

## Belfast City Council

### Audit and Risk Panel

#### Statement of Purpose and Terms of Reference

##### Statement of Purpose

1. The Audit and Risk Panel is a key component of Belfast City Council's corporate governance arrangements. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of the Audit and Risk Panel is to provide independent assurance to those charged with governance (Members and senior management) on the adequacy of the risk management framework and the internal control environment. It provides independent review of the council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It will provide an independent scrutiny of the council's financial and non-financial performance to the extent that it exposes the council to risk and weakens the control environment. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

##### Governance, Risk and Control

3. To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
4. To consider the effectiveness of the Standards and Business Committee (established October 2021) as part of the annual governance review.
5. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the council, to include overseeing the council's risk, control and governance arrangements for health and safety.
8. To approve the council's risk management strategy and monitor progress in addressing risk-related issues reported to the Panel, including the corporate risk register and assurance information on the management of key corporate risks.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.

11. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

12. To approve the council's fraud and whistleblowing (raising concerns) policies and monitor the implementation of these policies, including the counter-fraud strategy, actions and resources.

13. To oversee and monitor the Council's structures, processes, systems and related arrangements for performance management and to assure itself through receipt of regular reports on the planning, delivery, reporting and reviewing arrangements that appropriate plans and policies to support the performance management framework are in place and that its statutory responsibilities are being met.

14. To review the governance and assurance arrangements for significant partnerships or collaborations.

## **Financial and Governance Reporting**

### **Governance Reporting**

15. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion .

16. To consider whether the annual evaluation for the Annual Governance Statement fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

### **Financial Reporting**

17. To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.

18. 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.

19. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts

### **Arrangements for audit and assurance**

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

### **External audit**

21. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence

22. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
23. To consider specific reports as agreed with the external auditor.
24. To comment on the scope and depth of external audit work and to ensure it gives value for money.
25. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
26. To consider the external auditor's report on performance management, specifically the annual improvement assessment and to consider the adequacy of management responses / action taken to address issues arising from these reports.
27. To provide free and unfettered access to the Audit and Risk Panel Chair for the auditors, including the opportunity for a private meeting with the Panel.

#### **Internal audit**

28. To approve the internal audit charter.
29. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
30. 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.
31. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
32. To make appropriate enquiries of both management and the Head of Audit, Governance and Risk Services to determine if there are any inappropriate scope or resource limitations.
33. To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
34. To consider reports from the Head of Audit, Governance and Risk Services on internal audit's performance during the year, including the performance of external providers of internal audit services. 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 Quality Assurance and Improvement Programme.
  - c) 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 the non-conformance is significant enough that it must be included in the Annual Governance Statement.

35. To consider the Head of Audit, Governance and Risk Services' annual report:

a) 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 – 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 Panel in reviewing the Annual Governance Statement.

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

37. To receive reports outlining the action taken where the Head of Audit, Governance and Risk Services 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.

38. To contribute to the Quality Assurance and Improvement Programme, both to the internal quality assessment of internal audit and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

39. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

40. To provide free and unfettered access to the Audit and Risk Panel Chair for the Head of AGRS, including the opportunity for a private meeting with the Panel.

### **Accountability arrangements**

41. To report to those charged with governance (Members and senior management) on the Panel'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. The Panel will do this by reporting to the council's Strategic Policy & Resources Committee on a regular basis through reports and minutes of meetings. It may also report, with the approval of the Strategic Policy and Resources Committee, to other standing committees on matters that are of direct relevance to the responsibilities of these committees.

42. To report to full Council (through the Strategic Policy and Resources Committee) on a regular basis on the Panel's performance in relation to the terms of reference and the effectiveness of the Panel in meeting its purpose.

43. To publish an annual report on the work of the Panel, including a conclusion on the compliance with the CIPFA Position Statement.

44. The Audit and Risk Panel shall consider any issue referred to it in relation to these terms of reference by the Council or any Standing Committee. Furthermore, the Audit and Risk Panel shall also consider any matter brought to its attention by the Chief Executive. Where any individual Member wishes to raise an issue under these terms of reference, the Member shall accordingly either raise the matter through the Strategic Policy and Resources Committee or in the case of urgency with the Chief Executive.