work of internal audit and the chance to discuss with Service Managers the progress they have made in introducing agreed internal audit recommendations.

In May 2022 the Committee received and considered the internal audit annual report. Whilst it does not contain a 'one-word' overall assurance opinion it did report, amongst others, that "key financial systems are operating effectively"; and that "internal controls within the Council can be evidenced to be robust with a sound control environment in place". The annual report also highlighted four areas that internal audit considered should be included in the 2021/22 annual governance statement. These are detailed in earlier paragraphs.

The Committee are satisfied that internal audit work has been conducted in accordance with an established methodology that promotes quality and conformance with the PSIAS.

Risk management

The Committee's terms of reference require it to monitor the effective development and operation of risk management across the Council.

In December 2022 the Committee received a report on the processes that are in place to identify, control and monitor both corporate and service level risks. This discussed training, business continuity, cyber security, failings in maintaining good governance and the joint work between insurance and other service areas. The Committee were pleased to hear that the work undertaken by the Children's Services risk management group in managing the risks faced by children and young adults through early intervention and the safeguarding of vulnerable children had been shortlisted for a national risk award.

The Committee are supportive of the risk management processes that are in place and questioned Managers on IT security including the risk of the Council using hardware and software that was no longer being supported, and the work being done to identify and share lessons learnt from the delivery of projects.

The Committee also receive regular reports on Directorate risk registers to both review and challenge their content.

Other matters considered

In addition to the key business of the Committee detailed in the paragraphs above the Committee also requested update reports on the progress that has been made to introduce business plans into all Services. This project has been underway for some time and the Committee wished to receive assurance that it would be delivered in a timely way.

The Committee also requested a report on the progress that has made been to deliver the Halifax town centre regeneration project. Following a presentation by the Director, Regeneration and Strategy, the Committee questioned the process for the management of contract costs and the reporting of such.

Future developments

The Committee wish to continue to build upon the solid governance processes that are in place across the Council. In addition to the opportunities to improve effectiveness listed earlier in the report, the Committee intend to pursue the following matters.

Planned developments

Adding 'SMART' actions to the Annual Governance Statement
(SMART = *specific, measurable, achievable, relevant, time-bound*).

Suggested action

Introduce SMART action plans into the Annual Governance Statement to address the weaknesses identified.

Introducing an 'actions log' of agreed Officer actions.

The Committee currently do not have a method – apart from through the Committee minutes – of recording the requests they make of Officers. An 'action log' will be introduced to keep track of the requests that Members make of Officers during each meeting. It will be reviewed at each meeting alongside the work programme.

Receiving an annual report on counter-fraud work undertaken across the Council.

The Committee has responsibility for overseeing counter-fraud work. Officers will be asked to submit an annual report to the Committee detailing all counter-fraud work and initiatives undertaken across the Council. This to include details of fraud risk assessments, the counter-fraud strategy, and whistleblowing arrangements.

Involving the Committee Chair in agreeing the Committee agenda and its running order.

Whilst the items to be discussed at each Committee are contained on the work plan, the meeting running order should be agreed with the Committee Chair. This will allow them to prioritise reports, ensuring that items requiring decisions are considered before those that are to be noted or are routine in nature. This will ensure Members are able to consider the more important reports when time is more plentiful.

Holding private meetings with the internal and external and auditors.

The Committee's updated (February 2023) terms of reference allow it to meet privately with both the Head of Internal Audit and the External Auditor. This opportunity has not been taken in the recent past. It is proposed that at least once a year, a private meeting is held with both the internal and external auditors.

Audit Committee terms of reference
Approved by Audit Committee 30 July 2018

1. Statement of purpose

- 1.1 Our audit committee is a key component of Calderdale'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.
- 1.2 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 Calderdale'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.

2. Governance, risk, and control

- 2.1 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 2.2 To review the AGS 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.
- 2.3 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 2.4 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 2.5 To monitor the effective development and operation of risk management in the council.
- 2.6 To monitor progress in addressing risk-related issues reported to the committee.
- 2.7 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 2.8 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 2.9 To monitor the counter-fraud strategy, actions and resources.
- 2.10 To review the governance and assurance arrangements for significant partnerships or collaborations.

3. Internal audit

- 3.1 To approve the internal audit charter.
- 3.2 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.
- 3.3 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 3.4 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 3.5 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- 3.6 To consider reports from the head of internal audit on internal audit's performance during the year. These will include:
 - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - b) regular reports on the results of the QAIP
 - c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- 3.7 To consider the head of internal audit's annual report:
 - a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) 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 AGS.
- 3.8 To consider summaries of specific internal audit reports as requested.
- 3.9 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 authority or there are concerns about progress with the implementation of agreed actions.
- 3.10 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 3.11 To consider a report on the effectiveness of internal audit to support the AGS.
- 3.12 To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

4. External audit

- 4.1 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA.
- 4.2 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- 4.3 To consider specific reports as agreed with the external auditor.
- 4.4 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 4.5 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

5. Financial reporting

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

6. Accountability arrangements

- 6.1 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.
- 6.2 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.
- 6.3 To publish an annual report on the work of the committee.

Audit Committee terms of reference

To be submitted to the 26 July 2023 Council meeting for approval and inclusion in the Constitution.

The following terms of reference were discussed and approved by the Audit Committee at their 20 February 2023 meeting.

1. Statement of purpose

- 1.1 Our audit committee is a key component of Calderdale's corporate governance. It provides an independent and high-level focus on the adequacy of governance, risk and control arrangements.
- 1.2 Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective. It has oversight of both internal and external audit, together with financial and governance reports, helping to ensure there are adequate arrangement in place for both internal challenge and public accountability..

2. Governance

- 2.1 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 2.2 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 2.3 To consider reports on the effectiveness of financial management arrangement, including compliance with CIPFA's Financial Management Code.
- 2.4 To monitor the effective development and operation of risk management in the council.
- 2.5 To monitor progress in addressing risk-related issues reported to the committee.
- 2.6 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 2.7 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 2.8 To monitor the counter-fraud strategy, actions and resources.
- 2.9 To review the governance and assurance arrangements for significant partnerships or collaborations.

3. Financial and governance reporting

3.1 Governance reporting

- 3.1.1 To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion.
- 3.1.1 To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of Calderdale's objectives.

3.2 Financial Reporting

- 3.2.1 To monitor the arrangements and preparations for financial reporting to ensure that statutory requirement and professional standards can be met.
- 3.2.2 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 the audit that need to be brought to the attention of the council.
- 3.2.3 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

4. Arrangements for audit and assurance

To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

4.1 Internal audit

- 4.1.1 To approve the internal audit charter.
- 4.1.2 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.
- 4.1.3 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 4.1.4 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 4.1.5 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- 4.1.6 To consider reports from the head of internal audit on internal audit's performance during the year. These will include:
 - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work

b) regular reports on the results of the QAIP

c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.

4.1.7 To consider the head of internal audit's annual report, including:

a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.

b) 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 AGS.

4.1.8 To consider summaries of specific internal audit reports as requested.

4.1.9 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 authority or there are concerns about progress with the implementation of agreed actions.

4.1.10 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

4.1.11 To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations.

4.1.12 To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

4.2 External audit

4.2.1 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA.

4.2.2 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

4.2.3 To consider specific reports as agreed with the external auditor.

4.2.4 To comment on the scope and depth of external audit work and to ensure it gives value for money.

4.2.5 To consider additional commissions of work from external audit.

4.2.6 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

4.2.7 To provide free and unfettered access to the audit committee chair for auditors, including the opportunity for a private meeting with the committee

5. Accountability arrangements

- 5.1 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.
- 5.2 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.
- 5.3 To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

End