

### **Audit Committee - Terms of Reference**

To support the council in its responsibilities for issues of risk, control and governance and associated assurance.

### **Membership**

The members of the Audit Committee shall comprise nine councillors.

### **Meetings**

The Audit Committee will meet at least four times a year. Meetings are open to the public but they may be excluded if information of an exempt or confidential nature is being discussed.

### **Responsibilities**

The Audit Committee will advise the Council on:

- a) the adequacy of the Authority's strategic processes for risk, control and governance and the Statement on Internal Control;
- b) the accounting policies, accounts and annual report of the Authority and any companies controlled by it, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letters of representation to the external auditors;
- c) the planned activity and results of both internal and external audit;
- d) adequacy of management's responses to issues identified by audit activity, including external audit's management letter; and
- e) assurances relating to corporate governance requirements.

The Audit Committee will review and approve the Authority's Statement of Accounts and those of the Lancashire County Pension Fund. Following the Committee's approval, the Statements of Account shall be signed and dated by the person presiding at the Committee at which approval was given.

The Audit Committee has responsibility for the over-sight of the County Council's corporate governance arrangements, and approve the Authority's Annual Governance Statement.

The Audit Committee will receive for information the audited financial statements of the Authority's group subsidiaries and associates.

## Functions

The Audit Committee will consider at each meeting:

- a) A progress report from the Head of Internal Audit summarising:
  - i. work performed (and a comparison with work planned);
  - ii. key issues emerging from Internal Audit work;
  - iii. management response to audit recommendations;
  - iv. changes to the Audit Plan for the period; and
  - v. any resourcing issues affecting the delivery of Internal Audit objectives;
- b) A progress report from the External Audit representative summarising work done and emerging findings.

The Audit Committee will, on a periodic basis consider:

- a) A report summarising any significant changes to the Authority's Risk Register and the action being taken in response;
- b) Proposals for the Terms of Reference of Internal Audit;
- c) The Internal Audit Strategy and Annual Audit Plan;
- d) The Head of Internal Audit's Annual Opinion and Report;
- e) Quality Assurance reports on the internal audit function;
- f) The draft and finalised group Statement of Account of the Authority;
- g) The final Statement of Account of the Lancashire County Pension Fund;
- h) The Statement on Internal Control;
- i) A report on any changes to accounting policies;
- j) External Audit's management letter; and
- k) A report on co-operation between Internal and External Audit.
- l) The Council's Annual Governance Statement.