

AUDIT BOARD PROCEDURE RULES

1. Role of the Audit Board

- 1.1 The Council has established an Audit Board.
- 1.2 The Audit Board shall work in partnership with the Cabinet and officers to ensure good stewardship of the Council's resources and deliver better outcomes for the people of the District.
- 1.3 The ultimate responsibility for audit rests with the Portfolio Holder with responsibility for finance and the Section 151 Officer. Therefore the Audit Board can make informed recommendations but it is not the role of the Audit Board to be a substitute for management of Internal Audit.
- 1.4 The Audit Board does not have the power to make decisions with regard to Internal Audit or to direct officers with regard to Internal Audit.

2. Terms of Reference

- 2.1 The terms of reference of the Audit Board are as follows:
 - a. The Audit Board is charged with monitoring the good stewardship of the Authority's resources through the work of the Internal Audit function.
 - b. The Audit Board will support the profile, status and authority of the Internal Audit function and will demonstrate its independence.
 - c. The Audit Board will contribute towards making the Authority, its committees and departments more responsive to the Internal Audit function.
 - d. The Audit Board is charged with the responsibility for promoting internal control by the systematic appraisal of the Authority's internal control mechanisms, by the development of an anti-fraud culture and by the review of financial procedures.
 - e. The Audit Board is charged with the responsibility for focusing audit resources, by agreeing the audit plans and monitoring delivery of the Internal Audit function.
 - f. The Audit Board will monitor both internal and external audit performance by ensuring auditor/officer collaboration within the

agreed timescales, by securing the timely preparation and response to audit reports, by ensuring the implementation of audit recommendations and by monitoring the finalisation of the annual accounts.

- g. The Audit Board will receive and consider a summary of internal audit work undertaken since the last meeting, plus the current status of this work.
- h. The Audit Board will monitor compliance with the Authority's standards, codes of practice and policies through the work of the Internal Audit function.
- i. The Audit Board will monitor compliance with relevant legislative requirements through the work of the Internal Audit function.
- j. The Audit Board will ensure that it acts within the policies and strategies of the Authority.

2.2 Within those terms of reference, the Audit Board will:

- a. agree the annual and strategic audit plans;
- b. review Internal Audit's progress against the audit plan and consider Internal Audit performance measures;
- c. receive and consider a summary of work undertaken by Internal Audit since the last meeting, plus current status;
- d. receive and consider executive summaries of financial process/procedures;
- e. receive and consider executive summaries of Value For Money reports;
- f. receive and consider executive summaries of contract audit reports;
- g. receive and consider executive summaries of any special investigations undertaken by Internal Audit.
- h. receive and consider a chronological summary of Internal Audit reports awaiting departmental response and address any evident problems.
- i. monitor the proportion of key recommendations actioned since the previous meeting.

- j. consider all external audit reports including the Annual Audit Letter.

3. Composition

- 3.1 The Audit Board will comprise 7 Councillors. All Councillors except members of the Cabinet may be members of the Audit Board.
- 3.2 The Portfolio Holder with responsibility for finance shall be expected to attend each meeting of the Audit Board. He/she may participate in the meeting but may not vote.

4. Co-optees

- 4.1 The Audit Board shall be entitled to recommend to Council the appointment of a number of people as non-voting co-optees of the Audit Board.

5. Chairman

At its first meeting following the Annual Council Meeting the Audit Board will:

- a. appoint one of its members as Chairman; and
- b. appoint one of its members as Vice-Chairman.

6. Meetings of the Audit Board

- 6.1 There shall be at least 4 ordinary meetings of the Audit Board in each year.
- 6.2 Extraordinary meetings may be called from time to time as and when appropriate.
- 6.3 A meeting of the Audit Board may be called by the Chairman of the Audit Board, by any 3 members of the Audit Board or by the Chief Executive if he/she considers it necessary or appropriate.
- 6.4 Where a Member of the Audit Board is unable to attend a meeting of the board a trained substitute may to attend in his or her place provided that

the ability to appoint a substitute may only be exercised by Audit Board members on up to two occasions during each municipal year.

7. Quorum

The quorum for a meeting of the Audit Board shall be 4.

8. Attendance of officers at meetings

8.1 The Section 151 Officer or his/her deputy shall be expected to attend each meeting of the Audit Board.

8.2 The Audit Services Manager shall be expected to attend each meeting of the Audit Board.

9. Participation in Meetings

No member of the Audit Board may be involved in the consideration of a decision in which he/she has been directly involved. If any member of the Audit Board finds that a decision in which he/she has been directly involved is to be considered, he/she shall declare the fact to the Audit Board and take no part in the discussion and voting in the part of the meeting which relates to that decision.

10. Work Programme

10.1 The Audit Board will be responsible for setting its own work programme and in doing so shall take into account of:

- a. the views of members of the Audit Board who are not members of the largest political group on the Council;
- b. suggestions of matters for consideration made by the Cabinet;
- c. suggestions of matters for consideration made by the Council; and
- d. suggestions of matters for consideration made by the Leader arising from his/her quarterly meeting with the Chairmen of the Overview and Scrutiny Board, and the Audit Board in accordance with paragraph 10.2 below.

- 10.2 The Leader shall meet quarterly with the Chairmen of the Overview and Scrutiny Board and Audit Board with appropriate officers in attendance to review and, where appropriate, co-ordinate their respective work programmes.

11. Procedure at Audit Board meetings

The Audit Board shall at each meeting consider the following business:

- a. consideration of the accuracy of the minutes of the last meeting;
- b. declarations of interest;
- c. responses of the Cabinet to reports of the Audit Board; and
- d. matters set out on the agenda for the meeting in accordance with paragraph 12 below.

12. Agenda items

- 12.1 Any member of the Audit Board shall be entitled to give notice to the Section 151 Officer that he/she wishes an item relevant to the functions of the Audit Board to be included on the agenda for the next available meeting of the Audit Board. On receipt of such a request the Section 151 Officer will ensure that it is included on the next available agenda.
- 12.2 Where a matter is referred to the Audit Board by the Council (including a matter referred by the Monitoring Officer under Council Procedure Rule 11.10), it shall be considered at either the first or second ordinary meeting of the Audit Board following the referral.
- 12.3 The Audit Board shall also respond, as soon as its work programme permits, to requests from the Council or the Cabinet to review particular areas of Council activity. The Audit Board shall report its findings and any recommendations back to Council or Cabinet (as appropriate).

13. Investigations and Enquiries

The Audit Board may

- a. hold enquiries and investigate the available options for the future direction of Internal Audit and may appoint advisers and assessors to assist them in this process;

- b. conduct site visits, conduct public surveys, hold public meetings, commission research and do all other things that it reasonably considers necessary to inform the Audit Board in its deliberations;
- c. invite witnesses to attend to address the Audit Board on any matter under consideration;
- d. pay to any advisers, assessors and witnesses a reasonable fee and expenses for doing so, provided that any budget set by the Council each year for such purposes is not exceeded.

14. Members and officers giving account

14.1 The Audit Board may review internal control mechanisms and systems that exist in any Council department. As well as reviewing documentation, in fulfilling its terms of reference, it may require any member of the Cabinet, the Chief Executive and/or any senior officer to attend before it to explain in relation to matters within their remit:

- a. any particular decision or series of decisions;
- b. the extent to which the actions taken implement Council policy; and/or
- c. his/her performance

and it is the duty of those persons to attend if so required.

14.2 If any Councillor or officer is required to attend meetings of the Audit Board under this provision, the Councillor or officer will be given reasonable notice in writing of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the Audit Board. Where the account to be given to the Audit Board will require the production of a report, then the Councillor or officer concerned will be given sufficient notice to allow for preparation of that documentation

14.3 If the Councillor or officer is unable to attend on the required date, the Audit Board shall in consultation with the Councillor or officer arrange an alternative date for attendance.

15. Attendance by others

- 15.1 The Audit Board may invite people other than those people referred to in paragraph 14 above to address it, discuss issues of local concern and/or answer questions. It may for example wish to hear from residents, stakeholders and members and officers in other parts of the public sector and shall invite such people to attend. The person invited will be given reasonable notice and the notice will state the nature of the item on which he/she is invited to attend and whether any papers are requested.
- 15.2 If the Audit Board is to consider a motion referred to it by the Council meeting, the proposer and seconder of the motion shall (if they are not members of the Audit Board) have the right to attend the relevant meeting and to explain the reasons for their motion, although they may not propose, second or vote on recommendations by the Board which arise from that motion.
- 15.3 If the Audit Board invites a person to address a meeting or to give evidence, the following principles will be observed:
- a. the investigation will be conducted fairly and all members of the Audit Board will be given the opportunity to ask questions of attendees, and to contribute and speak;
 - b. those assisting the Audit Board by giving evidence will be treated with respect and courtesy; and
 - c. the investigation will be conducted so as to maximise the efficiency of the investigation or analysis.

16. Reports from Audit Board

- 16.1 Once it has formed recommendations on proposals for development, the Audit Board will make its findings public and will report to the Cabinet.
- 16.2 The Audit Board may report directly to full Council where the Section 151 Officer and/or Internal Audit Shared Services Manager advises the Audit Board that it is appropriate to do so.
- 16.3 If the Audit Board cannot agree on one single final report to the Council or Cabinet as appropriate, then no more than one minority report may be prepared and submitted for consideration by the Council or Cabinet with the majority report.
- 16.4 The Council or the Cabinet shall consider the report of the Audit Board within two months of it being submitted.

17. Consideration of Audit Board Reports by the Cabinet

The agenda for Cabinet meetings shall include an item at which minutes and/or reports of the Audit Board will be considered. The minutes and/or reports of the Audit Board referred to the Cabinet shall be included at this point in the agenda (unless they have been considered in the context of the Cabinet's deliberations on a substantive item on the agenda).

18. The party whip

The party whip must not be applied at Audit Board meetings.

19. Finance.

The Audit Board may exercise overall responsibility for any finances made available to it.