Audit and Risk Management Committee – Terms of Reference

The Audit and Risk Management Committee is a key component of Wirral Council'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.

The Committee provides independent assurance on the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Audit and Risk Management Committee is charged by full Council to:-

(a) Governance

(i) Consider the Annual Governance Statement, and be satisfied that this statement is comprehensive, properly reflects the risk and internal control environment, including the system of internal audit, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, and includes an agreed action plan for improvements where necessary.

(b) Internal Audit and Internal Control

(i) With Chief Officers, to provide proactive leadership and direction on audit governance issues and champion audit and internal control throughout the Council.

(ii) Consider annually the effectiveness of the system of internal audit including Internal Audit Charter, Strategy, Plan of work and performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and Local Government Application Note.

(iii) Consider the Head of Internal Audit's annual report and a summary of internal audit activity which include an opinion on the adequacy and effectiveness of the Council's internal controls including risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.

(iv) Consider regular summary reports on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit activity.

(v) Consider reports showing progress against the audit plan and proposed amendments to the audit plan.

(vi) Ensure there are effective relationships between internal audit and external audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.

(c) Risk Management & Control

(i) Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the Council and ensure

that the Full Council is kept sufficiently informed to enable it to approve the Council's Risk Management Policy and Framework and that proper insurance exists where appropriate.

(ii) Consider the effectiveness of the system of risk management arrangements.

(iii) Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.

(iv) Receive assurances that action is being taken on risk related issues identified by both internal and external auditors and other inspectors.

(v) Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.

(vi) Report to full Council as appropriate.

(d) Anti-Fraud and Corruption

(i) Provide proactive leadership and direction on Anti-Fraud and Corruption and champion Anti-Fraud and Corruption throughout the Council.

(ii) Consider the effectiveness of the Council's anti-fraud and corruption arrangements.

(iii) Consider an annual report and other such reports, including an annual plan on activity with respect to Anti-Fraud and Corruption performance and receive assurances that action is being taken where necessary.

(iv) To be appraised of any steps arising from Whistleblowing investigations and to ensure appropriate actions are being taken and reported.

(e) Annual Statement of Accounts

(i) Consider the external auditor's reports and opinions, relevant requirements of the International Standards on Auditing and any other reports to members with respect to the Accounts, including the Merseyside Pension Fund and approve the Accounts on behalf of the Council and report required actions to the Council. Monitor management action in response to issues raised by the external auditor.

(ii) Consider the External Auditors Annual Governance Report and approve the Letter of Representation with respect to the Accounts and endorse the action plan contained in this Report.

(f) External Audit

(i) Consider any other reports of external audit and other inspection agencies.

(ii) Ensure there are effective relationships between external audit and internal audit.

(iii) To liaise with the Public Sector Audit Appointments over the appointment of the Council's external auditors and make recommendations to Council.

(g) Merseyside Pension Fund

(i) Following presentation to the Pensions Committee and with due regard to any comments and observations made, consider the draft Accounts of the Merseyside Pension Fund and authorise the publication and release of these accounts to the external auditors for the audit by the statutory deadline.

(h) Treasury Management

(i) Consider the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensure that they meet best practice.

(i) Partnerships and other bodies

(i) To deal with any audit or ethical standards issues which may arise in relation to partnership working, joint committees and other local authorities or bodies.

(ii) Ensure that there are effective governance arrangements in place for Wirral Borough Council's wholly owned limited companies and trading vehicles.

(iii) Receive and review the financial statements and dividend policies of any Wirral Borough Council limited companies and to consider recommending corrective action where appropriate

(j) Administration

(i) Review the Committee's own terms of reference no less frequently than annually and where appropriate make recommendations to the Council for changes.

(ii) Ensure members of the committee have sufficient training to effectively undertake the duties of this committee.

(iii) Consider the Annual Report of the Chair of the Committee.