

# West London Waste

*Treating waste as a valuable resource*

**Audit Committee – Terms of Reference**

**The Authority has established an Audit Committee as a Committee of the Authority to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The Committee's role is ensuring that there is sufficient assurance over governance, risk and control and gives greater control to all those charged with governance that those arrangements are effective.**

**The Committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.**

## **Membership**

The members of the Audit committee are:

- Six Authority members, one of whom will be appointed as Chair and a second the Vice-Chair by the Authority.
- One independent non-voting external member who will be co-opted by the Committee for a period of three-four years and will be eligible to serve for a maximum of eight years.
- The Audit Committee will be provided with a secretariat function by the Finance Manager.
- The committee needs four members to constitute a quorum.
- Members should be willing to:
  - Promote good governance principles, identifying ways that better governance arrangements can help achieve the Authority's strategic priorities.
  - Willingness to operate in an apolitical manner.
  - Unbiased attitudes – treating auditors, the executive and management fairly.
  - The ability to challenge the executive and senior managers when required.
  - Knowledge, expertise and interest in the work of the committee.

## **Reporting**

- Report annually on how the Committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be made available to the public. This will be the Annual Report of the Audit Committee.

## **Responsibilities**

The Audit Committee will advise the Authority and Treasurer on:

- The strategic process for risk, control and governance and the Statement on Internal Control, including arrangements for financial management, ensuring value for money, supporting standards and ethics, and managing the Authority's exposure to the risks of fraud and corruption.
- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions

required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.

- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them. Adequacy of management response to issues identified by audit activity, including external audit's management letter.
- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the Authority's risk management arrangements. It should understand the risk profile of the Authority and seek assurances that active arrangements are in place on risk-related issues.
- In relation to the authority's internal audit functions:
  - oversee its independence, objectivity, performance, and conformance to professional standards.
  - support effective arrangements for internal audit.
  - promote the effective use of internal audit within the assurance framework.
- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review, and accountability.
- Assurances relating to the corporate governance requirements for the organisation.
- Proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services.
- Anti-fraud policies, whistle blowing processes and arrangements for special investigations.
- The Audit committee will also periodically review its own effectiveness and report the results of that review to the Authority.

## **Rights**

The Audit Committee may:

- Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.
- Procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Authority.

## **Access**

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Audit Committee.

## Meetings

- The Audit Committee will meet at least two times a year. The Chair of the Audit Committee may convene additional meetings, as they deem necessary.
- The Chair, Vice Chair and Independent Member will meet prior to the Audit Committee meeting to review the papers and comment.
- The Chair will meet with the Finance Manager prior to the Audit Committee meeting to review the papers and go through any queries,
- Meet separately with the external auditor and with the Head of Internal Audit annually.
- A minimum of 4 members of the Audit Committee will be present for the meeting to be deemed quorate.
- Audit Committee meetings will normally be attended by the Managing Director, Treasurer, Finance Manager, Head of Internal Audit and a representative of External Audit.
- The Audit Committee may ask any other officials of the Authority to attend to assist it with its discussions on any matter.
- The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of matters.
- The Managing Director or the Treasurer may ask the Audit Committee to convene further meetings to discuss issues on which they want the Committee's advice.

## Information Requirements

Each meeting the Audit Committee will be provided with:

- A report summarising any significant changes to the organisation's Risk Register
- A progress report from the Head of Internal Audit summarising:
  - Work performed (and a comparison with work planned)
  - Key issues emerging from internal audit work
  - Management response to audit recommendations;
  - Changes to periodic plan
  - Any resourcing issues affecting the delivery of Internal Audit Objectives
- A progress report from the External Audit representative summarising work done and emerging findings.

**As and when appropriate the Committee will also be provided with:**

- Proposals for the Terms of Reference of internal Audit
- The Internal Audit Strategy
- The Head of Internal Audit's Annual Opinion and Report
- Quality Assurance reports on the Internal Audit function;
- Significant risk and assurance needs for the Authority
- Strategic risk register and Operational risk registers where appropriate
- Information on any fraudulent activity
- The draft accounts of the organisation;
- The draft statement of Internal control;
- A report on any changes to accounting policies;
- External Audit's management letter

- A report on any proposals to tender for audit functions;
- A report on co-operation between Internal and External Audit

## Audit Committee Indicative Work Plan

	September	January
Draft Accounts	X	
Annual Governance Statement	X	
Annual Internal Audit Assurance Statement	X	
External Audit Management Letter	X	
Risk Register	X	X
Review of Risk Processes		X
Internal Audit Plan (Annual)	X	
External Audit Plan		X
Internal Audit Reports	X	X
Review of Accounting Policies		X
Review of Internal Audit Provision and Strategy moving forward	Every 3 years	
Review of governance policies	On any notable or non-minor change	
Review of Audit Committee's effectiveness and preparation of report for the Authority	Annual	