



South Hams
District Council

Part 2 - Articles of the Constitution

Article 10: Audit Committee and Salcombe Harbour Board

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10.1 **General Function:**

The Audit Committee will provide independent assurance of 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.

10.2 **Specific Functions:**

Audit Activity:-

- (i) to consider internal audit's annual report and opinion, and summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements;
- (ii) to consider summaries of specific internal audit reports as requested;
- (iii) to consider reports dealing with the management and performance of the providers of internal audit services;
- (iv) to consider reports from internal audit on agreed recommendations not implemented within a reasonable timescale;
- (v) to consider the external auditor's annual letter, relevant reports and the report to those charged with governance;
- (vi) to consider specific reports as agreed with the external auditor;
- (vii) to comment on the scope and depth of external audit work and to ensure it gives value for money;
- (viii) to liaise with the Audit Commission over the appointment of the Council's external auditor;
- (ix) to commission work from internal and external audit;

Internal Controls:-

- (x) to maintain an overview of this Constitution in respect of the contract and financial procedure rules;
- (xi) to review any issue referred to it by the Chief Executive, a Strategic Director or any Council body;
- (xii) to monitor Council policies on confidential reporting, anti-fraud and anti-corruption and the Council's complaints process;

- (xiii) to review the effectiveness of the Council's risk management process on a regular basis and gain assurance that appropriate action is being taken to ensure that corporate risks are being managed, including a report to Council annually;
- (xiv) to promote the system of internal control through the systematic appraisal of internal controls and develop an anti-fraud culture, focus audit resources through review and comment upon audit plans, monitor audit delivery and performance through regular review of the completion of planned audit work within agreed timescales, monitor key findings and management responses to audit reports and the implementation of audit recommendation(s);
- (xv) to obtain relevant and reliable evidence to support the disclosures in the Council's annual Statement of Internal Control to enable approval to be recommended to the Council;
- (xvi) to oversee the production of the Council's Annual Governance Statement and recommend its adoption;
- (xvii) to consider the Council's arrangements for corporate governance and to ensure compliance with best practice and to receive and comment upon an annual review of the Council's Code of Corporate Governance (see also Article 9 – The Standards Committee);
- (xviii) to consider the Council's compliance with its own and other published standards and controls

Financial Reporting:-

- (xix) to review and formally approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from audit regarding the robustness of the accounts that need to be brought to the attention of the Council;
- (xx) to consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- (xxi) to allow for scrutiny of the effectiveness of the Treasury Management function.

10.3 Salcombe Harbour Board

General Function:

To improve, maintain and manage the whole of the Salcombe-Kingsbridge Estuary for the benefit of users who include local fishermen, local residents and many visitors and to balance the commercial outlook by conserving and protecting the estuarine environment.

In accordance with the respective responsibilities of the Council and Harbour Board, to develop and maintain Salcombe Harbour (as defined in the Salcombe Harbour Order 1954) whilst protecting the interests of the community of Salcombe and the environment.

Respective Positions and Responsibilities

The Council determines the policy and budget framework for all Council bodies.

The Board, as a Committee of the Council, is established to advise the Council, Executive, and Harbour Master about issues relating to the Harbour in accordance with the requirements of the Port Marine Safety Code (the Code) and Health and Safety at Work legislation.

Specific Board functions:

- (i) That Salcombe Harbour will conduct operations in accordance with the powers granted to the Council as a Harbour Authority by the Salcombe Harbour Order 1954 (The Pier and Harbour Order (Salcombe) Confirmation Act 1954) and any other enabling legislation and, insofar as it falls within the scope of these powers, the policy of the Council in relation to the Harbour as expressed through:-
 - The Harbour Policy Document;
 - Estuary and Environmental Management Plans;
 - Any byelaws approved and adopted in respect of the Harbour;
 - Safety Management Systems in Compliance with the Port Marine Safety Code;
 - Other Council decisions from time to time.
- (ii) That the Harbour is self-financing and that it maintains commercial accounts in conjunction with the accounts as required by the Authority to demonstrate the Harbour's commercial viability;
- (iii) That a 3-year strategic business plan for the Harbour is produced, approved by Council and reviewed annually;
- (iv) That decisions relating to the Harbour are based on advice from officers who have a clear understanding of the special requirements of the Harbour;

- (v) That they adopt and maintain transparent, speedy and informative communication with relevant Members of the Council's Executive for consultation and reporting purposes;
- (vi) That they have due regard for the interests of the local community and user groups, attending community forums seeking views to gain a balanced picture of the effects of policy and decisions;
- (vii) That the existing systems for the delegation of functions be kept under review;
- (viii) That any matter which is beyond delegated authority is recommended to the Council by the Board;
- (ix) That charges and subsidies be recommended by the Board for approval by the Council on a yearly basis;
- (x) That they monitor and review all matters relating to the Harbour land and property in accordance with policies which may be laid down by the Council from time to time, for which financial and other provision has been expressly made by the Council. The Harbour's asset base is laid out in the associated plan;
- (xi) That they oversee the running of services to contract and/or to business plan on commercial lines by advising on business direction in the context of the Council's budget and policy framework;
- (xii) They monitor and analyse performance against budget, other indicators and performance plans;
- (xiii) That issues of concern are raised with officers of the Council.

Key Objectives:

The objectives of the Board are summarised as follows:

- a) Financial self sufficiency;
- b) Maintenance and development of the harbour infrastructure;
- c) Support for the local economy;
- d) Contribution to the character and attraction of the area;
- e) Compliance with legal and regulatory requirements;
- f) Achievement of environmental considerations;
- g) Open and transparent governance;
- h) Development of staff;
- i) Considering issues of risk management.

Financial Surpluses:

The Council anticipate that any financial surpluses from the operation of Salcombe Harbour will be accumulated year on year for the establishment of appropriate reserves to undertake future projects to benefit the Harbour. However, where such funds have risen to a level beyond that reasonably required for the proper operation of the Harbour, the Council may require those funds, or part of them, to be made available for general Council purposes.