

4 SUBCOMMITTEES

4.1 Finance, Audit and Risk Management Subcommittee

Chair	Councillor Andy Foster
Membership	Mayor Justin Lester Councillor Nicola Young Councillor Diane Calvert
External Membership	Two externals
Parent Committee	City Strategy Committee
Quorum	3 (including at least one external member)
Frequency of meeting	Quarterly or as and when required

Area of focus

The Finance, Audit and Risk Management Subcommittee provides objective advice and recommendations regarding the sufficiency, quality and results of assurance on the adequacy and functioning of the council's financial processes, risk management, control and governance frameworks and processes. It is also responsible for exercising active oversight of all areas of the Council's control and accountability in an integrated and systematic way.

The Finance, Audit and Risk Management Subcommittee has responsibility for assisting the Council to discharge its responsibilities for:

- the robustness of the internal control framework and financial management practices;
- the integrity and appropriateness of internal and external reporting and accountability arrangements
- the robustness of risk management systems, processes and practices
- the independence and adequacy of internal and external audit functions
- compliance with applicable laws, regulations, standards and best practice guidelines
- the establishment, maintenance and effectiveness of controls to safeguard the Council's financial and non-financial assets.

In fulfilling their role on the Finance, Audit and Risk Management Subcommittee, members shall be impartial and independent at all times.

Terms of Reference (Delegations)

The Finance, Audit and Risk Subcommittee has responsibility and authority to:

1. Undertake the administration of all statutory functions, powers and duties within its terms of reference, other than those specifically delegated to any other committee or subcommittee, or retained by Council.

Audit

2. Internal Control Framework
 - a. Review whether management's approach to maintaining an effective internal control framework is sound and effective.
 - b. Review whether management has taken steps to embed a culture that is committed to probity and ethical behaviour.
 - c. Review whether management has in place relevant policies and procedures and how these are reviewed and monitored.
 - d. Review whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud.
3. Internal Reporting
 - a. Consider the processes for ensuring the completeness and quality of financial and operational information being provided to the Council.
 - b. Seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council.
4. External Reporting and Accountability
 - a. Agree the appropriateness of the Council's existing accounting policies and principles and any proposed change.
 - b. Enquire of internal and external auditors for any information that affects the quality and clarity of the Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above.
 - c. Satisfy itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (i.e. letters of representation), and recommend signing of the financial statements by the Chief Executive/Mayor and adoption of the Annual Report.
 - d. Confirm that processes are in place to ensure that financial information included in the entity's Annual Report is consistent with the signed financial statements.
5. Risk Management
 - a. Review whether management has in place a current, comprehensive and effective risk management framework and associated procedures for effective identification and management of the Council's significant risks.
 - b. Consider whether appropriate action is being taken by Management to mitigate Council's significant risks.
6. Internal Audit
 - a. Review and approve the internal audit coverage and annual work plans, ensuring these plans are based on the Council's risk profile.

- b. Review the adequacy of management's implementation of internal audit recommendations.
 - c. Review the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.
7. External Audit
- a. At the start of each audit, confirm the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor.
 - b. Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised within.
 - c. Conduct a members' only session (i.e. without any management present) with external audit to discuss any matters that the auditors wish to bring to the Subcommittee's attention and/or any issues of independence.
8. Compliance with Legislation, Standards and Best Practice Guidelines
- a. Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines as applicable.