

Review Area 8

Audit Committee

Code of Practice on Financial Management

- 8.1 "An Audit Committee should be established under the chairmanship of a member other than the chairman."

Stewardship and Governance 2005

- 8.2 "(There is) a lack of effectiveness at audit committees and a need to enhance the financial literacy of non-executive directors."

Councillors' Guide to Local Government Finance

- 8.3 "Audit committees have been required in many organisations in both the private and the public sector for some time now, but local government has some ground to make up."
- 8.4 "Audit committees are a key aspect of good corporate governance; they help raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. And they enhance public trust and confidence in the financial governance of an organisation."
- 8.5 "... But being effective also means having well informed people able to confirm to the council (full Police Authority) that the right processes are in place to give confidence that the authority's financial stewardship and overall governance arrangements can be relied upon."
- 8.6 "Audit Committees are not just the concern of auditors; they are about the governance, financial reporting and performance of the whole organisation"

Audit Committees – Practical Guidance for Local Authorities

- 8.7 "Audit Committees are an essential element of good governance. They are mandatory in most sectors but local government is the exception."
- 8.8 "Audit Committees are not just the concern of auditors; they are about the governance, financial reporting and performance of the whole authority. They help raise the profile of internal control, risk management and financial reporting issues."
- 8.9 "The main purposes of an audit committee include giving independent assurance to members and the public, scrutinising financial management and reporting, and providing challenge across the organisation"
- 8.10 "The audit committee must be independent of the executive and scrutiny functions and must have a clear right of access to full council (police authority Group) and other committees."
- 8.11 "Audit committees exist in a number of local authorities, although not necessarily in name. What is important is the operation of the function of an *effective* audit committee."

World Class Financial Management

- 8.12 “An essential element of good financial governance is an effective audit committee. One of the objectives of an audit committee is to contribute independently to the corporate governance of the organisation and to provide assurance to the Group or equivalent that there is an effective framework of internal control.”